More donors, more choice? To what extent did national policy space in Zambia increase between 2005 and 2021, and to what extent was the changing development cooperation landscape a driver of this change?

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Abstract

This thesis investigates African national policy space, how it is evolving in a changing development cooperation landscape, and the extent to which aid-recipient governments can secure more of their objectives as a result. To explore these issues, the case of Zambia between 2005 and 2021 is utilised. The central question posed is: to what extent did national policy space in Zambia increase between 2005 and 2021, and to what extent was a changing development cooperation landscape a driver of this change?

Zambia represents a 'typical' case, vis-à-vis the government's relationship with Development Assistance Committee (DAC) donors, and has traditionally been seen by scholars as having relatively little control of its policy agenda. The thesis demonstrates that this changed as a result of a changing development landscape. Access to the proceeds of commodity sales, commercial sources of finance and finance from a range of G20 countries meant that the government was empowered by having more 'choices' and could increasingly secure both its revenue objectives and other policy objectives. These were objectives which had been perceived by the government to be a trade-off with securing revenues, when it had been dependent on DAC aid.

This expansion of national policy space, however, was limited. Firstly, as a result of DAC donor perceptions of Zambia's lack of strategic political importance, the relationship remained characterised by hierarchy and prescription. The Zambian

government was unable to shift the relationship to a more diplomatic footing, away from the donor-recipient dynamic, or to secure leverage in aid negotiations. Driven by the objective of poverty reduction, and perceiving no other substantive strategic reason for engaging with the Zambian government, DAC donors did not change their behaviour to 'compete' with newer development actors and sources of finance. This has important implications for understanding the changing development landscape because it implies that recipient states which are perceived by DAC donors to have little political significance will be limited in their ability to play financiers off against one another, or secure leverage in their aid relationships.

Secondly, the expansion of national policy space was limited by Zambia's rising debt levels. Debt – largely acquired as a result of Zambian borrowing in the changing development landscape – became in the medium-term a considerable constraint on the ability of the government to secure its policy objectives and thus contracted national policy space. Domestic conditions – and the political-vulnerability of Zambian politicians – made debt particularly difficult to manage. Presidents prioritised infrastructure and government spending, particularly subsidies, above achieving an agreement with the IMF, which would have also secured DAC donor funding. Furthermore, successive presidents had weakened the Zambian bureaucracy vis-à-vis fiscal management. Thus, while the development cooperation landscape offers recipient countries more 'choices', there is a limit to the extent that this change will expand national policy space.

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Table of contents

Title page		
Abstract		ii
Acknowledgements		iv
Table of contents		v
List of figures		x
List of tables		x
List of abbreviations		xi
1.	**Introduction to the thesis**	1
1.1	Introduction	1
1.2	Why are scholars interested in national policy space and donor influence?	3
1.3	National policy space	10
1.4	Using Zambia to investigate national policy space	11
1.5	Argument and contribution	15
1.6	Research design	18
1.6.1	Research question	19
1.7	Language used in the thesis	20
1.8	Structure of the thesis	24
2	**African national policy space and the development cooperation landscape**	28
2.1	Introduction	28
2.2	Why does constructivism help to understand national policy space?	30
2.3	Defining the development cooperation landscape	31
2.4	The determinants of policymaking in African states	36
2.5	Defining national policy space	49

2.6	Actors	52
2.7	International and domestic conditions	57
2.8	Concluding remarks and the theoretical framework	64
3	**Collecting data to understand national policy space**	67
3.1	Introduction	67
3.2	Research philosophy	70
3.3	Research design	71
3.4	Research methods	75
3.4.1	In-country data collection	76
3.4.2	Data sources	79
3.5	Limitations	87
3.6	Concluding remarks	90
4	**Understanding Zambian national policy space 1964-2005**	92
4.1	Introduction	92
4.2	1964-1975: "Zambia is prepared to accept external aid from any source provided that such aid does not involve us in any whatsoever in political or economic commitments"	95
4.3	1975-1991: "An appreciable increase of external assistance"	102
4.4	1991-2001: "Only our donors and patient creditors stand between us and calamity"	112
4.5	2001-2005: "We are running the country but the budget is controlled by donors"	121
4.6	Concluding remarks	129
5	**What were GRZ and DAC donor objectives regarding policymaking in Zambia 2005-2021? How were they shaped by their respective ideologies and perceptions?**	132
5.1	Introduction	132

5.2 GRZ objectives between 2005 and 2021 133
5.2.1 Objective one: securing revenues 135
5.2.2 Objective two: securing other policy objectives 145
5.2.3 Greater control of fiscal stance: "There is no country that does not borrow" 151
5.2.4 Greater control of sectoral allocations: "From a capitalist lens to a state-led development lens" 154
5.2.5 A realigned relationship with DAC donors: "From that of donor-recipient to one based on mutual partnership and cooperation" 164
5.2.6 Concluding remarks on GRZ objectives 167
5.3 DAC Donor objectives in Zambia 2005-2021 168
5.3.1 Poverty reduction: "Zambia is a desperately unequal country" 169
5.3.2 Maximising influence and control: "A lot of handholding" 177
5.3.3 Concluding remarks on DAC donor objectives 187
5.4 Concluding remarks 187

6 What were the key international and domestic structural conditions determining Zambian national policy space between 2005 and 2021, and how did they change? 190
6.1 Introduction 190
6.2 International economic conditions and how they changed 194
6.3 International ideological and institutional conditions and how they changed 205
6.4 International political conditions and how they changed 219
6.5 Domestic conditions and how they changed 222
6.6 Concluding remarks 238

Timeline: Zambian National Policy Space 2005-2021 241

7	**To what extent was GRZ able to secure revenue between 2005 and 2021? How did the composition of this funding alter?**	243
7.1	Introduction	243
7.2	Securing DAC donor funding: from a "vital financing source" to "stand[ing] on our own feet"	244
7.3	Securing international funding: "We will not look east or west – we will look forward and go with whoever wants to go with us"	257
7.4	Securing domestic funding: "Asking for a fair share of our resources"	263
7.5	National policy space and securing revenue - Concluding remarks	275
8	**To what extent was GRZ able to expand its national policy space and secure its objectives in other key areas of development policymaking, and to reduce the influence of DAC donors?**	277
8.1	Introduction	277
8.2	Securing GRZ objectives vis-à-vis fiscal stance	279
8.2.1	"Prudent fiscal management"	281
8.2.2	"If you want to develop a country you need to borrow"	283
8.2.3	Tackling debt: "All solutions will be determined by us Zambians"	287
8.2.4	Concluding remarks on GRZ's ability to secure its objectives vis-à-vis fiscal stance	295
8.3	Securing GRZ objectives vis-à-vis sectoral allocations	296
8.3.1	Transition from DAC aid dependence: "The ministers can have the passion, but the donors set the agenda"	297
8.3.2	Balancing revenues to fund different priorities: "The world has become a global village"	303
8.3.3	Debt and DAC donor retreat: "Only 10% of the budget is available for development"	310

8.3.4 Concluding remarks on GRZ's ability to secure its objectives vis-à-vis sectoral allocations 314
8.4 Securing GRZ objectives vis-à-vis a realignment of the relationship with DAC donors: "Let us stop the façade that our governments enjoy 'warm and cordial' relations" 316
8.5 Concluding remarks 328

9 Conclusion - The limits of the changing development landscape in expanding Zambia's national policy space 332
9.1 The argument 326
9.2 Contribution and theoretical implications 339
9.3 Policy implications 341
9.4 Future research 343

Bibliography 346
Appendix 1: Interview key 380
Appendix 2: Interview protocol – interview questions 383
Appendix 3: Participant information sheet and consent form 387
Appendix 4: Interview transcripts 392

List of figures

Figure 1	Zambian external debt stocks (% of GNI) 1970-2021	12
Figure 2	Net ODA received (% of GNI) 1960-2020	13
Figure 3	Total predicted revenues, and foreign contributions	197
Figure 4	Total ODA commitments and disbursements to Zambia 2005-2020	198
Figure 5	The international copper price 1990-2022	199
Figure 6	Zambian exports of goods and services 1994-2021	204
Figure 7	Ores and metals exports (% of merchandise exports) 2005-2020	223
Figure 8	Infrastructure as a key priority 2005-2020	233
Figure 9	Agriculture as a key priority for rural voters	234
Figure 10	Percentage of GRZ budgets coming from different revenue streams, 2005-2021	265
Figure 11	Chinese loans to Zambia between 2005 and 2019	285
Figure 12	Total ODA commitments to Zambia by sector 2005-2020	305

List of tables

Table 1	Interviews	79
Table 2	Chinese loans to Zambia, 2005-2019 and 2015-2019 (Lungu's Presidency)	309

List of abbreviations

ADB	African Development Bank
AFRODAD	African Forum and Network on Debt and Development
ANC	African National Congress
C	Consultant
COVID-19	Coronavirus-19
CP	Cooperating Partner
CTPD	Centre for Trade Policy & Development
DA	Development Agreement
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
DRC	Democratic Republic of Congo
EU	European Union
FISP	Farmer input support program
FOCAC	Forum on China–Africa Cooperation
FRA	Food Reserve Agency
FSP	Fertiliser subsidy program
G20	Group of Twenty
G7	Group of Seven
GBS	General budget support
GDP	Gross Domestic Product
GNI	Gross national income
GRZ	Government of the Republic of Zambia
HiP	Harmonisation in Practice
HIPC	Heavily Indebted Poor Countries
IAPRI	Indaba Agricultural Policy Research Institute
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFI	International financial institution

IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KCM	Konkola Copper Mines
LDC	Least developed country
LMIC	Lower-middle income country
MDG	Millennium Development Goals
MMD	Movement for Multiparty Democracy
MoE	Ministry of Education
MoFNP	Ministry of Finance and National Planning
MoH	Ministry of Health
MoU	Memorandum of Understanding
MP	Member of Parliament
NAM	Non-Aligned Movement
NDP	National Development Plan
NGO	Non-governmental organisation
ODA	Official development assistance
OECD-DAC	Organisation for Economic Co-operation and Development - Development Assistance Committee
OPM	Oxford Policy Management
PAF	Performance Assessment Framework
PF	Patriotic Front
PFM	Public financial management
PRC	People's Republic of China
PRSP	Poverty Reduction Strategy Paper
RDA	Roads Development Agency
SAIPAR	Southern African Institute for Policy and Research
SAP	Structural adjustment programme
SCT	Social cash transfer
SDG	Sustainable development goals
SIDA	Swedish International Development Cooperation Agency

SWAp	Sector Wide Approach
TA	Technical assistance
TT	Think tank
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIP	United National Independence Party
US(A)	United States (of America)
USAID	United States Agency for International Development
USSR	Union of Soviet Socialist Republics
WHIP	Wider Harmonisation in Practice
ZANACO	Zambia National Commercial Bank
ZCCM	Zambia Consolidated Copper Mines
ZESCO	Zambia Electricity Supply Corporation Limited
ZIPAR	Zambia Institute for Policy Analysis and Research
ZMFNP	Zambian Ministry of Finance and National Planning
ZRA	Zambian Revenue Authority

Chapter one:
Introduction to the thesis

1.1 Introduction

In the context of a rapidly shifting development landscape, scholars and policymakers – from both 'donor' and 'recipient' countries – are exploring if and how African government policymaking is changing. They are questioning the extent to which Development Assistance Committee (DAC) aid donors continue to influence policymaking processes in the countries they work in. If a "paradigm shift in foreign aid and development cooperation" (Mawdsley et al, 2014) has occurred, with the (re-)emergence of actors such as China, India and Brazil. And whether an "Age of Choice" (Greenhill et al, 2013) has emerged, where more 'donors' mean more 'choices' for recipient governments looking internationally to finance their development.

Given this setting, this thesis examines national policy space in Zambia. It analyses the extent to which the Zambian government (Government of the Republic of Zambia - GRZ) was able secure its objectives in policymaking between 2005 and 2021 and expand national policy space. It is particularly concerned with the relationship with DAC donors (a term explored in more depth in section 1.7 below), the ability of these donors to secure their own objectives in Zambian policy making processes, and how this has altered in a changing development cooperation landscape.

From the 1980s, GRZ's relationship with the external world became primarily defined by its debt and status as an aid recipient. As a result of GRZ perceiving a lack of other means of securing funding or political significance to DAC donors, it saw a trade-off between securing aid and other policy objectives. Thus, GRZ's national policy space was limited. While it could utilise tactics to secure its objectives in the short term, the prescriptions of DAC donors would prevail in the medium term because they would withhold funding or - leading up to 2005 – defer HIPC (heavily indebted poor countries) debt relief to secure their objectives.

The thesis will argue that the Zambian government expanded its national policy space between 2005 and 2021 as it was empowered by the changing development cooperation landscape. During this period GRZ maintained the perception that for it to attain aid, DAC donors ultimately needed to secure their own objectives. Furthermore, the relationship with DAC donors was perceived by GRZ to be hierarchical and prescriptive. However, an increasing number of alternatives to DAC donor funding became available as international conditions changed – including commercial borrowing on the international money markets, and from (re-)emerging states as diverse as China, India, Israel, Morocco, Russia, and Turkey. This was key to GRZ increasingly being able to both secure revenue and to secure other policy objectives – in particular fiscal policy and sectoral allocation.

However, GRZ was unable to change the dynamics of its relationship with Western countries. As a result of DAC donor perceptions of GRZ's lack of strategic importance, and their self-identification as donors who prioritised poverty reduction, the relationship remained characterised by hierarchy and prescription. To DAC donors GRZ remained an aid recipient, despite receiving little funding by 2021; they did not change their behaviour despite a changing development cooperation landscape. Furthermore, while GRZ was briefly empowered to critique these donors and court G20 countries, debt contracted this space – and GRZ's ability to secure its objectives regarding sectoral funding. This was shaped by domestic conditions, which had given risen to an insecure elite with short term horizons. Thus, while DAC donors had lost leverage to secure their objectives in Zambian policymaking, there had not been a commensurate increase in GRZ leverage in the relationship.

1.2 Why are scholars interested in national policy space and donor influence?

This thesis contributes to a rich literature on policymaking in African states and how it is determined. Scholarship has focused on a range of international and domestic conditions that have shaped policymaking, and identified the factors that have contributed to the varying abilities of African states to secure their objectives vis-à-vis their donors. Furthermore, it has distinguished different strategies pursued by African states to increase their influence over policymaking and gain leverage in their relationships with DAC donors.

While there is a longer pedigree (for example Hayter, 1971), scholars have been particularly interested in African policymaking and donor influence since the 1980s. From the 1980s to the 2000s a number of African states became aid-dependent (a term discussed in section 1.7), heavily indebted, and had few other options to secure revenue. They turned to the West and the international financial institutions (IFIs), were encouraged to democratise, privatise and liberalise, were relieved of their debts, and given vast sums of aid for development. These policies were not uncontested, and the ability of donors to leverage their position became a concern: for scholars, for aid practitioners, and for recipient governments.

Scholars primarily tackled the problem of DAC donor influence in two ways. They either argued that donors were financially and socially dominant in their relationships with aid recipients and able, through various means, to secure their policy objectives over those of African states (for example Abrahamsen, 2000; Chang, 2006; Harrison, 2004; Plank, 1993). Or, while conceding the relevance of international factors in policymaking, highlighted the manipulation of Western policy prescriptions by African elites, noting the political and financial rewards accruing to those who acceded to them (for example Bayart, 2009; Clapham, 1996; Hanlon, 2004; Tangri and Mwenda, 2008).

Given the concern of practitioners and recipient governments about DAC donor influence, as a result of African debt and dependence on aid, 'ownership' became

a working synonym for reducing donor influence and was institutionalised in the 2005 Paris Declaration on Aid Effectiveness. Consequently, a literature also emerged to understand how this agenda was being implemented and the extent to which the influence of recipient governments was strengthened.

Initially this scholarship tended to see ownership as a binary (for example Cramer et al, 2006) However Whitfield's important (2009a) contribution, *The Politics of Aid*, outlined a framework for understanding ownership (Whitfield and Fraser, 2009b, p.38), based on the negotiation capital and strategies of recipients and donors. This resulted in findings that placed states along a spectrum of control over their policymaking: from Botswana with the strongest control, to countries including Zambia and Ghana with the weakest (Whitfield, 2009b, p.331). More recently (2020), the journal Development Policy Review devoted a special issue to *Ownership in a post-aid effectiveness era: Comparative perspectives*. It found "an increasing prevalence of pragmatism and self-interest among all actors, to the detriment of national ownership" (Keijzer and Black, 2020, p.1). This literature has highlighted the importance of understanding the aid relationship, both recipient and donor actors, and the sources of negotiation capital available to each party. The thesis will draw on this to understand the contemporary influences on African policymaking, despite a decline in the prominence of promoting 'ownership'.

Furthermore, an African agency literature has developed, which the thesis will also draw upon. This considers African international relations beyond the DAC aid

relationship and has examined how states have achieved their objectives in their relationships with Western states (Beswick, 2013; Fisher, 2013a), China (Corkin, 2013; Gadzala, 2015; Soule-Kohndou, 2019), and in international organisations (Lee, 2013). While this literature has largely focused on states that are perceived by DAC donors to have strategic political significance, it is important because it highlights how African actors are able to draw on different aspects of their relationships with Western states to secure their objectives – including securing aid revenues.

In both the ownership and African agency literatures, scholars have distinguished African states with different abilities to exert influence over their policy agendas, and different sources of leverage in their relationships with DAC donors. Whitfield's (2009b) work found that the governments of Ghana, Mali, Mozambique, Tanzania and Zambia all lacked control of their policymaking. Keijzer et al (2019) have similarly argued that the Liberian government has struggled to uphold its agenda with DAC donors, and Black (2019) observed that Ghana has found it difficult to increase its 'ownership' with relation to Canadian aid. Similarly, Brown found that in Ghana and Mali the impact of the ownership agenda was "far more in form than in substance" (2017, p.335). However, other states have been able to utilise domestic and international conditions to secure their objectives in their relationships with donors.

Scholars have argued that domestic factors such as state ideology, assertiveness, and state capacity (including to manage donors) were important to increasing

recipient government control over policymaking in Botswana (Maipose, 2009), Ethiopia (Furtado and Smith, 2009), and Rwanda (Chemouni, 2018; Grimm, 2013; Hayman, 2009; Keijzer et al, 2019). International conditions were also important. The geopolitical importance of Chad (Fisher and Anderson, 2015), Ethiopia (Fisher and Anderson, 2015), Rwanda (Fisher and Anderson, 2015) and Uganda (Fisher, 2013a; Fisher and Anderson, 2015; Madhuraj, 2020) gave them all leverage over DAC donors. In the case of Rwanda, the international moral authority of the government in the aftermath of genocide has also increased the government's policy independence (Grimm, 2013; Hasselskog, 2019; Hayman, 2009). Thus interacting with Western states as more than 'aid recipients' realigned these relationships. Alternative recipient identities - particularly focused around security, such as being a "key donor ally in regional peace making" (Uganda - Fisher, 2013a, p.97) or as an ally against piracy (Ethiopia – Hackenesch,2013, p.18) - have thus been important for expanding African national policy space.

There is now, furthermore, an emerging field of literature examining the impact of a changing development landscape, and its impact on African national policy space vis-à-vis DAC donors. Findings in this area have varied. Hernandez (2017, p.544) found that when a government was supported by China, the World Bank attached fewer conditionalities to their loans. However, Swedlund argued that the idea that China is increasing recipient government leverage vis-à-vis DAC donors is "overstated" (2017b, p.390), as China rarely directly competes with them. Furthermore, she argued that Western aid remained important and therefore

"DAC [Development Assistance Committee] donors still wield a large amount of influence across the continent" (2017b, p.390). Additionally, Kragelund (2015, p.248) argued that new development partners had not fundamentally changed the relationship between African states and DAC donors, which limited their ability to secure greater policy space. Furthermore, he argued that there was a convergence between different providers of aid which further reduced the ability of recipient governments to expand their policy space.

This emerging field also includes a literature utilising case studies to look at particular states and their relationships with different financiers. There are two themes that have emerged amongst these states, which are generally considered to have gained from a changing development cooperation landscape. The first theme is governments which have expanded their national policy space by leveraging competition between DAC and non-DAC (particularly China) donors. The second is governments which have been empowered in their relationships with DAC donors, becoming more critical and less compliant.

In this first category are states which were traditionally considered to have leverage in their relationships with DAC partners, and to which the presence of new actors has contributed. Ethiopia is a state which has been argued to be able to secure its national policy space (for example by Furtado and Smith, 2009). Hackenesch (2013, p.17) found that China increased the leverage of the Ethiopian government vis-à-vis DAC donors. Similarly, Cheru (2016, pp.605-6) argued that a combination of

Ethiopian agency and its strategic importance allowed the government to secure a strong partnership with both its new and old development partners. Thus, the presence of new sources of finance was used by the government, in conjunction with DAC donor perceptions about Ethiopia's strategic political importance, to expand its national policy space.

In the second category are states which have traditionally been seen by scholars to have less leverage in their relationships with DAC donors and thus less ability to secure their own policy objectives while retaining funding. Zeitz has argued that increased access to international finance does not translate into greater leverage, vis-à-vis these donors, for all governments (Zeitz, 2019, p.3). She contends that a role is played by "both domestic political contestation and recipient significance in determining whether alternative finance translates into greater leverage in negotiations with traditional donors" (2019, p.248). Nonetheless, a theme of the "empowerment of recipient government[s]" (Kilama, 2016, p.76) has been seen across a number of countries including Cambodia (Hasselskog, 2019; Sato et al, 2011) and Nicaragua (Walshe Roussel, 2013). These states have not been able to increase their leverage vis-à-vis DAC donors, but their overall national policy space has expanded as they have found new sources of funding and have been empowered to become more assertive with these donors.

States in this category, in the longer term, may manage to both expand their national policy space and to change the dynamics of their relationships with DAC

donors. As Kragelund (2015, pp.250-1; see also, Corkin, 2013) recounts, in 2002 the Angolan government announced it was stopping negotiations with the IMF in lieu of securing credit lines from China for infrastructure. In a country with significant natural resources, this was a successful strategy: credit from China was forthcoming (totalling US$14.5bn by 2011), the economy grew, infrastructure was rebuilt, and Angola's debt was rescheduled. Angola was also able to later reengage DAC donors on more beneficial terms, as a result.

1.3 National Policy Space

To study the question of influence on policymaking in African states and how this is changing, the thesis will use the central concept of *national policy space*. While there is a considerable literature based on the concept of ownership, it will be argued that the idea, and language, is no longer prioritised by donors and less relevant as recipient states become decreasingly dependent on Western funding. Thus, while ownership frameworks remain relevant, the thesis will argue that 'national policy space' is more appropriate language to use to examine these issues.

The framework to understand national policy space put forth by the thesis will thus be derived from an understanding of the existing literature. Both international and domestic conditions, and how actors use these conditions, will be considered as factors which shape policymaking in Africa. Utilising the concept of national policy space will, furthermore, allow a relational view of the phenomenon and emphasis its temporal aspects. National policy space will be defined in this thesis as: *the*

extent and ways in which recipient government objectives are secured in policy making and policy outcomes in a bounded area and time.

However, it should be noted that, as Mayer argues "the mere fact of having policy space does not imply that it is always put to good use" (2009, p.375). This thesis will focus on how national policy space is expanded by governments, or why it contracts, rather than engaging in argument as to the theoretical and empirical benefits or challenges of recipient states shaping policymaking.

1.4 Using Zambia to investigate national policy space

The thesis examines African national policy space using the case of Zambia, which is a country with typical attributes vis-à-vis its historical relationship with DAC donors. Between the 1980s and 2000s, GRZ had high levels of debt (figure 1) and received high levels of ODA (official development assistance) (figure 2). Like many African states in this context, scholars saw GRZ as having limited national policy space. This was a theme that was observed through the 1990s and 2000s. Abrahamsen argued that GRZ "responded to external demands, while ignoring or attempting to stall and defer the wishes and requirements of their domestic constituencies" (2000, p.121). Similarly, Chisala contended that "the level of conditionality has become increasingly intrusive over time, in spite of the development of the rhetoric of ownership. Donors have moved from the micromanagement of projects to the micromanagement of the macroeconomic and national policy" (2006, p.16). Similarly, even as 'ownership' of aid became more

important, Fraser argued that GRZ "found it almost uniquely difficult to assert its own preferences" (2009, p.301).

Figure 1: Zambian external debt stocks (% of gross national income (GNI)) 1970-2021

Source: World Bank (2023f)

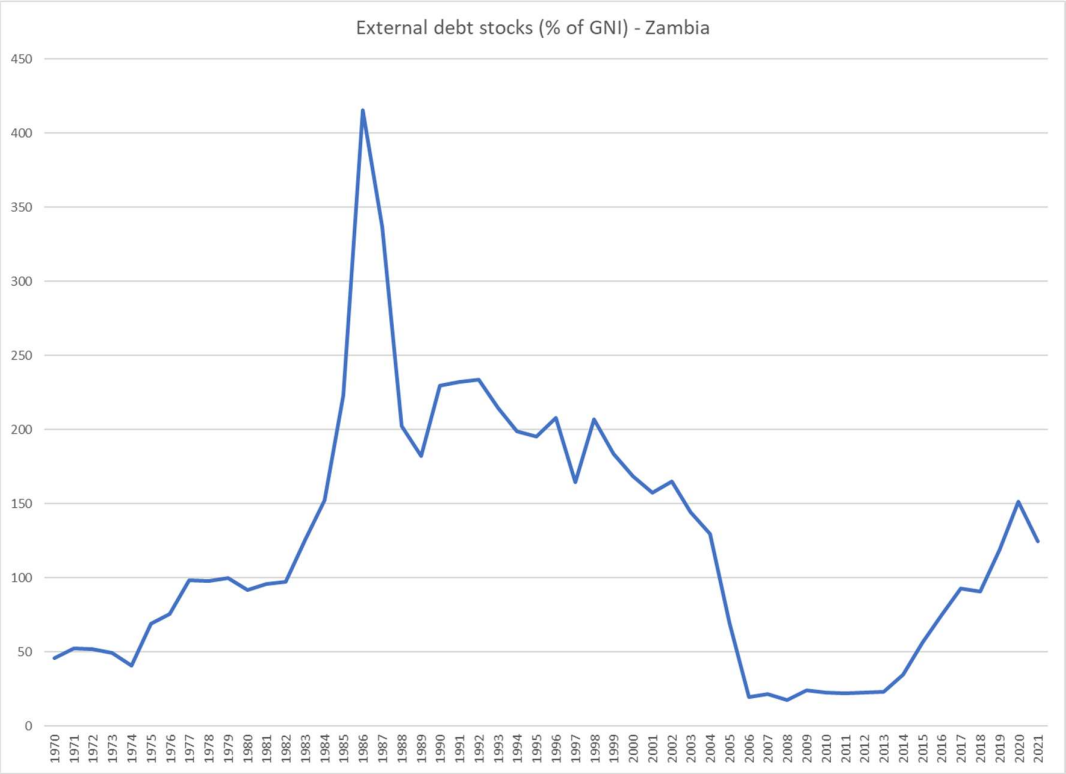
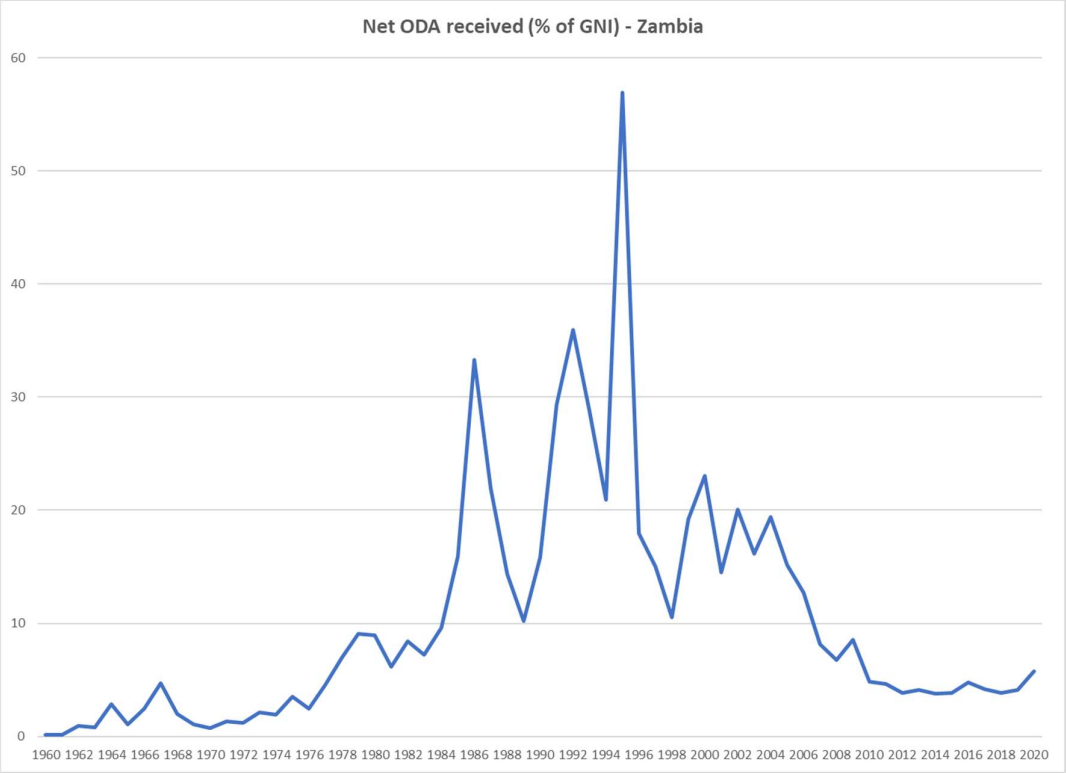


Figure 2: Net Official Development assistance (ODA) received (% of GNI) 1960-2020

Source: World Bank (2023e)



The perception of DAC donors of Zambia's lack of political significance has historically been identified as key to understanding its limited national policy space (Whitfield, 2009b, p.341). However, these works were published about Zambia when DAC aid was more significant (figure 2), and the development landscape was not yet perceived to present genuine alternatives to the government. Zambia has now seen a variety of actors (re-)emerge since 2005 seeking economic and political cooperation and providing finance for development projects. Zambia therefore allows the relevance of the 'more donors, more choices' model to be considered in an African country with a typical relationship with its DAC donors.

It presents a useful case to study whether a proliferation of development cooperation actors has created a level of competition between them which a government, which has not been perceived by DAC donors as politically significant, can leverage to expand its influence over policymaking and aid coming into the country.

This question was addressed to an extent by Kragelund in 2014. Kragelund investigated Zambia after the rise of China, India and Brazil had become a salient issue. He argued that these countries were gradually providing GRZ with greater 'development space'. The following year he went on to argue that the increasing presence of China was "allowing the government of Zambia to flex its muscles vis-à-vis the traditional donors" (2015, p.252). However, GRZ's position has evolved since this work – in particular, in its accrual of significant debt and by becoming Africa's first post-COVID-19 sovereign default in November 2020 (Reuters, 2020).

As a result, Zambia can be used to examine the impact of debt on national policy space in the modern development cooperation landscape. While debt has previously been identified as a significant constraint on African national policy space, including in Zambia, the context of the 1980s and 1990s was of those governments having few other choices for support than that of DAC donors and the IFIs. States such as GRZ now, in contrast, face a cooperation development landscape with many more options: economic, ideological, and political. Studying national policy space in this context is important because it will provide an

understanding of the consequences of the increasing indebtedness of an increasing number of African states (The Conversation, 2022), and indicates how far the model of 'more donors, more choices' is relevant in this context.

Furthermore, Zambia is a good case in which to examine the dynamics of the recipient-donor relationship in a changing development cooperation landscape. Kragelund (2014) has noted Zambia's increasing assertiveness towards its DAC donors, and scholars have noted similar 'empowerment' in other recipient countries (see above: Hasselskog, 2019; Kilama, 2016, p.76; Sato et al, 2011; Walshe Roussel, 2013). Considering how the donor-GRZ relationship has evolved as a result of this confidence, and whether national policy space has expanded as a result, is an important question as growing numbers of African states have more 'choices' for how they engage with DAC donors as a result of the changing landscape.

1.5 Argument and contribution

This thesis will argue that the Zambian government expanded its national policy space between 2005 and 2021 as it was empowered by alternative methods of financing development and changing international political conditions. GRZ was increasingly able to both bring in revenue, and also secure its other policy objectives. However, it was unable to change the dynamics of its relationship with Western countries. As a result of DAC donor perceptions of GRZ's lack of strategic importance, the relationship remained characterised by hierarchy and

prescription. GRZ was unable to shift the relationship to its preferred mode of "mutual partnership and cooperation" (Times of Zambia, 2011g).

Beginning in the 1980s, GRZ's relationship with the external world was primarily defined by its debt and status as an aid recipient. Lacking other substantial means of securing funding, GRZ perceived a trade-off between securing DAC donor revenue and securing its objectives in other policy areas. Thus, while tactics, such as delaying implementation of policies, could be utilised to secure GRZ objectives in the short term, the objectives of these donors could be secured in the medium term by withholding funding or - leading up to 2005 – deferring HIPC debt relief.

Between 2005 and 2021 GRZ maintained the perception that for it to secure DAC donor funding required donors to perceive that they would be able to secure (some of) their objectives. However, an increasing number of alternatives to donor funding became available as the development cooperation landscape changed – particularly after 2011. This was key to GRZ securing both revenues and other policy objectives such as funding for particular sectors or its fiscal stance. National policy space was most expansive between 2011 and 2015, under President Sata, when GRZ could balance multiple sources of funding: from donors, from G20 countries and from commercial borrowing,

However, GRZ was not able to change the dynamics of its relationship with DAC donors. While donors saw their leverage in the relationship, and ability to secure

their objectives, decrease, there was not a corresponding increasing in leverage for GRZ. To DAC donors GRZ remained an aid recipient, despite receiving little funding by 2021.

Furthermore, while GRZ was briefly empowered, particularly between 2015 and 2019, by the changing development cooperation landscape to critique donors and court G20 countries, debt hindered this stance. Debt contracted national policy space, particularly after 2019, making it difficult to secure GRZ's revenue and expenditure objectives. This was exacerbated by domestic conditions, which had given risen to an insecure elite with short term horizons, and the ability for GRZ to keep borrowing from G20 countries to fund infrastructure.

This thesis will make a contribution to the literature on African national policy space and a changing development cooperation landscape. It will demonstrate that changes in the development landscape will indeed expand national policy space in the short-term for African countries who are not perceived by DAC donors to have strategic political significance: more 'donors' will provide governments with more 'choices'. However, there are limits to this. The ability of African states to maintain this national policy space in the medium to long term will be dependent on both successfully managing debt – which may arise from governments securing their objectives in the short term via lending - and how the relationship with different donors is managed.

Furthermore, the dynamics of aid relationships will not automatically change as a result of a changing development landscape. It cannot be assumed that DAC donors will change their behaviour to 'compete' with (re-)emerging development actors – particularly when these donors perceive recipient states to lack strategic political significance. In these cases, their donor identity will remain central, and they will prioritise development objectives. While DAC donors may see their leverage reduce in aid negotiations, there will therefore not necessarily be a commensurate increase in leverage for recipient government. Unless they can change donor perceptions of themselves, and therefore their behaviour, African governments will not be able to secure greater leverage in these relationships, and any expansion of national policy space will be dependent on not needing significant DAC donor funding.

1.6 Research design

To understand national policy space the thesis uses the case study of Zambia between 2005 and 2021. The single case study was considered the best approach to examine national policy space and how it expands and contract over a time period in response to changes in actor objectives, and domestic and international conditions.

The key source of data used in this thesis were semi-structured interviews, conducted in January – February 2020 in Lusaka, with a range of GRZ, donor, consultant and civil society informants. To further understand the perceptions of

GRZ and donor actors, and the interplay between actors and domestic and international conditions, additional data was sourced from biographies, autobiographies, media sources, government and donor documents and quantitative data.

The COVID-19 pandemic curtailed fieldwork and prevented further in-country data collection (further discussed in section 3.4.1). In particular, the ability to collect data from G20 country representatives, and to gain a fuller understanding of their activities, was limited. As a result, the thesis focus was widened and the methodology was updated to place a greater emphasis on collecting data from other sources, in particular media sources and government and donor documents.

1.6.1 Research question

> *How did national policy space in Zambia alter between 2005 and 2021, and to what extent was a changing development cooperation landscape an important driver of this change?*

To answer this question, the thesis will focus on a number of areas. Firstly, how the key policy objectives and strategies of GRZ and DAC donors changed and what the implications of this were for national policy space. Secondly, how international and domestic conditions changed and what the implications of this were for national policy space. Finally, the key drivers of the ability of GRZ to secure

different policy objectives at different times and the extent to which a changing development cooperation landscape was an important driver of this change.

1.7 Language used in the thesis

The language of development is full of assumptions about the world and how it is ordered. Words, particularly those frequently used within a field, can "characterise the nature of a particular development issue and often imply elements of possible solutions" (Schnable et al, 2021, p.27). While its aim is not to deconstruct development discourses, it is important at an early stage to introduce some key, often contested, concepts and discuss the approach of this thesis to them. In particular, the actors of development cooperation are key to understanding policymaking and national policy space.

At the heart of the idea of development is the idea that "there are certain actors with needs and that there are other actors with the resources to meet those needs" (Naylor, 2011, p.177). The terms 'aid' and 'DAC donor' will be used to refer to Official Development Assistance (ODA) from OECD-DAC countries (Organisation for Economic Co-operation and Development - Development Assistance Committee) and IFIs. These terms are becoming more outdated as countries slowly move away from solely providing ODA, and the IFIs have long provided not only grants but also loans. Nonetheless, membership of the DAC imposes limits on what governments can call 'aid' and the forms in which finance can be provided to 'recipient' countries. This distinguishes DAC donors and their support from newer

suppliers of finance, such as China or India. Furthermore, DAC donors centre the altruistic nature of their aid while some other donors officially state that their aims are political and not altruistic (Kragelund, 2008, p.557).

This is not to say that all DAC donors share motivations and behaviours. The DAC consists of 32 members, who have been giving aid for different amounts of time (the US and UK joined at establishment in 1961, Greece in 1999, Slovenia in 2013) and who have different priorities, budgets, relationships with recipient countries, and geopolitical interests. For example, the USA and Japan have been found to place less emphasis on recipient need when allocating money (Harrigan and Wang, 2011). Thus using the shorthand of 'DAC donors' brings with it some limitations and may underplay discontinuities in the relationships between these states and GRZ. Nonetheless, this thesis argues that the geopolitical relationship between DAC donors and GRZ remains relatively consistent: there are not significant differences within the DAC, for example, in security relationships with GRZ. Thus, despite limitations, the thesis will proceed with the terminology of 'DAC donors' and 'aid' to describe their concessional finance.

Allied to the concept of 'aid' is the notion is 'aid dependency'. Central to the thesis will be the idea that as Zambia moved away from 'aid dependency', GRZ was able to secure objectives beyond that of obtaining aid from DAC donors. While there are a number of qualitative definitions of aid dependency, focused on the inability of states to perform certain functions in its absence (Chisala, 2006, p.32), the thesis

will utilise two common quantitative definitions of aid dependency to indicate the movement of GRZ away from this state. Firstly, scholars have utilised the definition of aid amounting to more than 10% of GNI making recipient governments dependent on these revenue streams (Grimm, 2013, p.81; Moss et al, 2006, p.3). As figure two above demonstrates, Zambia received aid totalling more than 10% of GNI between 1984 and 2006. Other scholars have focused more tightly on government budgets (Kragelund, 2014, p.149). Utilising a definition of aid dependency being more than 10% of the government budget derived from predicted revenue from foreign grants, figure three (section 6.2) will demonstrate that Zambia exited dependency between 2009 and 2011. These both indicate that Zambia moved away from a position of 'aid dependency' between 2006 and 2011, after being dependent since the mid-1980s. Thus, the thesis will characterise GRZ in the period between the mid-1980s and 2005 as having been aid dependent, the period between 2005 and 2011 as being a transition away from dependence, and the period after 2011 as no longer being dependent on Western aid.

But what of finance from countries which have not joined the DAC? As Gore has argued, "the multiplication of actors [in the development cooperation landscape] would have less serious consequences for outcomes if all were working on the same page" (2013, p.771). Nonetheless, this multiplication provides African governments with new, and often preferable, options – as this thesis will explore. Many material gifts, particularly from Southern providers, are not 'aid' or at least would not strictly fall under the OECD-DAC definition. Furthermore, these states often

eschew terms such as 'aid', 'donor' and 'recipient' (Gore, 2013, p.776). Nonetheless, the term 'aid' is useful to reflect the gift-like nature of such transactions, as well as the inherent power-differential. Concessional finance from these providers will therefore be referred to a 'non-traditional aid'.

Non-OECD-DAC donors will be recognized individually, or labelled as G20 countries. G20 countries from now on will be used to describe G20 members who are not G7 members. They are: Australia, Argentina, Brazil, China, India, Indonesia, Mexico, South Korea, Russia, Saudi Arabia, South Africa and Turkey. The G20 membership represents around 85% of global GDP (gross domestic product) and over 75% of global trade (G20, 2023a), making these countries significant actors internationally. Indeed, these are states that this thesis will argue to be actively courting, and to be courted by, GRZ in the changing international landscape. The exceptions that this thesis will encounter, although not substantively but as part of a broad sweep of medium-sized powers working in Zambia, are Israel and Morocco.

G20 states primarily supply recipient governments with sources of finance other than 'aid': Brautigam has described comparing Chinese development cooperation with that of OECD-DAC states as like "comparing apples and oranges" (2011, p.753). While concessional finance, as previously noted, will be referred to as 'non-traditional aid', much of the finance from these sources is not concessional. Non-concessional development cooperation will therefore be distinguished in its

component parts – be they investment, loans, or other means supported by these actors – or called 'development finance' to signify the greater access to money that recipient governments have in the emerging international landscape.

1.8 Structure of the thesis

Chapter two will situate this thesis, and the central concept of national policy space, within the existing academic literature. The chapter will examine the existing literature on policymaking in African countries, and how it is determined. It will argue that national policy space is the most appropriate way to understand the drivers of policymaking in aid-recipient countries. To examine the expansion and contraction of national policy space, it will be argued that actor objectives and strategies, and their perceptions of international and domestic conditions, are key.

Chapter three will then elaborate the research design and methods. It will highlight how data was collected to study national policy space in Zambia between 2005 and 2021, and built on the approaches taken by scholars working on similar issues. How actor perceptions and strategies to secure their objectives were ascertained will be particularly highlighted.

Chapter four will situate chapters five to eight by examining how Zambian national policy space changed between 1964 and 2005. It will argue that national policy space was most expansive after independence, but contracted as the international price of copper fell in the 1970s, and GRZ contracted increasing debt. Furthermore,

the chapter will demonstrate that GRZ faced a decline in access to multiple sources of funding, and a waning of Zambia's political significance. The chapter will argue that, from 1991, a heavily indebted and aid-dependent government prioritised securing aid and debt relief over securing policy objectives in other areas. This was a strategic choice by a state which DAC donors perceived to have little political significance to themselves, and limited national policy space.

Chapter five will consider GRZ and DAC donor objectives between 2005 and 2021, and how perceptions and ideologies shaped them. It will argue that the most important perception held by GRZ was that donor revenue and influence in policymaking were trade-offs, given Zambia's lack of perceived strategic importance to the West. Thus, objectives to expand key national policy spaces were determined by the extent to which GRZ perceived that it was dependent on Western aid or could source alternative finance to meet its revenue objectives. Furthermore, the perceptions of GRZ politicians about domestic political conditions and achieving re-election were key to how GRZ strategized to expand national policy space.

It will also discuss donor objectives in Zambia between 2005 and 2021. It will argue that DAC donors focused on poverty reduction and influence. Ideas about poverty reduction were grounded in international ideological conditions, and in donor perceptions that Zambia was poor and unequal. Furthermore, donors believed that Zambia lacked strategic political importance and therefore tackling poverty was

the primary reason for providing aid to the country. Donor focus on securing influence was derived from perceptions that GRZ was corrupt, had a politicised bureaucracy, and lacked capacity. Furthermore, as the GRZ budget became less dependent on aid, the chapter will demonstrate the donors increasingly perceived that they could not achieve these objectives by working with GRZ.

Chapter six examines two further parts of the theoretical framework – international and domestic conditions – to understand how they changed in the Zambian case in the 2005-21 period. It will demonstrate that the most important condition impacting on Zambian national policy space between 2005 and 2021 was international and economic. The dependence of GRZ on DAC donor funding reduced as it gained access to other sources of revenue. This move from one primary source of funding to multiple sources was key to expanding national policy space as it increased the ability of GRZ to secure its policy objectives beyond aid revenues. Furthermore, the chapter will argue that domestically, being a competitive democracy, with an insecure elite with short-term political horizons, was key to how GRZ elites perceived their interests and thus to policymaking decisions and how they sought to expand national policy space.

Chapter seven will examine how GRZ sought to expand its national policy space to bring in revenue. It will argue that it had a declining ability to secure this objective by working with donors. However, as a result of changing international economic conditions it was able to bring in money from other international sources – copper

revenues, from 2005, commercial borrowing on the international financial markets, from 2011, and from G20 countries. Furthermore, GRZ had limited openings to increase domestically generated revenues as a result of domestic conditions. The ability of GRZ to secure this objective reduced as GRZ debts mounted and the COVID-19 pandemic curtailed the availability of revenue sources.

Chapter eight will then examine the extent to which GRZ could secure objectives which had previously been perceived by GRZ to be trade-offs with obtaining DAC donor finance. It will argue that changing international economic conditions allowed GRZ to open up the space to determine its fiscal stance, sectoral allocation, and to reduce donor influence in day-to-day policymaking. However, the chapter will also contend that national policy space contracted as debt spiralled, particularly from 2019. This was a function of GRZ perceptions about domestic political conditions, and the prioritisation of re-election by an insecure political elite.

Finally, the chapter will also argue that GRZ was unable to change the dynamics of its relationship with Western countries. While direct DAC donor influence in policymaking faded as funds reduced, in interactions GRZ the donor objectives of poverty reduction and influence remained. DAC donors did not perceive GRZ to be of strategic importance to them. Thus, despite wanting a relationship based on "mutual partnership and cooperation" (Times of Zambia, 2011g), the GRZ-donor relationship remained characterised by hierarchy and prescription.

Chapter two:

African national policy space and the development cooperation landscape

2.1 Introduction

This chapter will examine the existing literature on the influences on policymaking in African countries and will construct a theoretical framework to understand national policy space. National policy space will be understood through consideration how of actors' ideologies and perceptions shape both their objectives and the strategies they utilise to attempt to expand national policy space. This will allow the thesis to examine how recipient states attempt to expand their national policy space as international and domestic conditions change, and how recipients balance between securing different objectives based on their perceptions of conditions and of other actors.

The outline of this chapter is as follows. First, the value of examining national policy space in a constructivist paradigm will be discussed. The definitions that the thesis will utilise to understand the development cooperation landscape and, specifically, of aid will be elaborated upon in section 2.3. Section 2.4 will then examine the existing literature, identifying how scholars have explained the parameters and dynamics of African national policy space since decolonisation. The traditional, if simplified, divide between scholars accounting for changes and

continuities during this time will be highlighted: those who have focused on structural reasons for a lack of national policy space, which they link with underdevelopment, and those who have focused on African agency and understanding how African elites perpetuate their position in the international order.

Section 2.4 will continue with a discussion of the aid effectiveness agenda that was part of the landscape in the 2000s, and the corresponding academic use of 'ownership' as a means to discuss the extent to which international actors and conditions limited African national policy space. This terminology will be critiqued on the basis of its limitations in the contemporary development cooperation landscape. As a result, the thesis argues that national policy space is a more useful concept to examine the extent to which recipient government objectives shape policymaking.

The theoretical framework to understand national policy space will be elaborated upon. Section 2.5 will argue that the use of the concept of space will allow a relational view of the phenomenon and take into account its temporal aspects. It will be argued that national policy space is determined by actor objectives and strategies to secure them (section 2.6). These are shaped by actor ideologies and their perceptions – of international and domestic conditions (section 2.7), and of other actors. This will form the platform for the following chapter, which will discuss how national policy space in Zambia was researched.

2.2 Why does constructivism help to understand national policy space?

Taking a constructivist approach to examining national policy space and how it is shaped will be the most instructive. Constructivism is succinctly defined by Adler as "the view that the manner in which the material world shapes and is shaped by human action and interaction depends on dynamic normative and epistemic interpretations of the material world" (1997, p.322). This approach is useful for investigating how both actors and conditions shape national policy space, and highlighting how ideologies and perceptions influence this. Firstly, it engages the agency-structure debate in international relations by arguing that they are mutually constituted (Finnemore and Sikkink, 2001, p.393). They make one another, rather than being static entities. Constructivism also points to the consideration of agency, because it "is interested as much in the 'making' of circumstances… as in their being 'found'" (Ruggie, 1998, p.877). But it sees agency as determined by more than actors: "before choices involving cooperation can be made, circumstances must be assessed and interests identified" (Adler and Haas, 1992, p.367). Therefore, in examining national policy space both actors and the conditions they act within will be considered, as well as how they constitute one another.

Constructivism also directs focus on the identities and interests of actors and on what actors believe to be rational, and what they think they are doing. Identities

and perceptions are important because "people's intentions and motives are affected by what they intersubjectively believe" (Adler, 1997, p.329, see also Ruggie, 1998, p.856). This is particularly relevant to this thesis given that principled beliefs are often used to justify both aid and policy objectives (Ruggie, 1998, p.867), and thus how they interact with other actors and national policy space. Finally, the constructivist approach allows temporal aspects of national policy space to be highlighted. It points to examination of how state perceptions, of themselves and their circumstances, change (Ruggie, 1998, p.863). These perceptions are shaped by history, contemporary context, and future expectations. Thus, considerations of national policy space need to be placed in a longer examination of the recipient state and its perceptions of international and domestic conditions. Furthermore, constructivism will inform how the thesis defines the development cooperation landscape and its features.

2.3 Defining the development cooperation landscape

Development cooperation between states has an extensive history. Peoples have long given one another gifts (for example, Hansen, 2013), but in the aftermath of the Second World War this mushroomed as financial support was given first to Europe and then other states as they achieved independence from colonisation. As a result, international development has often primarily been seen as a relationship between states of the Global North and South, centred on the provision of financial aid (Gore, 2013, p.770). However, the term 'development cooperation landscape' includes the actors (provider and recipients of finance), goals, models, and

architecture (Gore, 2013, provides a full discussion) that are available to countries to draw on, and which regulate developmental flows of finance. This is currently in a state of great flux. Changes in the 'landscape' since 2005 include the (re-)emergence of non-OECD-DAC actors, the increased ability of some African states to access commercial sources of finance, commodity sales, and the proliferation of philanthropic institutes (Gore, 2013, p.770). These shifts have not only brought new actors and finance but also new ideas and political possibilities about the goals and models of development[1]. They thus have the potential to provide recipient governments with greater 'choices' about what aid to accept, and to improve the ability of these governments to secure more of their objectives in policymaking.

The transfer of finance to recipient countries has often been centred in both academic analyses of the development cooperation landscape, and by actors within the landscape (both providers and recipients). While this thesis focuses on the development cooperation landscape as a whole, it is therefore important to explicitly define 'aid', as it has an important role in the relationship between recipient governments and providers.

In the simplest terms, aid is a process of transfer, most often financial, between two actors in the international system, one the 'donor' and the other the 'recipient'. It is voluntarily entered into by the two parties, each having (legal) sovereignty

[1] For example, the G20's (2010) *Seoul Development Consensus for Shared Growth*, or Halper's (2012) *The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-First Century*.

over their own policymaking (Swedlund, 2017a, pp.22-3). The actors are often governments (bilateral donors) but can include regional organisations and international financial bodies (multilateral donors). There is a power imbalance within the relationship, which is underscored by the absence of any "socially sanctioned laws or rights" (Hattori, 2001, p.636) mediating the relationship. It is not usually contractual, and ultimately decisions regarding the allocation of aid are made by the giver (Hattori, 2001, p.636). This imbalance is particularly relevant in Africa, where a (decreasing) number of states are dependent on aid (see section 1.7) to finance both domestic spending and the broader state-building project (Fisher, 2013b, p.538).

Much of the academic literature on foreign aid analyses it primarily in terms of the donor, and their interests. Both realists and dependency theorists have seen aid as primarily a tool for major powers to use to their own advantage (Hattori, 2003b, pp.229-230; for example Dreher et al, 2009). Those of a more liberal bent have also largely focused on what donors can do to make aid effective and to achieve aims such as democratisation (for example Bearce and Tirone, 2010). Such approaches also tend to either ignore the impact of foreign aid on African national policy space, or to presume that aid will encroach on this space to the benefit of Western interests, and to the detriment of the ability of African governments to secure their objectives.

This thesis takes a different direction, working in the constructivist tradition and conceptualising aid as a negotiation, thereby centring both recipient and donor. A number of scholars have utilised this approach previously to break open the "black box" (Bourguignon and Sundberg, 2007) of aid policy bargaining (Killick, 1998; Swedlund and Lierl, 2020, p.51). Indeed the idea of a negotiation is not only of use as a tool for analysis but as a descriptor of the transaction: both governments are sovereign and recipient states have the ability to constrain how aid flows are spent within their borders. This is pertinent whether aid donors funnel money through governments (either projects or budget support), or outside through NGOs (non-governmental organisations) and other organisations (for example Dupuy et al, 2016). When aid is disbursed, it is thus a mode of joint decision making with the preferences of the two parties being combined into a single outcome – a negotiation (Zartman, 2001, p.137; Jönsson, 2002, p.217).

Taking a constructivist approach focuses the thesis on examination of the temporal and dynamic aspects of the aid relationship. The aid negotiation is a continuous one, with reverberations of past actions impacting on present interactions. It is "a never-ending, continuous process… the dialogue is an ever-ongoing activity, sometimes more intensive, sometimes less" (Elgstrom, 1992, p.5). This includes analysis of the institutional setup, which is layered over decades of institutional legacies (Whitfield and Fraser, 2009b, p.37), and levels of trust between the parties (Killick, 1998, pp.114-5). Furthermore, even within a single negotiation, events prior to, and after, formal discussions can have a determining influence on the

outcomes. Decisions on what to include in a negotiation are important, as is who the negotiations engage. The implementation stage also represents an opportunity for deviations from, or full compliance with, the agreement. Therefore, understanding the historical and temporal aspects of the aid relationship, not viewing it as discrete or static, will be key to understanding it.

As well as underplaying temporal aspects, rational actor approaches underplay the ability of ideology and perceptions to alter negotiation outcomes. This leaves unexplained the range of outcomes of aid negotiations that are seen across Africa. Taking a constructivist approach will allow greater exploration of ideology, perceptions and agency in shaping these in how a recipient government seeks to secure its objectives. It is particularly relevant to the aid negotiation, because it allows focus on how less powerful actors influence negotiations (Deitelhoff and Muller, 2005, p.171). For example, there is a propensity for both parties in the aid negotiation to frame their arguments in normative terms, such as arguing that giving aid is "the morally right thing to do" (Hulme, 2016, p.5) because in international negotiations "explicitly selfish interests can rarely be defended and justified in the public sphere" (Ulbert and Risse, 2005, p.357). Thus, arguments may limit how agents can secure their objectives, as they perceive some courses of actions to be unaligned to their public commitments.

2.4 The determinants of policymaking in African states

Having established how the thesis defines the development cooperation landscape and aid, this chapter now turns to setting out a theoretical framework to understand the implications of changes of the landscape on control of policymaking in African states. Understanding the extent to which governments control their own policymaking, and the extent to which they are constrained, is the subject of vigorous debate in international relations. No government is entirely in control of its destiny, and policymaking always occurs within a context whereby domestic and international factors influence both the process and outcomes. Nonetheless, scholars have argued that policymaking in Africa is uniquely shaped by its interaction with the international arena.

This section will discuss the debate between scholars on aid and domestic control of policymaking in recipient states. It will highlight a division between those who see aid restricting the national policy space of African governments, and those who argue that aid, and donors, are manipulated by African elites for their own purposes. It will also reflect on the changing experiences of those involved in its practice, particularly the 'ownership' agenda in the 2000s. This spawned an academic literature, but it will be argued that this language is tied to a specific era. Therefore, the section will conclude by arguing that the concept of *national policy space* is most appropriate for analysing how recipient governments seek to secure their objectives. National policy space will then be placed in a framework that

analyses actors and conditions (both international and domestic) to understand how it expands and contracts over time.

Chang argues that "there was a period between the end of the Second World War and the second oil shock when developing countries were allowed quite a large policy space" (2006, p.629). Sovereignty was a key norm, and aid money arrived largely in bilateral forms (Black, 2019, p.114). African leaders had options in the Cold War context and were seen to have the ability to enact their own visions both domestically and internationally. However, many African states – including Zambia (section 4.3) - suffered financial and debt crises from the 1970s. During the 1980s and 1990s many countries then succumbed to IMF (International Monetary Fund) and World Bank stabilisation, and structural adjustment, policies. Many DAC donors followed the lead of the IFIs at this time, variously suspending and providing aid to states depending on their status with the banks and the implementation of reforms.

There was considerable academic debate about these developments. The autonomy of African governments was judged by many scholars to have considerably shrunk at this time, and scholarship not infrequently argued that Western aid had challenged African sovereignty (Brown, 2013, p.263). For example, Plank argued that Mozambique's leaders had been "obliged to cede substantial influence over domestic political arrangements and policy choices to external agencies in order to maintain the flow of aid and avert economic collapse" (1993,

p.407). Not only had the ability to shape policymaking been curtailed, however, but the interventions of the IMF and World Bank had "thoroughly discredited traditional notions of sovereignty in many parts of Africa" (Plank, 1993, p.409). The IFIs, and their DAC donor supporters, had become "active participants in the formulation of national policies" (Abrahamsen, 2000, p.10).

National autonomy was limited to the extent that it was argued that "there is virtually no area on which the Bank and the Fund do not have (often very strong) influence – democracy, judicial reform, corporate governance, health, education and what not" (Chang, 2006, p.627). Moreover, international conditions supported this. Abrahamsen argued that the power of little contested international discourses meant that Western prescriptions could be framed as an "unquestionable 'good' about which there was little or no difference of opinion" (2013, p.241). Furthermore, through this interaction with the international system, Harrison argued that a set of governance states which "'internalised' core features of governance discourse and practice" (2004, p.5) had been produced. These concerns continued through the process of writing off HIPC debt as relief was conditioned, including on the writing of Poverty Reduction Strategy Papers which were approved by the World Bank and IMF. Thus, this group of scholars saw neoliberal norms and Western influence exerted not only through traditional conditionality but through the shaping of the ideologies and institutions of African states. African autonomy had been curtailed by international conditions with policy space at risk of shrinking "to

the point of making the use of any meaningful policy for economic development impossible" (Chang, 2006, p.627).

A number of scholars, however, challenged these characterisations of African states and their ability to shape their own policymaking. Particularly from the 1990s, African agency was reinserted into the academic debate about both the continent's policy space and the position of states in international relations. Bayart's 1993 work *The State in Africa: The Politics of the Belly*, and Clapham's 1996 piece, *Africa and the International System: The Politics of State Survival*, were particularly key. They argued that the fates of African countries were not determined by external powers, but rather by the decisions made by leaders to ensure state, and their own, survival (Clapham, 1996, pp.4-5). While external conditions could not be denied, they were in fact "used as an instrument by native holders of power and by other political actors" (Bayart, 2009, p.xix). Aid conditionality and structural adjustment policies failed because, instead of limiting sovereignty and national policy space, African elites were in fact able to use the proceeds for their own purposes (Bayart, 2009, p.27). For the international community, the unfettered sovereignty of African leaders was unsustainable, having lost "moral legitimacy" (Clapham, 1996, p.188). Moreover, political changes, particularly democracy, were enthusiastically supported by populations rather than externally imposed (Clapham, 1996, p.195; Bayart, 2009, pp.xix-xx). Thus the destinies of countries were fundamentally shaped by domestic factors, particularly

elites seeking to maintain power. The international system was relevant but did not fundamentally curtail African agency.

This debate evolved into a discussion about 'ownership', a term that was brought to the fore by aid practice. 'Ownership' was part of a wider aid effectiveness agenda, in which donors tried to rhetorically move away from the language of conditionality and get back to ideas of partnership. From this, two key strands of academic literature emanated. The first was one which tried to challenge the practical implementation of how this agenda was implemented – for example, in debates about 'democratic ownership' (Hasselskog, 2019, p.98). The second body of literature on ownership, and that which will the primary focus of the next section, examined (and continues to examine) how policymaking in African states had changed under this new paradigm. The following paragraph thus will outline the aid effectiveness agenda, and the ownership literature. It will be contended that aid has become less synonymous with state policymaking, as 'dependence' has reduced. Therefore ownership of aid should be differentiated from African national policy space.

After the unprecedented levels (post-colonisation) of intervention in African economic and political systems in the 1980s and 1990s, the aid industry began to not only to react against accusations of limiting African sovereignty but also to question how effective their actions had been (Edgren, 2003, p.1; Graham, 2017, p.374; Kiendrebeogo and Meessen, 2019, p.1). In 1998 the President of the World

Bank argued that "we cannot and should not impose development from above – or from abroad" (Wolfensohn, quoted in Aycrigg, 1998, p.1). Donors also feared that recipient states were absent, or unengaged, in policymaking funded by aid. Reflecting the times, the Swedish International Development Cooperation, SIDA, commissioned a report which described the risks of programmes falling into "donorship syndrome" (Edgren, 2003, p.4) where "all initiative emanates from the donor side and donors determine which values and objectives are good for the beneficiaries of aid" (Edgren, 2003, p.4). Instead of donorship, promotion of country ownership was called for.

The new millennium ushered in "a distinct period in the history of development cooperation" (Keijzer and Black, 2020, p.5). The World Bank's 1999 Comprehensive Development Framework and subsequent Poverty Reduction Strategy Papers (PRSPs) brought 'ownership' prominence (Keijzer and Black, 2020, p.3). The 2005 Paris process then "rendered [it] technical" (Li, 2007, p.7), operationalising it through national development plans and greater donor coordination (see also Black, 2019, p.117). Many working for donors saw ownership in a largely technical light, stripping the term of its political implications and implicit challenge to the international hierarchy of states. Booth notes that many aid donor agencies viewed ownership as "the end result of constructive multi-stakeholder interactions to which external agents can and do make essential contributions" (2012, p.548).

The ownership era also brought changes, such as general and sector wide budget support, that were both sought by African governments – including GRZ - and purported to be more conducive to ownership (Cramer et al, 2006, p.416; Swedlund and Lierl, 2020, p.51). At this time a number of African states, were also in receipt of high levels of aid and thus, in conjunction with the modalities used, donors were able to access high levels of government decision making (Swedlund and Lierl, 2020, p.57). The extent to which this donor access and influence shaped policymaking, and the extent to which African states were willing participants in this, was subject to academic debate.

A number of scholars questioned the extent to which reality reflected this rhetoric about ownership, seeing high levels of donor influence as constricting national policy space. Cramer et al (2006, p.423) saw ownership mainly as a contrast with donorship (see also Edgren, 2003). They argued that features of a relationship of donorship include: donors believing they have exclusive knowledge of 'sound' policies; donors focusing on convincing the recipient government to implement these policies; donors believing that past mistakes are largely the responsibility of the recipient government, possibly as a result of a failure to show 'political will'. Resultingly, for recipients to claim ownership, donors would need to change their behaviour. From their Tanzanian case study they concluded, however, that "ownership could never be complete if a country retains dependency on foreign aid" (Cramer et al, 2006, p.431) because of the unequal power relation inherent in aid.

This approach focused on the actors involved in policymaking – donor and recipient parties – and not the wider context of the negotiation. It would therefore be difficult to extend the framework across the continent and explain variations in levels of policy space between countries in receipt of aid. This was better achieved by Whitfield's 2009b work, *The Politics of Aid*, which moved past models focused on actors and better accommodated the influence of wider international conditions on policymaking. In the work, Whitfield and Fraser defined ownership as "the degree of control recipient governments are able to secure over implemented policy outcomes" (2009a, p.4). This also allowed them to move beyond binaries, in favour of a spectrum which distinguished weak from strong forms of ownership (see also Hasselskog, 2019, pp.97-8).

Both contributors to Whitfield's work, and a number of pieces inspired by its theoretical framework, focused on how domestic and international conditions (economic, political, ideological or institutional) shaped the strategies of DAC donors and recipients in aid negotiations, and recipient government ownership of policymaking. As such, a number of factors which influence 'ownership' have been discerned by scholars. For example, in Botswana the country's planning system allowed both "a sustained degree of control over the development process" (Maipose, 2009, p.126), and the government to be assertive in aid agreements, refusing support that did not coincide with its priorities. International perceptions of states have also been discerned to be important. For example, the Ugandan

government was able to utilise a number of narratives to strategically appeal to donors to keep financing an increasingly illiberal state, including geopolitical appeals (Fisher, 2013a; Madhuraj, 2020) and promoting the state as an exemplar of pro-poor policies (Hickey, 2013, p.195).

Ethiopia and Rwanda, while falling a little short of Botswana on Whitfield's spectrum of control (2009b, p.331), were also considered to have room-for-manoeuvre within their domestic policymaking space – largely due to domestic conditions. Ethiopia was suggested to have strong ownership over its core domestic policy agenda and strong systems to manage DAC aid donors. Nonetheless, Furtado and Smith (2009, p.142) argued that because DAC donors were funding a number of policies not supported by the government, the Ethiopia government lacked ownership over them. The available space to pursue its own policy agenda was created by a government "assured of its own direction" (Furtado and Smith, 2009, p.131), and with a strong record of implementation. Other scholars have given greater prominence to international conditions in Ethiopian ownership. Ethiopia has strategic significance to the West, being located in a troubled region, with a large population, strong army, and the diplomatic capital (Addis Ababa) of Africa (Cheru, 2016, pp.605-6). This strategic significance has been buttressed by the presence of China (Hackenesch, 2013, p.17).

Rwandan national policy space has similarly been attributed to a strong government, able to utilise its post-genocide moral authority and to demonstrate

a lack of willingness to compromise. Rwanda's policy agenda had thus largely been embraced and funded by the international community, although Hayman questioned the depth of domestic ownership given how "intricately entwined" (2009, p.156) donors were in the process. Hasselskog et al (2017) also looked at Rwanda and the 'paradox' of ownership and donor involvement. They argued that the government "tends to be more or less receptive to donor input depending on the issues that are at stake" (Hasselskog et al, 2017, p.1835), demonstrating that the government determined which policy areas donors influenced. This aid management system, which in recent years has incorporated China, limited donor access to government (Hayman, 2009, p.166; Grimm, 2013, pp.87-8) and expanded national policy space. Like Ethiopia and Uganda, Rwanda has utilised issues of regional security to highlight its political significance to DAC donors (Beswick, 2013, p.169), while its history of genocide has lent it an additional importance to donors (Hayman, 2009, pp.175-6). Thus, in both these cases, DAC donor perceptions of a combination of domestic competence and international political significance were key to expanding national policy space.

In contrast, Whitfield's work found that the governments of Ghana, Zambia, Mali, Tanzania and Mozambique all lacked ownership of their policy agendas. In these countries, foreign development actors were seen to have a strong influence on domestic policymaking. Poor domestic economic conditions had led states to "strive to maximize aid flows without necessarily maximising control over the policy agenda" (Whitfield, 2009b, p.350). For example, in a 'donor darling' such as

Tanzania in the 2000s, the state strategically cooperated with DAC donors, maintaining high aid flows because ownership had been constructed by a partnership between donors and the state resulting in broad policy consensus (Harrison et al, 2009, p.295). Similarly, Brown in 2017 examined levels of ownership in Mali and Ghana, and found little. He distinguished between formal and substantive ownership, seeing the presence of multiple plans and a lack of prioritisation as both limiting substantive ownership and maximising donor funding.

This literature has highlighted the importance of DAC donor perceptions of recipient states to ownership. When recipient states do not successfully manage donor perceptions, they struggle to maintain aid flows as donors find reasons to not support them. For example, Keijzer et al (2019, pp.42-3) argued that donors in Liberia did not trust the government and considered corruption ubiquitous. As a result, the government struggled to uphold a 'Liberian agenda' and to convince donors to align with it. This is the inverse of the Rwandan or Ethiopian states, who are perceived by donors as being competent and politically important and thus are better able to secure their priorities in policymaking.

A number of factors, however, have now arisen that call into question the use of the terminology of ownership by scholars seeking to understand the influences on African policymaking and how governments seek to secure their policy objectives. Firstly, the aid effectiveness agenda and ownership began to decline following the

2008 financial crash (Keijzer and Black, 2020, p.3). Furthermore, after the 2011 Busan summit, donor focus broadened from aid effectiveness to development effectiveness (Brown, 2017, p.338). The economic circumstances of DAC donor countries also brought reductions in aid and in the new decade (2010s) many begun to shift back from budget support to more discrete projects.

This shift in focus by DAC donors was driven by international factors. The declining use of country systems has been driven by a stronger focus on how money is spent, because of domestic pressures on donors (Keijzer et al, 2019, p.46[2]). DAC donors have also increased flows through donor country headquarters (Black, 2020, p.128; Keijzer et al, 2019, p.40). Empirically, the targets set by the Global Partnership for Effective Development Cooperation showed that only 18% countries surveyed had increased their 'ownership' between 2010 and 2015 (Brown, 2017, p.338). Despite not losing all its rhetorical significance, the principle has now been "effectively marginalized" (Keijzer and Black, 2020, p.9), and thus it has become less useful as an analytical concept.

In conjunction with the retreat of DAC donors has been the rise of alternative forms of finance: from states such as China and India; the rise of philanthropic institutes; and greater access to international markets by countries who have

[2] Keijzer et al (2019) draw their conclusions from a contemporary view of Rwanda and Liberia. They argue that, in both countries, development cooperation relationships are deteriorating because of donor decisions. Given that these two governments are perceived very differently by donors, international conditions are evidently having an impact on aid relationship and flows, in conjunction with donor perceptions.

obtained lower-middle income status (Gore, 2013). This changing development landscape has potential to support recipient governments looking to secure their objectives. For example, Corkin (2013, p.165) has shown that the Angolan government was been able to manage its relationship with China and has expanded its national policy space through its ability to leverage the growing relationship at the international, national and regional levels. The government rejected an IMF package in 2003 but subsequently drew up a loan agreement with them in 2009, pointing to an ability to selectively engage with Western partners. These changes further call into question the usefulness of the terminology of ownership, and suggest that a different concept may better explain the emerging realities of influences on policymaking in aid recipient countries.

The study of ownership has brought forward many important insights about the relationship between aid donors, recipient states, and the former's influence on policymaking. However, the terminology of 'ownership' is outdated, remaining highly linked to the pervasive influence DAC donors were able to establish (or not) during a period in the 2000s of high aid levels and modalities suited to obtaining influence at the highest levels, and which justified the use of the term despite some of the theoretical problems that have been articulated. This era is considered by many to be over. As has been noted, aid levels have reduced in many countries, there has been a shift away from budget support, and many governments are looking at new ways of financing their development agenda. Additionally, 'new' donors have emerged, alongside new paradigms of development (Hickey, 2013,

p.194; den Heyer and Johnson 2020, p.135; Hasselskog and Schierenbeck, 2017, pp.324). Furthermore, despite using ownership rhetoric, many donors no longer focus on it as a key concern. This thesis therefore argues that examination of *national policy space*, rather than ownership, will address these concerns while utilising aspects of the ownership framework to understand how this expands and contracts over time.

2.5 Defining National Policy Space

A number of scholars have utilised the concept of (national) policy space to understand how much influence domestic actors have over policy making and outcomes (for example, Mayer, 2009, Kentikelenis et al, 2016, Jackson, 2021), although the idea has most often been applied to how trade rules place constraints on policymaking (for example Chang 2006, Khan, 2007). The term policy space is similarly used by practitioners: UNCTAD's 2014 Trade and Development Report was titled *Global governance and policy space for development*. In many cases the concept lacks theorisation or is used as a synonym for 'policy autonomy' (for example by Kragelund, 2012). Kentikelenis et al offer a somewhat limited definition of policy space as "a government's ability to select the policy instruments via which they address their economic problems, free from coercive conditionalities" (2016, p.547). This is closely tied to their purpose, IMF conditionality, but is not sufficient for a broader discussion, particularly when governments may need to balance funding to implement policies with the requirements of that funding.

Mayer's 2009 contribution – *Policy Space: What, for What, and Where?* - is more useful in this regard. Mayer defines national policy space as "the combination of *de jure* policy sovereignty and *de facto* national policy autonomy" (2009, p.376.) He argues that this distinction allows examination of international factors which pull in opposite directions with regards to national policy space: space may be limited by constraints on *de jure* policy sovereignty, but enlarged in terms of *de facto* control (2009, p.377). Mayer also notes how different policy areas may interact, arguing for example that "developing countries appear to accord greater importance to securing constraints on developed countries' agricultural policy space than to maintaining their own policy space for industrial tariffs" (2009, p.386-9). Furthermore, utilising space's temporal dimensions, Mayer does not see national policy space as static. Instead, he seeks to understand "how developing countries can effectively use existing national policy space, and indeed enlarge it" (2009, p.374).

Mayer and Kentikelenis et al's definitions do point to the relationship between national policy space and government objectives, which will be utilised in the framework. The term 'objectives' is used to allow policy areas to interact. For, as Mayer suggests, there may be a trade-off between objectives and a recipient may be acting strategically to achieve the objectives they view as most important. However Mayer's definition remains most useful when applied to trade policy: any claim that development cooperation limited *de jure* sovereignty would be contested by both donors and recipients, and indeed few agreements in the sphere

are legally binding. It is therefore useful to turn to a broader discussion of space before formulating a definition of national policy space.

Space is a concept that allows a relational view of a phenomenon and takes into account its temporal aspects. As Beswick notes, spaces may be "constant flux, reflecting the interplay between potentially competing influences from a range of sources" (2010, p.226). Utilising space allows the thesis to move away from a linear view of policymaking, which underplays the complex and contested realities of policymaking. A focus on space instead asks at what entry points a donor might be able to exercise their power to constrain an aid recipient's policy space, or at what points a recipient might secure their own priorities. Policies change through time, for example during implementation, and exist separately from formal documentation or decision-making (Brock et al, 2001, p.2). There is a distinction between formal documents and enacted policies, with different objectives emerging during policy design and implementation (den Heyer and Johnson, 2020, pp.138-9). Therefore constraint can be placed on it in many different ways. From this, two important implications for the theoretical framework are drawn. Firstly, as well as looking at the extent of recipient government influence, it is also necessary to look at the means by which they seek to exercise their power. Secondly, the definition must reflect on different stages of policymaking – including its outcomes.

Following these discussions, the thesis will use the following definition of national policy space:

> *National policy space is the extent and ways in which recipient government objectives are secured in policy making and policy outcomes in a bounded area and time.*

The next two sections will examine the academic literature on how actors and conditions influence African policymaking. This will allow a theoretical framework to be built up to examine how national policy space is determined.

2.6 Actors

Actors shape national policy space by increasing the number of alternatives available to African governments – or making options more difficult. While there are a wide variety of actors in policymaking, this thesis focuses on how DAC donor and recipient state actors shape African national policy space. Firstly, the section will outline how the framework understands actor objectives: informed both by ideology and by actor perceptions of international and domestic conditions, and of other actors. The strategies of recipient actors will be emphasised. Recipient governments can seek to expand their national policy space by utilising constraints (domestic or international) or their relationship with donors in a strategic manner. Furthermore, their strategies for securing their objectives will be temporally informed – and based on both past experiences and future expectations. A number of strategies, highlighted by the literature, used by recipient actors to secure their objectives will be outlined.

In the theoretical framework presented by this thesis, actor objectives are determined by a combination of their own ideology and perceptions. The term 'ideology' is designed to be a broad one but reflects an understanding that,

> "State officials do not approach international politics with a blank slate on to which meanings are written only as a result of interactions among states. Instead, they approach international politics with an already quite comprehensive and elaborate appreciation of the world, of the international system and of the place of their state within it" (Weldes, 1996, p.280).

Furthermore "principled beliefs are not simply 'theoretical fillers'... but that in certain circumstances they lead states to redefine their interests" (Ruggie, 1998, p.868). While principled beliefs can be difficult to ascertain, neither African states nor donor agencies should be presumed to be *only* self-interested (Mochshell and Birner, 2014, p.10). Ideology will then combine with perceptions to shape actor objectives and strategies to secure these.

The strategies that actors utilise to shape national policy space will be dependent on their perceptions of conditions and of other actors. The subjective perceptions of actors and their judgement helps to define problems and solutions (Dolowitz and Marsh, 1996, p.357). On the basis of evaluation, actors "make decisions about how they can act, what debate is possible in relation to government policy and practice, and how this can be done safely and productively" (Beswick, 2010, p.229).

It should be noted that the term 'perceptions' is not intended to imply a lack of empirical basis for beliefs about policy space. Rather, it is to imply that no action is certain until it has been undertaken. For example, a donor threat to withhold aid is credible or not because of the recipient's perceptions about the likelihood of its occurrence.

Perceptions of domestic conditions will shape recipient objectives and thus how they look to secure them, particularly as they relate to regime survival. Objectives that would conflict with remaining in power are usually undesirable; they may only be considered if it is possible to act to shape domestic conditions to lessen this possibility. This includes perceptions of existing policies, and support for them. For example, Mockshell and Birner (2014) have shown that domestic agricultural coalitions in both Ghana and Uganda have considerable influence over the agricultural subsidy programmes opposed by donors. Additionally, Fisher and Anderson (2015, p.136) have pointed to the inability of Kenyan and Tanzanian elites to securitise their development agenda vis-à-vis the United States because of the countries' sizable Muslim populations.

Perceptions of international conditions will also shape actor objectives and strategies. A perception that new sources of finance have become available may prompt recipient governments to encourage competition between different providers. Hackenesch (2013, pp.27-8), for example, has pointed to Ethiopia using China as an explicit bargaining chip in negotiations with European donors.

Furthermore, Swedlund (2017b, p.406) found in Uganda that the government perceived oil to not only provide it with money in the present, but to be a considerable source of finance in the future that could make the country less dependent on DAC aid. And, as has been seen, perceptions of the importance of issues such as the War on Terror to donor states have shaped recipient strategies to secure funding and their policy objectives. Thus, Uganda positioned itself as a guarantor of regional stability (Fisher, 2013a) while Tanzania also positioned itself as an 'island of stability' and an ally of the US and UK (Harrison et al, 2009, p.291).

Perceptions of the other party will also inform actor objectives and thus their strategies to secure their objectives. Recipient states can expand national policy space by shaping donor perceptions of themselves (Hasselskog and Schierenbeck, 2017, p.328); this will inevitably be based on their perception of what donors want – which may be grounded in the historical relationship between the states. Ethiopia positioned itself as a model of aid effectiveness (Cheru, 2016, p.606); Rwanda as being committed to 'poverty reduction' (Hayman, 2009, p.156); Mozambique as a model aid recipient (De Renzio and Hanlon, 2009, p.246). In return, recipient perceptions of what donors can provide will centre on their financial resources, but may include to technical assistance or (public or private) support for the government.

Some of the possible strategies, to shape donor perceptions and thus secure government objectives, highlighted by the literature have been discussed in section

2.4 and in the preceding paragraphs. They include constructing a partnership between DAC donors and the state to secure aid flows (Tanzania - Harrison et al, 2009, p.295); or convincing donors of the country's geopolitical importance (Uganda - Fisher, 2013a, p.97; Madhuraj, 2020). The government can also curate an image of itself as developmentally driven, competent, and characterised by low corruption (Ethiopia - Whitfield, 2009b, p.338). In contrast, a failure to shape donor perceptions can constrict national policy space, as was seen in Liberia by Keijzer et al (2019).

Beyond perception management, some African governments have shown an ability to coordinate donors and thus maintain national policy space. Rwanda has been shown to do this through an aid management system, which in recent years has incorporated China. This limited donor access to the government and focused their activities into clusters (Hayman, 2009, p.166; Grimm 2013, pp.87-8). African governments have also long used rhetorical arguments in attempts to secure their preferred aims. Emphasising colonial histories is a tool some states have applied, and Rwanda has been argued to play the 'guilt card' with regard to international inaction during its 1994 genocide (Grimm, 2013, p.85). African states have also utilised international conditions to allow them to choose between donors, particularly during the Cold War, but also more recently. Furthermore, either party may reduce their attempts to secure their objectives in one area of policymaking in an attempt to expand their influence in another (Hasselskog and Schierenbeck, 2017, p.328). For example, a number of authors have noted the way in which many

DAC donors subordinate their aims with regards to democracy and human rights to maintain influence in economic development, or in security matters (for example Brown, 2005).

This section has focused on how recipient actors strategize to secure their objectives and expand national policy space. A number of strategies that have been used have been discussed. The perceptions of actors, and their ideologies, will shape both their objectives and agency. The temporal nature of perceptions about domestic and international conditions, and of other actors, has been highlighted. These perceptions are often grounded in long histories or built on expectations about the future. These conditions will be further discussed in the next section.

2.7 International and domestic conditions

The theoretical framework not only sees African states as capable of acting to secure their objectives and expand their national policy space in a range of circumstances, but also acknowledges the role of conditions in shaping the perceptions of recipient states. In this section, how international and domestic conditions influence national policy space will be considered. It will be demonstrated that national policy space is the outcome of recipient government perceptions about international and domestic conditions, as well as of international actors.

The continuing international influence on policymaking in many African states should not be underestimated, even while acknowledging that national agency can and does shape it. For example, Hickey argues that "although more clearly owned and controlled by the government of Uganda… the international financial institutions (IFIs) have remained influential in shaping both the process and content of the NDP [national development plan]" (2013, p.195). To examine the influence of international conditions on national policy space, Whitfield and Fraser's sources of negotiation capital will be utilised – economic, institutional, political, and ideological (Whitfield and Fraser, 2009b, pp.38-9; Aubert et al, 2018, pp.107-8; Kragelund, 2015). This framework will allow conditions to be analysed separately, even though it is acknowledged they are often, in reality, interrelated and mutually reinforcing. Both donor and recipient actors may try to utilise these conditions to secure their policy objectives. The section will then move on to discuss how national policy space is determined by domestic conditions.

The ability of a state to generate revenue and access financing is key to securing its policy objectives (Kragelund, 2014, p.153; Whitfieldb, 2009, p.334). This makes African perceptions of international economic conditions important to national policy space. Greater access to finance, however, does not automatically increase African policy space. DAC aid in the 2000s rose considerably yet, as has been demonstrated, many African countries lacked control over their policy agendas. However, different types of finance will shape policy space in particular ways, and an ability to raise finance other than DAC aid may allow governments to become

less dependent, more strategic in that which they accept, and thus to expand national policy space (Whitfield and Fraser, 2009b, p.40; Kragelund, 2014; Swedlund, 2017a).

A greater variation in the forms of finance available to recipient government may include access to natural resources, access to other donors, or access to commercial borrowing on financial markets. These will impact different countries in different ways. For example, Botswana's dominance in its policymaking space is generally seen to be due to its possession of natural resources, in conjunction with the competent management of revenues (Maipose, 2009, p.108). However, not all countries with natural resources have similar levels of national policy space. Similarly, Kragelund (2012, p.714) argues that the emergence of these new cooperating partners (such as China) will benefit resource-rich countries most, increasing their national policy space through investment and the ability to renegotiate with donors. However, Kragelund's 2015 article goes onto argue that Chinese aid is converging with Western aid, thereby, he argues, providing little opportunity for recipients to secure their objectives by playing financiers off against one another. Thus international economic conditions can expand national policy space, but consideration should be given to how they interact with other international and domestic conditions.

Institutional conditions – the 'rules of the game' – shape how actors interact with national policy space (Swedlund, 2017a, p.12). For example, the OECD-DAC can be

seen as a key constraint on the contents of aid negotiations from a donor perspective; Hattori describes it as a "moral book-keeper" (2003a, pp.159-60; see also 2003b), ensuring the virtuous nature of the aid gift. Mawdsley (2012a, p.261) has noted that it regulates the "identity, ideologies and practices" of donors, thus mediating their intentions and actions within the aid negotiation and in their relationships with recipient states. Other institutional conditions include international agreements and membership of international organisations. For example, the priorities of the Millennium Development Goals (MDGs) and, to a lesser extent, the Sustainable Development Goals (SDGs) have tried to direct aid flows into particular sectors such as education and health. Similarly, the Paris Declaration aimed to reshape how DAC donors and recipient governments interacted, with the aim of making aid more effective. International institutions will therefore impact on African national policy space, as how actors perceive them will determine their attempts to expand it.

Ideological conditions provide a framework for actors – both donors and recipient governments – to consider development, but also act to shut off some alternatives and thus constrict national policy space. They include dominant development frameworks, and their challengers, and may be utilised by actors to frame their support or opposition to policies within a coherent framework. During the Cold War there were a number of ideological frameworks that African states could situate their policymaking within – although this could limit sources of aid, they could also make its supply more attractive. The collapse of the USSR and

communism as a superpower-sponsored alternative to capitalism, and concurrent indebtedness of many African states, constrained national policy space. However, more recently, a number of scholars have noted that the rise of China internationally has removed ideological constraints on African policy space, aiding the move away from neoliberalism (Mohan and Power, 2008). For example, in Ethiopia, Whitfield (2009b, pp.336-7) argues that ideological conditions were important to the government's ability to develop a coherent development vision and thus expand its national policy space. These were augmented by political considerations, with Ethiopia a geo-strategic ally of the United States.

The political conditions impacting on national policy space vary to a far greater extent between countries and over time, and interact with both actor ideologies and perceptions. They can include the need of recipient states to choose their donors carefully as some may be incompatible. For example, during the Cold War attaining significant aid from both the USA and USSR concurrently would be difficult. The choice between donors may be ideological, or recipients may seek to maximise leverage or financial reward. Contemporarily, states cannot seek finance from both China and Taiwan (Alden, 2013, p.418). A number of political conditions have also been discussed in the section 2.4. That discussion will not be repeated at length here. It is sufficient to note that some recipient states have increased their national policy space because their strategic importance has ensured that DAC donors were willing to overlook disagreements in some areas to sustain, particularly military, cooperation in others. Thus Uganda's role as an American ally

in the War on Terror (Fisher, 2013c) has provided the government with leverage to increase its national policy space. Fisher and Anderson have similarly argued that a number of African governments (Ethiopia, Uganda, Rwanda, Chad) have "restructured their relationships with western donors through the securitization agenda" (2015, p.149), providing them with leverage in the relationship and a greater ability to secure their own objectives. However for other countries, DAC donors may not perceive their strategic political importance, or recipient government actor ideologies may not be compatible with such strategies. Furthermore the ability of states to utilise such political factors may be limited by domestic politics or change over time.

This theoretical framework places interactions between DAC aid donors and recipients at the intersection between the international and the domestic. It moves past scholars who focus on the influence of the international system (Wendt, 1999) or the domestic (Putnam, 1988) to see actors acting at the intersection and as inseparable from both. Domestic conditions shape national policy space through actor perceptions of them, which will influence their objectives and how they seek to secure them. They include the state apparatus, domestic political forces, legislation, agreed development plans, and budgetary pressures. The framework will consider domestic conditions through the lenses of the economic, institutional, ideological, and political.

The existing literature indicates that strong domestic institutions and effective civil services have played an important role in the ability of African states to assert domestic policy agendas with donors (Whitfield, 2009b, p.335, 337). State ideology, assertiveness and state capacity (including to manage donors) have been highlighted as important to increasing national policy space in Botswana (Maipose, 2009), Ethiopia (Furtado and Smith, 2009) and Rwanda (Chemouni, 2018; Grimm, 2013; Keijzer et al, 2019). State strength can particularly feed into DAC donor perceptions about competence. For example, Chemouni (2018, p.94) argues the Rwandan government's policy space resulted from a concentration of both horizontal and vertical power[3]. Thus domestic institutional conditions will relate to domestic political conditions.

The ability of recipient states to open up national policy space will be informed by the country's political settlement, and power maintenance considerations (Chemouni, 2018, p.89). If policies are not acceptable to important groups in society, or undermine the leadership's grasp on power, then recipient states are likely to be particularly keen to expand national policy space in these areas, potentially at the expense of securing their objectives in other areas. This will influence the strength of the ruling party, the space available to civil society and media, the relationship between state and business, and the coherence of ideas about social policy. For example, Hackenesch (2015, p.88) argues that the openness

[3] For a discussion on political settlements, see Behuria, Buur and Gray (2017). This draws on Khan's (2010) work, and defines horizontal power as that distributed between elite factions (particularly between those in power and those excluded) and vertical power as between the elite and the population.

of leaders, working in dominant party regimes, to engage with external actors on issues depends on the ways they are challenged domestically.

This may be linked to domestic economic conditions as the owners of industry (particularly in a privatised system) or workers and owners of particular dominant employers exert disproportionate political influence over recipient states. Gebregziabher and Hout argue that privatisation and "politico-business collision" (2018, p.507) has facilitated the formation of an Ethiopian oligarchy which has changed the nature of politics, and thus policymaking, in the country. Actor perceptions of these domestic political and economic conditions will be key to determining how they establish, and seek to secure, their objectives, as domestic leaders and aid donors may have different views on the acceptability of various programme. Furthermore, this will have a temporal aspect: actor perceptions will be informed by how previous attempts to secure different objectives have helped or hindered those seeking to remain in power.

2.8 Concluding remarks and the theoretical framework

In this examination of national policy space in aid recipient countries it has been argued that there are four factors to consider: the recipient state and its objectives, aid donors and their objectives, international conditions, and domestic conditions.

The framework centres national policy space, which has been defined as *the extent and ways in which recipient government objectives are secured in policy making and*

policy outcomes in a bounded area and time. This definition is derived from existing academic discussions on ownership, space and policy space, but looks to move on from the terminology of 'ownership'. Recipient states will seek to expand national policy space. Their objectives and strategies will be informed by their ideologies and perceptions of DAC donors and of conditions.

In policymaking, the recipient government and DAC donors will both attempt to secure their objectives. How they do so will differ: there is invariably a power differential within the relationship. Perceptions of international and domestic conditions, and of donors, will be vital in determining how the recipient state seeks to secure its objectives and expand national policy space. It can seek to improve its ability to secure its objectives, and expand national policy space, by utilising constraints or its relationship with DAC donors in a strategic manner. This has been seen in a number of countries, for example Rwanda, Ethiopia, and Uganda.

This framework allows analysis of how national policy space in an aid-recipient country changes over time, and the main drivers of this. The framework emphasises temporality, and the importance of existing institutions, relationships, and policies. In this thesis, this framework will be applied to the case of Zambia between 2005 and 2021. The conditions the Zambian government faced changed dramatically over this time: changing international economic conditions brought improving copper prices (its key export), finance from G20 countries, and access to borrowing on the international markets (from 2011). DAC donors retreated, both

financially and in their ability to influence policymaking. The government was also led by leaders with different ideological outlooks, which altered recipient objectives along with changing perceptions of conditions. The methods used to collect data about different facets of the theoretical framework will be outlined in the following chapter.

Chapter three:

Collecting data to understand national policy space

3.1 Introduction

The focus of this thesis is understanding national policy space, which is considered through an examination of the interplay between actors, and domestic and international conditions. As such chapter two outlined a theoretical framework to understand and analyse national policy space. This chapter presents the research philosophy and design, and methods of data collection, that were used to answer the research question: *how did national policy space in Zambia alter between 2005 and 2021, and to what extent was a changing development cooperation landscape an important driver of this change?* In subsequent chapters the framework will be applied utilising the data collected through the methodology outlined here.

This methodology builds on the approaches taken by scholars working on similar issues such as the aid relationship or donor influence on policymaking in African countries. Many works in this area utilise case study approaches including Whitfield (2009a), Swedlund (2017a) and Hackenesch (2018). Whitfield and Fraser (2009a, pp.17-18) argue that this approach provides rich empirical data to understand theoretical arguments, and they lay out a range of cases to develop their arguments around ownership. Furthermore, a range of qualitative and quantitative data is collected to understand the case study. Whitfield's 2009a

collection utilises a range of data sources to examine recipient country ownership, including elite interviews, documentary evidence, and available quantitative data. Swedlund (2017a, p.36) similarly utilises a large number of elite interviews and policy documents to understand the engagement between donor and government officials within her case studies. Thus the methodological approach utilised by this thesis is in line with similar works.

The chapter begins with a short discussion of the constructivist philosophy, previously outlined in chapter two, and its implications for the research design and methodology. In particular, a design and methodology that understands context and agency, within a broad and historical perspective, have been utilised in line with this philosophical stance. As a result a case study design was utilised, and a wide range of, primarily qualitative, data was collected for subsequent analysis.

The chapter will then outline the research design, which is a case study of Zambia between 2005 and 2021. The benefits of a case study design will be addressed: it allows in-depth investigation of complex social phenomena. It will be argued that Zambia provides a typical case with which to understand national policy space, being a state which has been perceived by scholars in recent decades to have little leverage in its relationship with DAC donors. Furthermore, the Zambian government has more recently accessed commercial borrowing on the international money markets and sought finance from G20 countries. Thus, the thesis will not only explain national policy space in Zambia but will provide

insights across the continent as a number of countries have similar circumstances to Zambia, such as Ghana or Tanzania. It will be argued that the time frame 2005 to 2021 allows consideration of the period from Zambia's attainment of HIPC debt relief, an event suggested by the existing literature to considerably increase national policy space. By examining the period until 2021, it will be possible to understand multiple facets of the changing international and domestic landscapes that have taken hold in recent decades.

The methodology and the range of data collected will then be discussed. The key data source was in-country elite interviews, conducted in Zambia in 2020, with a range of GRZ, donor, consultant and civil society informants. How these were conducted in an ethical manner will be elaborated upon. Other data sources will then be discussed, including biographies, autobiographies, media sources, documentary evidence, and quantitative data. These multiple sources of data were then triangulated to increase reliability and validity.

The conclusion will summarise the chapter, as well as highlighting two key limitations: use of English as a primary language, and the non-transparency of the activities of some states, particularly China. It will be argued that despite these limitations, the approach taken has allowed sufficient data to be collected to answer the research question.

3.2 Research philosophy

This thesis utilises a constructivist approach to gain insight into national policy space. To understand it, the thesis therefore examines both actors - being interested in how circumstances are made (Ruggie, 1998, p.877) - and conditions - placing interests and actions in a set of circumstances that are influential (Adler and Haas, 1992, p.367). An approach based on constructivism starts from the position that objects of knowledge are constructed; they are socially constituted through practices as opposed to being internal to discourse (Guzzini, 2000, p.160). The approach departs from positivist rational-actor models of policymaking, incorporating a greater focus on the subjective perceptions of actors and how their judgement helps to define problems and solutions (Dolowitz and Marsh, 1996, p.357). It aims to "understand a phenomenon as it is seen and interpreted by the participants themselves" (Cohen et al, 2017, p.34). As a result of the perceptions of actors being important to understand national policy space, interviews were vital source of data, as were biographies, autobiographies, and a range of GRZ and donor documents.

A constructivist approach furthermore sees policy ideas and models as not autonomous but tethered to social and institutional constructs (Peck and Theodore, 2015, p.27). Therefore, the methodology utilised to understand national policy space needed to contextualise the perspectives and behaviour of donor and recipient states, as well as focusing on how they influence their context in turn. It particularly sought to understand states within a broad and historical perspective,

and to triangulate sources against one another (Klotz and Lynch, 2007, p.20)[4]. Therefore, to understand state objectives and strategies, a range of data was triangulated with the interviews. These included the perceptions of other actors, media sources, government documents, quantitative data, biographies, and autobiographies. Data that highlighted reasoning and communication was sought to recognize the goals and actions of actors (Klotz and Lynch, 2007, p.45), and thus to understand national policy space.

This constructivist approach was limited by the COVID-19 pandemic and the necessity to curtail the period spent in Lusaka. As a result, limited data was gathered regarding the backgrounds and ideologies of individual negotiators and this restricted the ability of the thesis to focus on questions of identity. This limitation was reflected in up-dated research methods, which will be discussed in section 3.4.

3.3 Research design

Given the complexity of both actors and conditions, the case study approach to understanding national policy space was deemed appropriate and would allow the historical and social context to be incorporated into analysis. A case study design allows in-depth investigation of complex social phenomena, providing a holistic and real-world understanding (Yin, 2014, p.4). A case study is an in-depth study of

[4] For a discussion of the use of triangulation in the constructivist paradigm see Johnson, 1997.

a single unit, in this case a recipient state, with the aim of illuminating aspects of a larger class of similar phenomena (Gerring, 2004, p.341). The case study approach allows "the development of a nuanced view of reality" (Flyvbjerg, 2006, p.223). It is particularly relevant to social research about practice and policy, and studies that consider how social actors, with varying intentions, motives, and levels of influence, work with, or in response to, social forces (Bartlett and Vavrus, 2016, p.1). A case study would be valuable, therefore, in understanding how national policy space expands and contracts over time, and allowing the thesis to ascertain how conditions and actors combine at different times to produce different outcomes.

The thesis uses the single case study of Zambia to examine how national policy space evolves over time, and the interplay between actors and domestic and international conditions. There is no 'average' African country, with regards to national policy space and a changing development cooperation landscape. Nonetheless Africa's small and island states have been distinguished by scholars as having exceptional domestic and international conditions (for example Sanches et al, 2022), and thus would not be optimal cases in this regard. Similarly, Africa's largest states have a greater international presence and unique diplomatic goals, for example Nigeria's pursuit of a permanent seat on the UN Security Council. Furthermore, a country such as Rwanda has a history[5], both domestically and internationally, which makes it difficult to compare to other African cases, at least

[5] See previous discussions about the Rwandan genocide; Beswick, 2013 and Hayman, 2009.

with regards to national policy space. Zambia provides a more typical case to understand national policy space within the theoretical framework. Zambia has been seen by scholars as having relatively typical attributes vis-à-vis its historical relationship with DAC donors, and having limited national policy space (Abrahamsen, 2000; Chisala, 2006; Fraser, 2009). It is also a medium-sized, multiparty democracy with historical and contemporary links to both DAC and G20 countries.

Zambia has "been identified as an emblematic case of a country dominated by its donors" (Fraser, 2009, p.299) after becoming reliant on DAC donors for both finance and the prospect of debt relief in the 1990s and 2000s. This was despite a particular, although not unique, history of non-alignment following independence - attempting to balance multiple powers during the Cold War to gain access from a variety of sources - and having a long diplomatic relationship with states such as China, as well as Western powers and Russia. Key to this lack of national policy space has been the perception of DAC donors of Zambia's lack of political significance (Whitfield, 2009b, p.341).

Zambia provides an opportunity to examine how national policy space has changed in a typical African country, as a result of a changing development cooperation landscape. The contemporary Chinese presence is relatively longstanding, the subject being of domestic political salience as early as the 2006 election. It has also seen a seen a wider variety of actors (re-)emerge since 2005 seeking economic and

political cooperation and providing finance for development projects. Zambia also became a lower-middle income country (LMIC) in 2011 and thus gained access to commercial borrowing on the international financial markets. Furthermore, by 2021 GRZ was wrestling with significant debt. Therefore, it also provides an opportunity to examine how African national policy space is impacted by debt in an evolving development cooperation landscape.

Zambia thus provides a case that can give insights across the continent. Whitfield and Fraser have highlighted a number of countries who, like Zambia, had little 'ownership' of the aid in the mid-2000s, including Tanzania, Mozambique, Mali and Ghana. Tanzania has a similar history to Zambia of non-alignment and a long-standing relationship with China. Ghana also stands out as a country which has experienced similar circumstances to Zambia in the same time period: attaining LMIC status at the same time as Zambia. Furthermore, there have been parallels in the way the Ghanaian government acquired debt after 2011 and took a tough line in negotiations with the IMF.

The time period 2005-2021 was chosen after careful consideration of the Zambian case study and international conditions. The HIPC debt relief process that began at the end of the 1990s was a "massive new incentive for compliance [with donor demands]" (Fraser, 2009, p.307). Thus the attainment of HIPC Completion Point in April 2005 had the potential to change GRZ's relationship with DAC donors and increase national policy space. It therefore represented a good starting point to

examine national policy space free of this structural factor. Given the focus of the theoretical framework on domestic factors and the changing objectives of GRZ, the time period closes with the departure of President Lungu from power in August 2021. This allows the thesis both a sufficient period of time to understand multiple facets of a changing development landscape in Zambia, and to identify significant influences on national policy space under different Presidents[6].

3.4 Research methods

The research methods utilised aimed to gather data to understand both the domestic and international factors impacting national policy space in Zambia, and GRZ and donor agency. A diverse range of evidence was collected, particularly seeking to acknowledge contingency and context (Klotz and Lynch, 2007, p.17) and to understand actor perceptions. This included elite interviews, biographies and autobiographies, media sources, documents produced by donors and by GRZ, and quantitative data about Zambia, all of which are discussed in more detail below. As Regilme has argued, "publicly articulated discourse, policy diagnoses, and beliefs illustrate relevant stakeholders' intentions in regard to the[ir] aims, justifications, and implementation goals" (2021, p.3). By gathering a variety of rich source material, politically sensitive interviews, as well as providing insight into actor perceptions, could be contextualised and triangulation of the evidence became possible. Triangulation occurred both through the use of multiple

[6] Presidents of Zambia during the 2005-2021 time period: President Mwanawasa (Movement for Multiparty Democracy) – 2002-2008. President Banda (Movement for Multiparty Democracy) – 2008-2011. President Sata (Patriotic Front) – 2011-2014. President Lungu (Patriotic Front) – 2015-2021.

methodological resources or practices (Natow, 2020, p.160), as well as interviewing individuals in a range of social positions – donors, government officials, and informed individuals outside the aid relationship (Bailey, 2008, p.77). This was even more important as a result of the COVID-19 pandemic.

In-country data collection was cut short by the COVID-19 pandemic, and prevented a planned return trip to the country. A return trip would have allowed further data to be collected, particularly with regard to the backgrounds and ideologies of individual negotiators, and for a narrower focus in the thesis on recipient agency in a particular sector. Furthermore, it curtailed the number of interviews with G20 representatives, and a fuller understanding of their activities in Zambia. As a result, the methodology was updated to place a greater emphasis on collecting data from other sources with which to triangulate interview data, including the media, biographies, autobiographies, and literature from government and donor sources. This limited collection of information about individual's identities and ideologies, and focused data on how state's and leaders presented themselves. What follows is a discussion of how data was collected in Zambia. The section then lays out the different data sources utilised in this thesis, their strengths and limitations, and how limitations were overcome.

3.4.1 In-country data collection

Key interview data was collected in Lusaka, Zambia's capital city, in a four-week period in January-February 2020. This followed a two-week scoping trip in

November 2019, which allowed links to be developed with a local research centre, The Southern African Institute for Policy and Research (SAIPAR), and initial contacts with potential interviewees to be established. It is a condition of a Zambian research visa that the individual affiliates with a local institution. SAIPAR is an independent research centre that has operated since 2006 and publishes research on development and governance. The affiliation with SAIPAR both met legal conditions, and provided the researcher with a range of initial contacts for interviews. It was beneficial to demonstrating that the researcher was not acting on behalf of a donor, or the British government by establishing a local point of reference. The scoping trip also allowed refinement of the initial data collection plan, including interview topics and questions. While in-country the primary data collected was elite interviews, and documents from interviewees that were not publicly available.

The question of positionality was considered in relation to the research, but particularly how it would affect in-country data collection. The researcher is a white, British female, and how interviewees perceived her could impact the research (see Glas, 2021, p.438). A particular concern was that the researcher could be perceived as acting on behalf of, or in affiliation with, the British government and DFID (UK Department for International Development). Given the sometimes strained relationship between GRZ and the British Embassy, this could make respondents – particularly GRZ officials – reluctant to speak, or to fully answer questions when interviewed. Affiliation with SAIPAR helped in this regard,

particularly in relation to access where the researcher was able to utilise the organisation's contacts to remove some of the barriers to setting up interviews. Furthermore, collecting data occurring on the second research trip to Lusaka helped the researcher gain credibility with interviewees.

An ethical review, alongside a risk assessment, was submitted to the University of Birmingham, and approved, prior to travel to Zambia. A key ethical concern was to ensure that subjects gave informed consent (see Bailey, 2008, pp.16-17, Barbour, 2008, pp.77-8). All participants in the research were English speaking adults with professional positions, and with the ability to freely give their consent to participate. An information sheet which outlined the objectives of the research was provided to all participants alongside a consent form which they were asked to sign (a copy can be found in appendix three)[7]. Participants were also given the opportunity to withdraw from the research, up to six months after the interview. This was highlighted to participants. Confidentiality was a second key concern. Participants were asked to identify the form of identification they felt comfortable with, on the consent form. As well as the supplied suggestions, some interviewees specified their own preferred identifier. This was done both to protect interviewees, and to ensure they felt as comfortable as possible divulging information about potentially politically sensitive issues.

[7] While written consent can be problematic in some research (Barbour, 2008, p.78), it was considered that given the professional backgrounds of interviewees this would be appropriate.

3.4.2 Data sources

The primary method of data collection when in-country was semi-structured interviews with government officials, donor representatives, think thank and NGO representatives, and independent consultants. In total the researcher personally conducted 35 interviews with 38 individuals across a four-week period in January-February 2020 (for a complete list of interviews and transcripts see appendices one and four). A breakdown is provided below in table one; this is a stylised categorisation based on what was agreed with interviewees. No more information is provided than was agreed with interviewees; in this table less may be contained for ease of categorisation and comparison (for example, while most DAC donor officials agreed to their organisation being published – here they are categorised as DAC donors). These are listed in the thesis by number and a category coding, to aid readability. Where it will aid the reader, within the thesis, further relevant information may be given.

Table 1: 35 Interviews (38 individuals)

DAC donor officials (DAC)	6 (8)
G20 donor officials (G20)	1
GRZ bureaucrats (GRZ)	5
GRZ MPs (MP)	9 (10)
Zambian think tanks (TT)	7
Consultants (C)	4

Former Vice President	1
Anonymous	2

Participants were chosen through a combination of purposive and snowball sampling. They were selected because of their ability to provide rich and informed information on the basis of participation in policymaking, or their ability to discuss policymaking on the basis of their professional position (for example, working in a local thinktank). During the interviews, interviewees were asked for suggestions of other potential individuals who could provide information relating to the research. As a result, some interviews were facilitated by previous interviewees (see Goldstein, 2002, p.671). This has the potential limitation of interviewing individuals with similar perceptions and positionality; however, it expanded access, and individuals were sometimes able to reflect on different time periods. The response rates from elites to be interviewed varied considerably (see Aberbach and Rockman, 2002, p.673). Being affiliated to a local organisation (SAIPAR) was beneficial to securing interviews, particularly with members of civil society. Additionally, being able to utilise a full range of contact methods – particularly WhatsApp – enabled the researcher to establish which contact methods individuals utilised and therefore to increase response rates.

For the interviews an interview protocol, and set questions for different groups of participants, was developed (appendix two). Potential interviewees were initially contacted by email, telephone or WhatsApp. All participants were provided with

information about the purpose of the research and a detailed information sheet (appendix three). The majority of interviews were conducted face-to-face, however some respondents were out of the country and therefore Skype and a telephone call were also used. This maximised responses, although the telephone interview did provide less detailed data as it was more difficult to establish a rapport without visual contact, as has been seen in previous literature (for example Sturges and Hanrahan, 2004). The researcher aimed to be as transparent as possible prior to, during and after the interview, providing respondents with information about herself and the research, and how the data they provided would be utilised. This was done informally, before or during the interview, as well as formally – using the participant information sheet and consent form.

Semi-structured interviews allowed subjects the latitude to articulate their responses fully, and to probe their reasoning and the understanding underlying it (Aberbach and Rockman, 2002, p.674); interview length varied between 20 and 90 minutes, with most 45-60 minutes. Different interviewees were posed the same questions, although there were separate sets of questions for donors, GRZ officials, and members of civil society/ think tanks (appendix two). To maximise the data obtained, questions were open ended and interviewees were made to feel comfortable, with the interviewer's style adjusted to build rapport and depending on responses and body language (Harvey, 2011, p.434). Some interviews were recorded. This allowed collection of more data, as the whole conversation was recorded, and the use of a conversational style (Aberbach and Rockman, 2002,

p.675). This was particularly useful in analysing earlier interviews, to extract data points that may not have been initially established as important (in contrast with later interviews). Notes were taken regardless of whether the interview was being recorded to demonstrate the interviewer's focus on what people were saying, as well as pulling out the most relevant points during the interview (Dexter, 2006, pp.54-6).

Elite interviews bring with them a range of limitations. They can contain "faulty memories, self-serving statements, misrepresentations, or elusiveness" (Natow, 2020, p.161, see also Glas, 2021, pp.439-40). This is addressed through the process of triangulation, which both helps correct factual errors, and highlights differences between the presentation of various accounts. Furthermore, perceptions are an important part of the elaborated framework of national policy space, and therefore relevant data. Furthermore, one of the challenges of using elite interviews is that elite systems do not remain stable over time, both within political circles and the bureaucracy (Aberbach and Rockman, 2002, p.675). Several changes of political leadership in Zambia added complexity to data gathering, as did changes in the bureaucracy – particularly after political leadership change in 2011 (Hinfelaar and Sichone, 2019). This was addressed through interviewing former civil servants, consultants and members of civil society, and well as utilising sources such as bibliographies which would provide perspectives from different time periods.

Interviews were triangulated with a range of other sources of data, including biographies, autobiographies, media sources, GRZ and donor documents, and externally collated quantitative data. This provided greater context to perspectives and allowed some minor factual inaccuracies to be understood (for example, the dates of events). These additional sources of data will now be discussed.

In Zambia the centralised political system has given considerable influence to Presidents, and to a lesser extent other Ministers. As a result biographies and autobiographies were deemed a relevant means of understanding actor ideologies and perceptions. Specifically, autobiographies by former Vice President Guy Scott (*Adventures in Zambian Politics*) and former Finance Minister Ng'andu Peter Magande (*The Depth of my Footprints*) were employed. Furthermore, biographies of Mwanawasa (*The Mwanawasa Years* by Reginald Ntomba), Sata (*Allergic to Corruption* by Charles Mwewa and *Cobra in the Boat* by Chisanga Puta-Chekwe) and Lungu (*Against all Odds* by Anthony Mukwita) were utilised.

Biographies provide a means of accessing "the characteristics and prior experiences of political elites [which] have meaningful effects on their behaviour" (Krcmaric et al, 2020, p.8.3). They can also help understand how others (for example donor actors) might perceive leaders (Kracmaric et al, 2020, p.8.8). Autobiographies can similarly offer insights which can be missed by other methods, including actor ideologies and perceptions (Smirl, 2012, p.243). Biographies and autobiographies written closer to events (when compared with interviews, the key primary data

source) can also fill a gap: interviewees may be forgetful or view events differently in light of evolving circumstances. The challenge of using biographies is that they are constructed versions of lives, providing only a partial view, and authors of autobiographies are likely to be self-justifying. Nonetheless they can provide insight to characters and perspectives, which is particularly valuable for individuals who cannot be interviewed. As such these sources were not necessarily taken as objective truth (Read, 2018, p.300) but to ascertain the ideologies and perceptions that helped to shape state objectives and strategies to expand national policy space.

A review of printed media was also undertaken. Primarily these sources were used to obtain the stated viewpoints of donor and GRZ actors, via official statements to the press. Limitations of using media sources, particularly newspapers, include questions about the quality of the data and about bias (Mugge, 2016, p.1). This was addressed by the use of multiple media sources, and other data sources – particularly important given that a number of newspapers in Zambia are government owned. The media environment has become more constrained in recent years, with the widely read and independent, *The Post* being closed down in 2016. Some historical content from *The Post* was obtained via *allafrica.com*. Non-government news websites such as *The Zambian Watchdog* were also used, although online sources can be limited as to their historical content (for example, *The Zambian Watchdog* contains articles since October 2016). Data collected from media sources was also triangulated with other data, to help understand and overcome some of the biases it may contain. Being published contemporarily to

events this data contained less hindsight than interviews or other written sources. As such it was useful to understanding the evolution of policymaking over the time period.

Key documents included donor and government strategy papers, donor evaluations, think tank reports, and reports written by independent consultants on behalf of donors or GRZ. Documents can provide insight into the context in which actors operate, as well as being precise, providing broad coverage, and lacking reactivity (Bowen, 2009, pp.29-31). They are also useful to triangulate other data, particularly from interviews (Yin, 2014, p.107). Documents do need to be considered in light of the context they were written and their purpose (McLennan and Prinsen, 2014, p.82). However, they helped to illuminate the perceptions of states – both of international and domestic factors, and of other actors – and their goals and strategies. Evaluations performed by third parties on behalf of DAC donors were useful. They were particularly prevalent at the beginning of the time period, when modalities such as budget support were innovative and multiple donors were interested in evaluating their outcomes. There were a number of GRZ evaluations which were also illuminating with regard to understanding perceptions about conditions and about donors. In contrast, some documents were only available for more recent years – either because of increased use of the internet for public display of documents, changing policies about publishing information, or because older documents were not deemed relevant. In particular,

the available publications by Zambian thinktanks were skewed to the later part of the time period.

A range of documents from GRZ were analysed, including data from all the budget speeches by the Ministers of Finance during the 2005-2021 period. Budget speeches provided a consistent source of data about GRZ spending and income across the time period. These speeches were particularly employed for tracking changes in the composition of the GRZ budget over the time period. The execution of the Zambian budget varied over the period 2005-21, and therefore the data must be used with caution. However, it nonetheless indicates how the Minister and government wanted to project their priorities and demonstrates how the composition of money coming into GRZ varied.

Quantitative data, particularly on financial flows, was obtained through the following sources: the IMF, World Bank, aiddata, Boston University's Chinese Loans to Africa database, Johns Hopkins' China Africa Research Initiative database, and Afrobarometer. Despite their limitations, which will be discussed, these sources of data can provide insights unavailable from qualitative data. For example, looking at actual financial flows provides a useful counterpart to what donor or GRZ actors say about aid or other finance. Furthermore, they can provide a good means of comparison over the time period, and between countries – for example for examining the levels of finance provided by OECD-DAC countries versus non-OECD-DAC countries in any given year.

Quantitative data can also bring in new perspectives. For example, Afrobarometer provides an insight into the views of the general population of Zambia, a constituency that GRZ is accountable to and therefore their ideas and statements can be analysed in this light. Public opinion is an important domestic condition, and Afrobarometer provides unique data on this. Although Afrobarometer's quality has also been questioned (by, for example, Kinyondo and Pelizzo, 2018), it nonetheless provides data that would not be obtainable through elite interviews or documentary sources. Quantitative data is limited by its availability and its creation for other purposes. Jerven (2013, pp.102-3) has particularly highlighted some of the problems in data emanating from the Zambian government statistical office, and the awareness of donors (and GRZ) about their lack of reliability. Regardless of their quality, however, numbers remain important in policymaking and for actors in the process (Jerven, 2013, p.2) and therefore they are useful to understand both donor and GRZ objectives and strategies.

3.5 Limitations

This section discusses two key limitations to the overall approach to data collection. Firstly, the use of English as a primary language for research. Secondly the limitations of publicly available data, and the omissions this contains: particularly with regard to the activities of non-OECD-DAC countries such as China in Zambia. These limitations were addressed in two key ways. Primarily through the collection of a quantity and range of data great enough to compensate

for these omissions. Furthermore, through the triangulation of data including obtaining data from a range of social positions – for example, Zambians both inside and outside of government, and actors both involved in the aid relationship and those outside.

A limitation of the research method is the researcher's use of English as a primary language. This limited access to documents and media sources in other languages, and may have limited the response from informants who primarily spoke other languages. However, this limitation is deemed not to have significantly impact on the data collected. English is the primary language of the Zambian government, and many donors speak it as a common language. This not only includes OECD-DAC donor officials, but also non-OECD-DAC officials. Indeed, for example, research has shown that many Chinese migrants to Africa use English as a common language rather than learning African languages (Monson and Rupp, 2013, p.32). Many donors, and the Zambian government, also use English in their documentation and therefore this did not significantly impact on data collected through this means. Nonetheless, for donors whose primary language is not English, the intended audience of documents was considered. There would be an expectation that anything published in English would be read by a wider audience, including GRZ or other donors. This had implications for what may be available in these documents.

A second limitation of the research method is the lack of publicly available data on the activities of some states. The majority of non-OECD-DAC countries have opted out of the Western-led regime and therefore its tracking of development activities (Dreher et al, 2018, p.183). As a result, there is a lack of public data on their activities; furthermore, that which is available is not necessarily directly comparable to OECD-DAC recorded financial flows. In particular, as Kragelund has noted, research on Chinese aid in Africa is difficult because of "a combination of non-disclosure of official data and incomparability of aid figures" (2008, p.573, see also Quadir, 2013, p.325). Furthermore, bodies such as the IMF have criticised the lack of transparency of China's engagement with the Zambia government, particularly its loan book, which have left researchers unable to establish the extent of lending to GRZ (African Business, 2021).

To address this lack of publicly available data, databases such as Boston University's Chinese Loans to Africa database and Johns Hopkins' China Africa Research Initiative database have both been utilised. Furthermore, data on the activities of non-DAC states was sought through other methods, including interviews. This precipitated an interview with one G20 country: the Indian Embassy, who also showed the researcher a number of health posts constructed in Lusaka through Indian assistance; as previously stated, the COVID-19 pandemic curtailed this line of enquiry.

3.6 Concluding remarks

This chapter has discussed how data was collected to answer the research question posed by this thesis. It has outlined a research philosophy and its implications for the research design and methodology. In particular, the importance of using data which allows both structural factors and agents to be examined, and that permits acknowledgment of context and agency, within a broad and historical perspective. The limited ability to conduct constructivist research, given the curtailment of in-country data collection by the COVID-19 pandemic, was also discussed.

The chapter then outlined the research design, which is a case study of Zambia between 2005 and 2021. It argued that Zambia is a typical case and therefore the thesis will not only explain national policy space in Zambia but will provide insights across a number of other African countries in similar circumstances. The methodology and the range of data collected was then be discussed. A range of data was collected, including elite interviews, documentary evidence, and quantitative data, which then could be triangulated to address the research question.

The following empirical chapters (five - eight) will utilise the data collected within the described methodology to address the extent to which national policy space in Zambia increased between 2005 and 2021, and the extent to which this was driven by a changing development landscape. However, the following chapter, four, will

first examine these issues in the historical context to allow the temporal aspects of national policy space to be highlighted.

Chapter four:

Understanding Zambian National Policy Space 1964-2005

4.1 Introduction

The previous chapters have laid out the existing academic literature on national policy space and the development cooperation landscape, a theoretical framework for addressing the research question, and a methodology for gathering and analysing pertinent data. This chapter seeks to provide greater context for the following empirical chapters (five – eight), by outlining Zambian national policy space between independence (1964) and the beginning of the period (2005) that the thesis directly addresses. National policy space cannot be understood in isolation: as argued in chapter two, space has a temporal dimension, and past actions can impact on current space. Similarly, the actors and conditions which shape and reshape space are temporally engaged. The strategies actors utilise to impact on national policy space will be based in part on their perceptions of how conditions or other actors have shaped it historically. Similarly international conditions, such as institutions, arise because of the past actions of actors and hopes to constrain future policy space in particular directions.

This chapter therefore examines Zambia's national policy space since the country became independent in 1964. The first two sections (4.2 and 4.3) will cover national policy space under Kenneth Kaunda, Zambia's first President. They will argue that

national policy space was most expansive in the period after independence, with international conditions – particularly economic and political – favourable to the new regime. Kenneth Kaunda was able to implement a distinctive economic and political programme because of high copper revenues, the ability to court multiple donors, and minimal expectations on the part of donors that they would, or indeed should, influence his substantive programme. From 1975, national policy space contracted as the copper price dropped, Zambian debt mounted, and Zambia's international relationships became dominated by debt, and the need to bring in aid revenues. DAC donors and the IFIs became more assertive in using conditionality attached to the finance provided to GRZ to secure their policy objectives, to the detriment of the vision of Kaunda and GRZ.

The third section (4.4) will examine national policy space under President Chiluba of the Movement for Multiparty Democracy (MMD), who defeated Kaunda in democratic elections in 1991 and led Zambia until 2001. It will be argued that, despite the new government being elected in multiparty democratic elections, national policy space further contracted. Debt remained high, the copper price low, and the relationship with the IFIs and DAC donors - and the ability to secure revenue from them - was key to the new government. Furthermore, DAC donors took a wider view of what they should be able to influence, seeking to secure a voice in not only economic but also governance policy.

The final section (4.5) will look at national policy space during the first years of President Mwanawasa's tenure (2001-2005). During this period Zambia was seeking debt relief under the HIPC initiative and the aid architecture evolved to give donors greater access to the policymaking process. This brought DAC donors even greater opportunities to influence policymaking, in return for greater levels of aid and the ultimate writing off of debts. Thus national policy space contracted, as objectives other than debt relief were subordinated.

Several themes will run through the chapter and be particularly relevant to the arguments of the thesis as a whole. Firstly, international political conditions, and the ability of GRZ to access multiple sources of funding, as was possible in the 1960s and 1970s, expanded national policy space in this period. The subsequent reduction in sources of finance available to GRZ, to primarily DAC aid, led to the contracting of that space. Secondly, the importance of international economic conditions: the impact of a falling international price of copper, and increasing debt levels, were central to Zambia's contracting national policy space after 1975. Finally, the significance of domestic political conditions in how GRZ sought to secure its objectives and negotiated with DAC donors and the IFIs. In particular, the perceived importance of agricultural subsidies to domestic politics was key to how GRZ dealt with DAC donors and the IFIs under structural adjustment. Furthermore, the democratic elections which re-commenced in 1991, and Zambia's status as a competitive democracy, and the consequence of this being the prioritisation of securing electorally-favourable policy objectives.

The changing objectives of DAC donors, and the evolution of the aid architecture, will also be examined: Prior to the 1980s, the relationship between GRZ and Western countries was not only one of aid, but a diplomatic relationship. However, the relationship became dominated by questions of aid and debt. The aid architecture also evolved to allow DAC donors to coordinate and influence GRZ and policymaking more effectively, thus securing their own objectives and cementing their identities as donors. As Zambia's relationship with Western partners changed, the ability of GRZ to secure its objectives reduced as it had little leverage in aid negotiations, and thus national policy space contracted.

4.2 1964-1975: "Zambia is prepared to accept external aid from any source provided that such aid does not involve us in any way whatsoever in political or economic commitments" (President Kenneth Kaunda, 1965)

This section will lay out Zambian national policy space between independence (1964) and 1975. At independence, international economic and political conditions were favourable to expanding Zambian national policy space, with GRZ able to concurrently secure multiple policy objectives. The following section (4.3) will examine the contraction of national policy space after 1975. The thesis argues that national policy space, at independence, could not be disentangled from international conditions – it was expanded by a high copper price and multiple

sources of potential funding. As international conditions became less favourable, and GRZ was unable to utilise other conditions to keep it open, Zambian national policy space contracted.

In 1964 Zambia gained independence from the United Kingdom, with Kenneth Kaunda (leader of the nationalist United National Independence Party - UNIP) being elected its first President. It was a middle-income country[8], rich in copper deposits[9] and agricultural potential[10] (Gewald et al, 2008, p.2). UNIP was not a revolutionary party; it was perceived internationally as a "'responsible' movement with which [colonial authorities] could negotiate a transfer of sovereignty" (Baylies and Szeftel, 1992, p.78) and was dominated by clientelist politics (Baylies and Szeftel, 1992, p.78). Initially the new government had considerable national policy space to secure its objectives – both in international politics and for domestic development. Kaunda's domestic policies were "based on a combination of mid-twentieth century thinking regarding state control and… common African values: self-reliance, equal opportunities, trust, and loyalty to the community" (Mwalimu, 2014, p.1095). National planning showcased the government's development vision, with the First National Development Plan covering the years 1966-71. This focused on infrastructure and manufacturing, and it was planned to be primarily financed

[8] In October 1964, Zambian had the fourth highest GDP in Africa (Whitworth, 2015, p.953).
[9] At the time of independence, Zambia was the fourth largest copper producer in the world (Whitworth, 2015, p.966). Over 90% of Zambia's export revenue came from mining (particularly copper) – as did 65% of public revenue and 48% of GDP (Chitonge, 2016, p.790).
[10] Of Zambia's 39 million hectares, 58% was classified as having medium to high potential for agricultural production (Whitworth, 2015, p.955).

by internally generated resources. Further 'Zambinisation' of the economy[11] was promoted in 1968, pushing foreign merchants from the trading and construction sectors, buying shares in major companies, and nationalising more of the economy (Kragelund, 2009a, p.646; Sishuwa, 2020, p.596). This national policy space would begin to contract in the 1970s, however this section will first explore some of the sources of national policy space at independence and how Kaunda and GRZ were able to exploit conditions to secure their objectives.

International conditions, at independence, were conducive to expanding Zambian national policy space. Copper prices were relatively high and provided sizable revenues for development. Thus Zambia was not reliant on aid or Western powers and was able to set out and implement Kaunda's economic vision: "Zambia did not enter world politics as a supplicant asking for foreign aid" (Burdette, 1984, p.200). Instead, GRZ maintained a non-aligned position in the Cold War and was active in the non-aligned movement (NAM). Zambia's nonalignment combined Kaunda's ideological leaning with the opportunities arising from the political competition between states during the Cold War. Kaunda would state that "[Zambia] is prepared to accept external aid from any source provided that such aid does not involve us in any way whatsoever in political or economic commitments" (Kenneth Kaunda, January 1965, quoted in DeRoche, 2007, p.230). Kaunda maintained political and economic relationships with the UK, USA and USSR, as well as China, India and Yugoslavia. Furthermore, Zambia was classified as a middle-income

[11] The 1968 Mulungushi Economic Reforms.

country and therefore had access to non-concessional loans from the IFIs (Kragelund, 2014, p.154). Combined with a strong international copper price, GRZ was able to expand its national policy space as international political and economic conditions allowed it to access a range of international financing options, and to look to different potential partners to fund its development priorities. It could thereby secure its objectives in policymaking by actively seeking money for specific ventures.

Zambia's relationship with China illustrates how Kaunda utilised international political conditions to expand Zambian national policy space by securing finance for his policy objectives. Building on pre-independence ties, Kaunda and Mao established a strong personal relationship and an "all-weather friendship" (Kaunda quoted in Kopinski and Polus, 2011, p.184) between their countries. This relationship worked to mutual benefit: GRZ supported Chinese ambitions in international institutions, particularly in its ambition to secure a permanent seat on the United Nations (UN) Security Council (Burke, 2007, p.324). In return Zambia had become one of the largest recipients of Chinese aid by the mid-1970s (Kilby, 2017, pp.20-1). Chinese projects in Zambia included the Tazara railway, the Ministry of Defence building, the Mulungushi Textile Mille, and the Lusaka-Kaoma and Serenje-Mansa Roads (Kragelund, 2009a, p.648).

The building of the Tarzara demonstrated Kaunda's ability to utilise competing political and economic interests to secure his development vision. The US

considered funding a rail line between Zambia and Tanzania (DeRoche, 2007, p.229), and the British were also approached (Kilby, 2017, p.20). DeRoche (2007, pp.231-2) recounts how Kaunda made the US aware of Chinese offers, and pushed the money for the project from them. At the time, potential Chinese influence on the continent was not enough to justify what the US saw as a potential white elephant. Nonetheless, this incident demonstrates how Zambia's non-aligned position to allowed it to attempt to play larger powers off against one another and eventually to secure the financing of a national objective. Furthermore it indicates that Zambia's position in these relationships was not only as an aid recipient, but as a diplomatic actor. GRZ's objectives were secured in policymaking - Zambia's development was not only dependent on Western goodwill but could be funded from other sources.

While Zambia maintained an independent foreign policy, its external dependence should not be understated – and this limited national policy space. Development could not be advanced by internal resources alone. Mining and manufacturing required imported inputs, while copper and related minerals comprised 90% of export revenues (Makgetla, 1986, p.395). Saasa and Carlsson (1996, p.48) note that aid flows to Zambia increased slowly and steadily after independence, and the country became increasingly dependent on ODA. Bilateral aid was more important than multilateral aid, the UK being Zambia's largest donor in the 1970s, followed by the US and Sweden. That is not to say that the aid relationship was simple. Zambia experienced a sharp downturn in aid after nationalising various foreign

assets at the end of the 1960s (Saasa and Carlsson, 1996, p.51). In contrast, donors increased their aid flows after the 1973 oil shock, which had caused a drop in the price of copper (Saasa and Carlsson, 1996, p.52). However, increasing aid flows into the 1970s were a sign of increasing dependence because they coincided with a falling copper price and economic distress for Zambia. Thus, national policy space, even when it was relatively expansive, could not be disentangled from international conditions – it was supported by a high copper price and multiple sources of potential funding. As international conditions became less favourable, Zambian national policy space would contract. This will be further explored in the next section, however there will first be a discussion of domestic conditions at independence.

Domestic institutional conditions were important to Kaunda's domination of GRZ objectives and the ability to secure them. Kaunda had considerable control of the machinery of GRZ. Within the state, policymaking was centralised, both in the ruling party and particularly in the person of Kaunda. Decisions were considered by UNIP's Central Committee prior to decision by the Cabinet, both of which Kaunda led and appointed members to (Bates and Collier, 1995, p.116). Kaunda's dominance of policy was such that when his objectives changed, new policies could be delivered through a change in the locus of decision making between different parts of the bureaucracy (Bates and Collier, 1995, p.118). Thus GRZ's objectives and strategies for expanding national policy space after independence were shaped by

Kaunda, and his ability to bring different parts of the political and bureaucratic apparatus of GRZ together behind him.

Domestic political conditions were also important in expanding national policy space. Zambian objectives were in part determined by Kaunda's support base: UNIP's voters were primarily based in urban areas[12]. UNIP clearly won democratic general elections in 1964 and 1968, and then in 1973 Zambia became a one-party state, further cementing Kaunda's ability to dominate policymaking[13]. Most organised interests (for example business, labour, farmers) were isolated from the party and therefore policymaking (Bates and Collier, 1995, p.118). This assisted Kaunda in securing his objectives when they were contrary to the interests of organised groups. For example, agricultural policymaking placed an emphasis on the needs of urban consumers (resulting in price subsidies), rather than producers (Bates and Collier, 1995, p.122; Whitworth, 2015, p.967) or diversifying the economy. Similarly mining policy was driven by GRZ objectives and Kaunda's ideology: the copper mines were nationalised in 1973, when GRZ cancelled previous agreements and paid off their owners in full (Whitworth, 2015, p.958).

[12] Zambia is a relatively urbanised African country, particularly as a result of copper mining. Lusaka and the 'Copper Belt' cities were, and remain, a politically important element of the Zambian population. For a further discussion of urban bias in policymaking in Africa and Zambia, see Rakner, 1994.

[13] In the First Republic (1964-72) UNIP was the leading party, challenged by the regionally concentrated African National Congress (ANC) (Burnell, 2001, p.245). Various smaller parties were banned during the latter half of this period, including the United Party in 1968 and United Progressive Party in 1972 (Burnell, 2001, p.245). In February 1972 Kaunda announced a new Commission to look at drawing up a new constitution (Pettman, 1974, p.235). The Constitution (Amendment) Acts Nos, 3,4 and 5 passed on 8 December 1972. The new Constitution was published in May 1973 and adopted by the National Assembly and UNIP's General Conference in August (Pettman, 1974, p.239).

Organised business associations also failed to influence policymaking, with GRZ assuming "an ambivalent attitude to African business" (Rakner, 1994, p.9). The primary domestic group with an ability to influence policymaking at this time was the trade union movement. Given the country's dependence on copper, control of mining and the support of mine workers was crucial to GRZ (Mulenga, 2008, p.244). As Mulenga (2008, pp.244-6) has recounted, UNIP went to considerable lengths to control the trade union movement after independence, but this also resulted in high levels of unionisation in the formal sector. Thus the constraint domestic conditions exerted over GRZ's ability to secure its objectives was limited at the beginning of Kaunda's reign. They did not significantly limit Kaunda and GRZ's objectives in the international or domestic policy arenas, or the ability to secure them.

4.3 1975-1991: "An appreciable increase of external assistance"

This section will examine the contraction of Zambian national policy space between 1975 and the multiparty elections of 1991, which ended the tenure of Zambia's first president, Kenneth Kaunda. In this time, Zambia went through "one of the steepest ever economic declines in peace time" (Whitworth, 2015, p.975). There was a drop in the international copper price and reducing amounts of money from non-Western sources. GRZ had the highest level of public debt per capita in the world, and fell to lower income country status (Whitworth, 2015, p.975). Despite Kaunda's attempts to resist the implementation of conditions attached to IFI loans, ultimately this led to their suspension – and DAC aid followed, becoming

increasingly coordinated. Furthermore, a result of economic distress was declining support for Kaunda and UNIP and the rise of domestic political opposition. This further limited GRZ's room-for-manoeuvre, and ultimately resulted in democratic elections in 1991 and Kaunda's removal from power. The section will first examine GRZ's declining ability to secure its policy objectives; it will then move on to a discussion of the conditions behind this contracting national policy space.

Through the 1960s and into the 1970s Kaunda and GRZ had enjoyed considerable national policy space. However, the 1973 global oil shock placed pressure on the economy as oil prices rose while the copper price crashed. This also limited the revenues GRZ received from the state-owned copper industry (Olivier, 1981, p.38). As a result of a perception that the problems would be temporary, and an ideological preference not to limit the size of the state, GRZ looked to the IFIs and other lenders for help. Between 1972 and 1973, Zambia negotiated a US$25m World Bank loan (DeRoche, 2019, p.487; Wohlgemuth and Saasa, 2008, p.2). It also accepted an IMF loan as part of a 1973/4 IMF stabilisation package (Wohlgemuth and Saasa, 2008, p.2). These loans did not significantly curtail national policy space, but GRZ was unable to improve the country's economic situation – dependent, as the economy remained, on the international copper price. The initial loans of the 1970s were not heavily conditioned, although the World Bank admitted to advising the Zambian Government as early as 1972 to eliminate some subsidies, restrain wages, and diversify production and exports (Gulhati, 1989, p.27). The IMF loan "interfered little with Zambia's development planning system"

(Fraser, 2007, p.18). Thus GRZ remained substantively in control of its agenda, although declining revenues reduced its ability to secure its objectives in policymaking.

Domestic conditions shaped GRZ's response to these problems, and its short-term objectives. As Whitworth (2015, p.968) has noted, it was not only declining revenues but increasing expenditure that caused fiscal deficits from 1971. As world food prices rose, government subsidies increased dramatically. The public service wage bill and defence expenditure (due to intensified tensions with Rhodesia) also increased significantly. The space for GRZ to reduce subsidies or the public sector wage bill was limited by the potential impact on urban consumers, UNIP's base, as well as perceptions that the problem was temporary (Auty, 1991, p.175). Similarly, exchange rate policy (devaluing the currency) was resisted by the urban population as it would increase the cost of imported manufactures and food (Whitworth, 2015, p.971). The result was that GRZ turned to borrowing to address its increasing deficits, a strategy which would continue as loans were unable to be repaid with the copper price remaining low.

The late 1970s and 1980s saw Zambian national policy space contract as debt reduced GRZ's policy options and IFI loans became increasingly conditional. Debt was owed not only to the IFIs, but also to Yugoslavia, the UK, China, India, and the USSR (Fraser, 2009, p.305). In March 1978 the IMF agreed to provide a second loan of finance of K3226m over two years (Olivier, 1981, p.39). Conditions on the 1978

money included devaluing the Kwacha, reducing money supply and government austerity (Burdette, 1984, p.212). These measures did not improve the fiscal position. GRZ's budget position continued to decline at the beginning of the 1980s, with bilateral ODA falling and the World Bank Group recouping more in loans than it disbursed (Gulhati, 1989, p.36). Further IMF loans were sought to repay old loans, with Zambia owing the IMF US$600m by 1984 (Makgetla, 1986, p.396). Both debt and increasing conditionality increasingly limited GRZ's ability to secure its objectives.

The IFIs placed greater emphasis on influencing Zambian economic policy in the 1980s, and conditionality became even tighter. The World Bank attributed Zambia's economic woes to a loss in terms of trade and policy distortions, including distorted prices, a policy bias against agriculture, and the inefficiency of the public sector (Gulhati, 1989). It therefore used its leverage to influence Zambian policymaking, and GRZ made decisions reversing previous policies, and moving away from Kaunda's ideological preferences. 1982 saw the amalgamation of the copper industry under the single banner of Zambia Consolidated Copper Mines (ZCCM). This was "the first instance of significant policy reform instigated at the behest of international creditors" (Jepson and Henderson, 2016, p.13). Between 1982 and 1985 the government also raised the price of maize, in line with IMF agreements (Makgetla, 1986, p.408), hitting urban consumers. National policy space was contracting: to secure IFI loans, GRZ needed to subordinate its other

policy objectives to that of securing revenue, the sources of which were limited by international conditions.

Domestically, the IMF terms were unpopular and this shaped how Kaunda would negotiate with the IMF. Attempts to remove agricultural subsidies threatened social stability and Kaunda's political base (Bates and Collier, 1995, p.28). They caused domestic strife, particularly in urban areas – key supporters of Kaunda. Trade Unions opposed price rises (Simutanyi, 1996, p.833; Saasa, 1996, p.13). Clientelistic networks were also threatened (Banful, 2011, p.1168). There were urban riots in December 1986 against price rises, with fifteen people killed (Simutanyi, 1996, p.827). To end the riots, GRZ restored old food prices through price controls and subsidies (Simutanyi, 1996, p.834; Chapoto et al, 2015, p.5). Thus domestic conditions would prevent GRZ meeting the IMF's demands, shrinking its room-for-manoeuvre in negotiations.

Despite GRZ meeting various other conditions, overall relations with the IFIs were poor. On 1 May 1987, Kaunda and the IFIs reached an impasse. He announced that Zambia required an alternative approach as the reform program was disintegrating Zambia's social fabric, cancelled Zambia's IMF agreement and replaced it with an Interim New Economy Recovery Programme (Gulhati, 1989, p.48; Simutanyi, 1996, p.827). Consequently, both the IMF and DAC donor countries denied Zambia financial resources. Kaunda would reverse this decision, but the IMF continued to exert pressure up until the 1991 elections. For example, in June 1990 there were riots

in Lusaka, resulting in 27 dead, because of increased food prices (Simutanyi, 1996, p.828). Thus, in June 1991, the government requested a postponement in the reduction of maize meal subsidies, citing potential rioting prior to the elections. This again reflects the importance of domestic conditions in GRZ's negotiations with the IMF and DAC donors. However, the IMF refused. They suspended all financial disbursements to Zambia and inflation soared. National policy space was constricted due to GRZ's lack of options for securing revenues, and the increasing conditionality of the loans that were available. As a result, GRZ's other policy objectives were subordinated to the need to bring in external finance.

Why did GRZ national policy space decline in the 1980s? The domestic economy, and GRZ finances, did not improve, as international copper prices remained low and Kaunda was reluctant to reform the economy or reduce government expenditure – both because of ideology, and because of domestic conditions. GRZ had few options to improve the domestic economy, increase income, and service its debt: international economic and political conditions had become less favourable with alternative sources of finance receding, and GRZ's relationships with Western countries being dominated by aid and debt. From 1978 China was primarily engaged in its own economic development (Brautigam, 1998; Taylor, 1998, p.443) while the USSR was undergoing its own restructuring prior to the disintegration of the regime. Thus, while Zambia maintained its relationships with

non-DAC states[14], the ability of these states to provide GRZ with alternative finance to secure its policy objectives declined.

There was increasing coordination between DAC donors and the IFIs[15] and this, alongside GRZ's reducing political significance to Western states[16], contributed to GRZ's declining ability to secure its objectives in negotiations with the IFIs. Furthermore, DAC donor objectives began to focus on securing political, as well as economic, reforms. When the government adopted a structural adjustment programme (SAP) in 1983, for example, they were "rewarded with an appreciable increase of external assistance" (Saasa and Carlsson, 1996, p.52). In contrast, when they abandoned the SAP in May 1987, DAC donors reduced their support with the US, UK and Germany suspending disbursements completely (Saasa and Carlsson, 1996, p.52)[17]. Donors re-engaged with GRZ from 1989 after the resumption of negotiations with the IMF and World Bank and this engagement was sustained

[14] For example, in 1980 Zambia signed a Treaty of Friendship, Cooperation and Commerce with Brazil, which led to some Zambians being trained in Brazil (Kragelund, 2014, p.152). China undertook a number of construction projects in Zambia in the 1980s, with road building continuing into the late 1980s (Kragelund, 2009a, p.648). Chinese aid increased after Tiananmen, as it sought to win friends and allies. In return, Kaunda's regime supported China, making supportive statements after Tiananmen (Taylor, 1998, p.452).

[15] Until the early 1980s, bilateral aid donors set few conditions and were poorly co-ordinated (Rakner, 2003, p.35). However they became "increasingly more cohesive and coordinated" (Rakner, 2003, p.21).

[16] GRZ's political significance to Western states reduced, for example, after peace was agreed in Zimbabwe in 1980, ending white-minority rule.

[17] Differences between Western donors should be noted, although the overall picture remains one of donors and IFIs acting in unity. Saasa and Carlsson (1996, p.54) argue that while overall countries tended to link aid quantities to Zambian government policy reform measures, not all donors acted in this way. They argue that Sweden, the UK and the Netherlands can be seen to strongly link aid to reform, but Germany and Canada only do so more moderately. They see Japan, Norway and the European Union (EU) support being disbursed independently of reform, with aid continuing to flow during both reform and non-reform periods. Meanwhile, United Nations Development Programme (UNDP) aid declined during SAP periods and increased when bilateral donors withdrew (Saasa and Carlsson, 1996, p.54).

through the introduction of multi-party democracy (Saasa and Carlsson, 1996, p.53; see following paragraphs). Similarly when, in June 1991, the IMF suspended all financial disbursements to Zambia, a number of DAC donors followed suit (Simutanyi, 1996, p.828; Rakner, 2003, p.135). A changing development landscape thus provided GRZ with less ability to maintain its national policy space in these areas. It became more difficult to play international actors off against one another, and the failure to agree IFI loans additionally meant a loss of DAC donor finance.

DAC donors used this cohesiveness to expand and secure their objectives in a number of policy areas. In the mid-1980s the World Bank and United Nations Development Programme (UNDP) were involved in supporting aid coordination in Zambia, setting up a Consultative Group (Rakner, 2003, p.134; Saasa and Carlsson, 1996, p.134). This began as 'pledging sessions', but by the early 1990s it had extended its remit to governance issues (Rakner, 2003, pp.134-5). These included: accountability, the rule of law, transparency and human rights, and democracy – areas DAC donor actors had previously not sought to influence. National policy space receded as DAC donors increasingly sought to influencing policymaking, and GRZ had little leverage with which to resist them while maintaining vital flows of funds. Thus, as Fraser has argued, from the mid-1980s Zambia became identified as "an emblematic case of a country dominated by its donors" (Fraser, 2009, p.299).

Domestic conditions also constrained Zambian national policy space, limiting GRZ's ability to either decrease expenditure, and therefore bring it into line with decreasing income, or to change expenditure to diversify the economy and generate greater growth and income. Kaunda's rule was increasingly questioned. Domestic opposition protested against IMF-austerity measures, particularly the withdrawal of food subsidies. Public and private sector workers were hit by measures to restrain wages, and urban consumers were impacted by reforms (Hawkins, 1991, p.845), a key group in a relatively urbanised society. Despite Kaunda and GRZ "show[ing] great 'will' in the face of growing political pressure" (Hawkins, 1991, p.846), urban riots broke out after the subsidy on maize was removed in 1986, and were threatened when GRZ tried to reduce fuel subsidies in April 1987 (Auty, 1991, p.177). Early 1987 also witnessed strikes by teachers, doctors, and postal workers (Hawkins, 1991, p.846). Eventually (on May Day 1987), Kaunda abandoned the IMF programme and commenced a domestic austerity programme. However he was forced to return to the IMF in 1989 (Auty, 1991, p.177), having failed to achieve his objective of managing GRZ debt without external funding.

Domestic voices aligning with international actors to demand change also reduced the ability of Kaunda to secure his objectives. Democratisation was an objective of donors. Thus, while domestic voices demanded a change in leadership, Rakner (2003, p.21) argues that democratisation gathered momentum when its domestic proponents were supported by the international community. They were also supported by changing international ideological conditions, and the collapse of

communist regimes which had once served as inspiration for Zambia. (Soon to be President) Chiluba said, in 1989: "if the owners of socialism have withdrawn from the one-party system, who are we to continue with it" (Times of Zambia, 31 December 1989, quoted in Abrahamsen, 2000, p.5). It was this combination of changing international ideological conditions and domestic conditions that curtailed GRZ's ability to secure its policy objectives, reducing the leverage it had in negotiations with the IFIs and DAC donors.

This section has examined how Zambia's expansive national policy space at independence, contracted after 1975, and ultimately led to multi-party elections in 1991 which would sweep Kaunda from power. It can be seen that by the time of the 1991 elections, Zambia was both indebted to, and dependent on, the IFIs and its DAC donors. Furthermore, these donors were increasingly keen to influence Zambian domestic policymaking and laid down conditions for financial support that extended from the economic to political. National policy space contracted as GRZ subordinated other policy objectives to that of securing DAC donor finance.

The inability of Kaunda to resist this lay in the decline of international conditions, the poor state of the Zambian economy, and in an increasingly assertive domestic opposition that both threatened Kaunda's rule and joined with international actors to demand democratic change. In particular, the international copper price had a significant impact on national policy space in a relatively undiversified economy, as did Zambia's declining international strategic importance to DAC donors.

Domestically, Kaunda's support base helped to determine an economic policy that did not strive for diversification, or support reductions in spending, as did growing opposition in the 1980s. Furthermore, GRZ's ability to secure its objectives in negotiations was reduced by a combination of international actors and Kaunda's domestic opposition. However national policy space primarily contracted because of GRZ's declining ability to secure its economic policy objectives – DAC donors did not focus on political changes in the country (chiefly, the move away from a one-party state) until the end of the period. This widening scope of focus for these donors would result in further contraction of Zambian national policy space as they sought to influence new policy areas – this will further be seen in the next section.

4.4 1991-2001: "Only our donors and patient creditors stand between us and calamity" (President Chiluba, 1993)

In November 1991 democratic elections swept Kaunda and UNIP away, with the newly elected Movement for Multiparty Democracy (MMD) promising Zambia a brighter future. This prospect was premised on better relations with the state's financial backers, and thus to reduce the country's debt by undertaking many of their policy prescriptions. MMD, and the newly elected President Chiluba, were committed to structural adjustment and a swift and far-reaching liberalisation of the economy (Craig, 2000, p.358). Chiluba would argue that "only our donors and patient creditors stand between us and calamity" (1993, quoted in Abrahamsen, 2000, p.118). To restore good relations and obtain support, the MMD government "initially almost uncritically accepted the reform proposals set forth by the donor

community" (Rakner, 2003, p.17). But to what extent did this change in the political direction of GRZ, and a new set of objectives, enable an expansion in Zambian national policy space?

In this section, it will be argued that GRZ's ability to secure its objectives reduced in a growing number of areas. The ability of DAC donors and the IFIs to secure their objectives increased, as a result of GRZ's overall aim of maintaining IFI loans and donor aid taking precedence over its other policy objectives. Zambian national policy space contracted as international and domestic conditions provided little means to make different choices: DAC donors became more co-ordinated than under Kaunda, and other international sources of finance were minimal. The international copper price remained low, and Zambia's economy struggled to diversify despite structural adjustment. The international political landscape offered little in the way of ideological alternatives, and in international politics Zambia remained a minor figure. Domestically Chiluba was less secure than Kaunda, and less insulated from organised domestic interest groups. This made enlarging national policy space more difficult, as he needed to appease a wider range of people and groups to maintain his grip on power. Furthermore, while at points GRZ actors rejected DAC donor policies, these tactics only secured its objectives in the short term: in the medium term, donors would withhold finance to secure their own objectives.

DAC donors were able to secure their objectives during Chiluba's MMD government by providing GRZ significant finance. They were in a strong position in negotiations to secure compromises. GRZ was highly indebted, the international copper price was low and there were few alternative sources of finance: it was 'aid dependent'. As a result, donor finance - and later HIPC debt relief - was vital to GRZ. Since more than 40% of government revenues could come from DAC donors, conditionalities were difficult to resist (Fraser, 2009, p.306). Donors utilised both the threat of the cancellation of IFI loans, as had been seen under Kaunda, and individual suspensions of bilateral aid to influence policymaking in Zambia. In contrast with the 1980s, no loans were cancelled in the 1990s (Rakner et al, 2001, p.545). However, this threat was utilised to provide DAC donors with leverage in negotiations and then ensure GRZ adhered to loan conditions. Thus, Zambian national policy space contracted as the objective of securing external funding was prioritised by GRZ, who perceived the objectives of securing DAC finance and influence over policymaking to be trade-offs.

DAC donor objectives particularly targeted reducing or eliminating GRZ subsidies and the privatisation of state assets. After the 1991 election, they focused on Zambian adherence to structural adjustment programmes, "with a central emphasis on cutting subsidies (especially the maize subsidy) and raising fuel prices" (Bartlett, 2001, p.89). GRZ cut the maize subsidy in December 1991 and removed price controls on consumer goods (Bartlett, 2001, p.89; Pletcher, 2000, p.136; Simutanyi, 1996, p.829). From 1992 GRZ negotiated a series of structural

adjustment loans from the IFIs, conditioned on continued privatisation of state assets and moves to a more liberal economy (Fraser, 2009, p.306; Rakner, 2003, p.137). These objectives were not ideologically opposed by GRZ, but nonetheless their implementation was shepherded along using the threat of aid withdrawals. For example, at the December 1994 Consultative Group meeting, conditionality was explicit: support would be withheld unless Zambia Airways was restructured (Rakner, 2003, p.141). On 3 December 1994, the Ministry of Finance announced the liquidation of the airline. Loans from the World Bank and IMF between 1996 and 2001 came with tight conditionality around continuing privatisation and liberalisation (Fraser, 2009, p.307). Resultingly, between 1997 and 2000, Zambia Consolidated Copper Mines (ZCCM) were sold off, while GRZ continued to be able to secure donor finance.

In 1996 the HIPC initiative had also begun, which would write off unpayable government debts in return for reaching various hurdles. The granting of HIPC status gave the IFIs and DAC donors significant leverage over GRZ, including in the context of the privatisation of the mining sector (Fraser, 2007, p.22; Prizzon, 2013, p.3). In 1998 the Ministry of Finance announced the privatisation of the mines and national oil company (Rakner, 2003, p.146). Additionally, HIPC gave DAC donors the means to secure its objectives through participation in policy processes, for example through the creation of a Poverty Reduction Strategy Paper. This will be further discussed in the following section.

DAC donor objectives were not limited to economic strategy. Donors, assigning the failure of economic policies they had previously recommended to domestic conditions, became increasingly assertive in seeking to influence Zambian governance and democracy. During the 1990s "most bilateral donors… emphasized political reforms as a condition for financial support" (Rakner et al, 2001, p.538) and tied their aid to governance, democracy and human rights (Rakner et al, 2001, p.545). 1993 was when governance issues were first raised at the Consultative Group (Rakner, 2003, p.148). As soon as 1994, DAC donors began to threaten the withholding of aid on the basis that governance reforms were not moving forward quickly enough or with enough commitment (Rakner, 2003, p.140). Donors could secure their objectives through such threats, as GRZ perceived a trade-off between their finance and influence in policymaking.

Zambian democracy also came under DAC donor scrutiny. 1996 also saw a bilateral aid freeze, following donor disapproval with the signing of constitutional amendments in May (Rakner, 2003, p.143), and discontent with the electoral process (Baylies and Szeftel, 1997, p.114; Van Donge, 1998, p.71). By the end of March 1996, both Norway and the UK had suspended balance of payments support to GRZ. Both donors explicitly connected the suspension to governance matters, and in particular the constitution and how it had been approved (Baylies and Szeftel, 1997, p.125; Rakner et al, 2001, p.545). Denmark, Germany and the US followed – also citing the constitutional amendments (Baylies and Szeftel, 1997, p.125). Chiluba would also anger DAC donors by campaigning for constitutional

amendments to allow him to run for the third term in office (Fraser, 2009, p.312). European Union (EU) funding to the Electoral Commission of Zambia was put on hold until Chiluba guaranteed not to stand for a third term (Burnell, 2002, p.1111). Thus, DAC donor objectives were expanding to include more political matters and could be secured through the threat of financial penalties. Zambian national policy space contracted in these areas as the objective of securing external funding was prioritised by GRZ, and the objectives of securing DAC finance and influence over policymaking were perceived by GRZ to be trade-offs.

DAC donor objectives were also secured through their involvement in policy processes, with donor actors in greater contact with GRZ than previously – both at the political and bureaucratic levels. Leaders in the new MMD government had been holding informal talks with DAC donors since before the elections, which provided the relationship with a good "level of contact and mutual understanding" (Rakner, 2003, p.137). GRZ actors spent more time with donors, with the onus on the government to demonstrate its compliance to its funders – and little corresponding burden on donors to demonstrate the effectiveness of their recommendations. DAC donor influence thus acted at a more subtle level, with close contact enabling GRZ to understand donor objectives and what needed to be delivered to maintain their funding. Furthermore, it strengthened the idea of engagement between Western states and GRZ as being primarily about aid, and not a diplomatic relationship.

DAC donors were also keen to secure their objectives through more positive rhetoric, and by praising GRZ's adherence to policy prescriptions, for example after the 1991 election (Bartlett, 2001, p.83). Zambia's structural adjustment programme would be lauded by international financial institutions. In the 1998 World Bank study, *Privatisation in Africa*, Zambia was considered to have outperformed all other countries studied (Craig, 2000, p.359). However, while Zambia's democratisation and economic policies "made Zambia a 'model for Africa' both in the eyes of the international donor community and much of the academic community" (Rakner, 2003, p.12; see also Jepson and Henderson, 2016, p.14), DAC donors and the IFIs keen to stress the limits of their support. For example, they viewed the failure to privatize ZCCM by mid-1999 as due to "a combination of incompetence and corruption on the part of the MMD government" (Rakner et al, 2001, p.563). DAC donor support remained conditional on securing their objectives. For GRZ to secure their financial support, it would need to subordinate other policy objectives.

Domestic conditions also made it difficult for Chiluba to dominate the policy process (Burnell, 1995, p.402; Burnell, 2001, p.247). The MMD government was "exceptionally prone to internal conflict" (Burnell, 1995, p.399). Burnell describes beliefs in the (first) MMD cabinet as ranging from "politicians with autocratic inclinations and businesspeople with pro-market views to left-of-centre intellectuals, social 'progressives' and a few espousing liberal political views" (2001,

p.251)[18]. Thus while "there seem[ed] to be consensus among the main groups on the necessity for structural adjustment" (Simutanyi, 1996, p.826), there was considerable debate about the pace and sequencing of reforms. Uncertainty over GRZ's objectives contributed to the stop-start nature of policymaking during this period, and poor DAC donor perceptions of the government. These perceptions contributed to how these donors sought to secure their objectives, and why they saw financial incentivisation as the most appropriate route to do this.

State-society relations also constrained Chiluba's ability to expand national policy space. Many of the policies recommended by DAC donors were domestically unappealing, despite MMD's electoral victory. Structural adjustment was unpopular, and civil and industrial unrest followed shortly after MMD's election. The first eight months of 1992 saw over fifty strikes (Abrahamsen, 2000, p.119). As a result, Chiluba became less secure and more dependent on interests within MMD to maintain his role as the leader of the party, and to guarantee funds for election campaigns. This insecurity also fed into DAC donor perceptions about both governance in Zambia, and how best to achieve their objectives.

GRZ did secure its objective in relation to securing DAC donor and IFI funding under Chiluba. Having inherited an economy on the verge of bankruptcy, the

[18] Chiluba's cabinet contained individuals with considerable financial interests in progressing privatisation and liberalisation. It contained a number of individuals associated with the business community, which had long advocated the implementation of structural adjustment programmes (Simutanyi, 1996, pp.831-2). Furthermore, two of the first four ministers of agriculture were commercial farmers, in favour of liberalising maize markets (Pletcher, 2000, p.135).

primary GRZ objective was to win over these actors and maintain financial support. Aware of difficult relations and the state of the economy, MMD had advocated a new trajectory for economic policy before the 1991 election campaign (Rakner et al, 2001, p.555). The incoming MMD government accelerated liberalisation measures to further signal to DAC donors its commitment to reform and improve its poor reputation (Adam, 1995, p.738). Furthermore, some DAC donor and IFI influence was actively sought under Chiluba. For example, GRZ welcomed managers paid by the UK Department for International Development (DFID) into the Zambian Revenue Authority, allowing them to be de-linked from local politics (von Soest, 2007, p.633). However, as Rakner et al (2001, pp.536-7) argue, MMD's commitment to reform waned through the 1990s, as economic decline continued despite reforms. Reforms were increasingly not the result of GRZ objectives being secured, but rather of the contraction of national policy space and the ability of donors to secure their own objectives through financial incentivisation.

1991-2001 saw Zambian national policy space contract further as GRZ was dependent on DAC aid. It remained highly indebted, sources of funding other than DAC donors and the IFIs did not emerge, and thus these international actors increased the scope of their influence in Zambian policymaking. This section has shown that DAC donors secured their priorities through financial incentivisation – a pattern which will also be seen in the next section. Thus, GRZ perceived that its objectives were a trade-off, and it would be difficult to secure multiple objectives. Nonetheless, the MMD government that came to power in 1991 had far

greater ideological sympathy with DAC donors and had made improving donor relations a plank of their election campaign. Therefore, the admission of donors into policymaking can also be seen as strategic, providing a scapegoat for unpopular decisions and the opportunity to increase national policy space in the longer term.

4.5 2001-2005: "We are running the country, but the budget is controlled by donors" (Finance Minister Magande, 2004)

2001 saw further presidential elections and a second democratic transfer of power between individuals, although MMD remained in power. Levy Mwanawasa was inaugurated as President at the beginning of 2002, having won on a tight margin (Burnell, 2002, p.1104). This section will argue that national policy space between 2002 and 2005, under Mwanawasa, remained constricted as GRZ was dependent on DAC aid and debt relief. Donor objectives were largely secured, and they had considerable influence over policymaking, becoming actors in the formulation and execution of policy at a number of levels.

This relationship between the government and DAC donors, particularly after 2003, can be seen as a "strategic choice" (Larmer and Fraser, 2007, p.619) on the part of GRZ. In return for the subordination of other policy objectives, GRZ was able to secure high levels of aid: after a dip following the 2001 election, DAC finance picked up and 2004 saw the second highest aid flows in Zambia's history (Fraser,

2007, p.8)[19]. Furthermore, at the end of the period Zambia secured debt relief. In 2005 Zambia's HIPC completion point was reached and put GRZ in a position in which it was "possible to envisage a policy debate which, for the first time in twenty years, was not dominated by donor conditionality" (Larmer and Fraser, 2007, p.619). US$2.5bn worth of debt was cancelled, including monies owing to the IMF, African Development Bank (ADB) and the World Bank (Wohlgemuth and Saasa, 2008, p.2). This debt had curtailed Zambia's national policy space since the 1980s, and therefore securing this GRZ objective would potentially expand national policy space in the longer term.

This section will first discuss how DAC donors secured their objectives in the 2002-2005 period, particularly looking at the HIPC process and the evolving aid architecture. There were many continuities with the 1991-2001 era. GRZ had high levels of debt and DAC donors provided significant sums to the budget: it was aid dependent. Internationally the copper price initially remained low and DAC donors remained relatively unchallenged as a key source of potential finance. In the absence of other substantive options, GRZ secured finance by engaging with processes which curtailed its ability to secure its own objectives in other policy areas. Donors sought to secure their objectives in policymaking by utilising HIPC debt relief, aid levels, and the changing aid architecture. There will also be a discussion of some themes that will shape later chapters but began to become

[19] In the period 2000-05, an average of 43% of the Zambian state budget was supplied by aid donors (Wohlgemuth and Saasa, 2008, p.3).

conditions in Zambian policymaking prior to debt relief, particularly Mwanawasa's strategies to gain donor confidence, which included demonstrably tackling corruption and being fiscal responsibility.

Zambia began Mwanawasa's Presidency in considerable debt and seeking to obtain relief under the HIPC initiative. The HIPC initiative was "the main instrument through which traditional partners controlled the behaviour of the Zambian government" (Kragelund, 2014, p.154; see also Fraser, 2007, p.28; Fraser, 2009, p.307; Wohlgemuth and Saasa, 2008, p.2). It provided DAC donors with considerable leverage to secure their own objectives in policymaking. HIPC required GRZ's strategic direction to be laid out in a Poverty Reduction Strategy Paper (PRSP) (Wohlgemuth and Saasa, 2008, p.4), written by the government but agreed with donors and the IFIs.

Zambia's PRSP focused on poverty reduction through "sustained economic growth and employment creation" (GRZ, 2002, p.ix) by tackling "macroeconomic and governance issues" (GRZ, 2002, p.ix). Zambia's policymaking was guided by this PRSP, which reflected the objectives of donors who had "establish[ed] even closer supervision of the Zambian policy process than under structural adjustment programmes" (Fraser, 2009, p.316). For example, the IMF maintained that state ownership was incompatible with Zambia's PRSP and thus HIPC debt relief (Larmer, 2005, p.30). In March 2003 the Zambian government announced the sale of 49% of the Zambia National Commercial Bank (ZANACO) to a South African

bank, and intentions to run it on a commercial basis (Larmer, 2005, p.29). Similarly, the IMF suspended a $100m 'poverty-reduction credit' in June 2003, because the government declared a $125m budget deficit (Larmer, 2005, p.42). Bilateral DAC donors followed the IMF example (Gaynor, 2005, p.76). The HIPC process gave these donors the opportunity to secure their objectives by providing an opportunity to socialise both bureaucrats and senior politicians. This closer working relationship was reflective of the wider move in the international aid architecture towards closer working between the government and its donors. It also reinforced the notion that engagement between Western states and GRZ was primarily on the basis of aid.

International institutions evolved in the 2002-05 period as both DAC donors and recipient governments considered how to make aid more effective. This helped secure some changes sought by GRZ, but also provided a means for donors in Zambia to secure their own objectives. In February 2003 the First High Level Forum on Aid Effectiveness produced the Rome Declaration on Harmonisation. In response, seven of Zambia's DAC donors formed the Harmonisation in Practice (HiP) initiative later that year. They signed a Memorandum of Understanding (MoU) with the Zambian Ministry of Finance and National Planning to harmonise programmes and increase budget support. Sectoral advisory groups were established, and lead donors nominated (Delputte and Orbie, 2014, p.682; Wohlgemuth and Saasa, 2008, p.5). The HiP initiative evolved and expanded, in 2004, to include other major DAC donors and become the Wider Harmonisation

in Practice (WHIP) group[20]. The IFIs also played prominent roles. The Cooperation Partners Group was led by a Troika, chaired by the World Bank until 2012 (Delputte and Orbie, 2014, p.682).

Donors were able to utilise this coordination to collectively decide on the issues that they intended to raise with the Government and with Ministries (Sundewall et al, 2010, p.124), reducing GRZ's ability to play DAC donors off against one another[21] and increasing the ability of donors to secure their objectives (Kragelund, 2014, pp.154-55). Furthermore, the PRSP process "normaliz[ed] the presence of aid donors right though the planning process" (Fraser, 2009, p.316), a process which continued under the WHIP and the new Zambian Aid Policy and Strategy (Fraser, 2009, p.318).

While President Mwanawasa announced in 2002 that a Fifth National Development Plan would be developed, rather than another PRSP, the two processes contained many of the same features (Fraser, 2009, p.317) and substantial consultation with DAC donors, who formed Sector Advisory Groups, was maintained. Priorities appeared to reflect the MDGs and international concerns (Fraser, 2009, p.317). Partnership and consensus building, as Fraser notes, changed

[20] It should be noted that not all DAC donors were good at coordinating with other donors, including Zambia's largest donor, the USA (Sundewall et al, 2010, p.127). Japan also does not engage with harmonisation (Fraser, 2007, p.34).

[21] This is an important point, but unity should not be overestimated. Even amongst DAC donors there was an ability for GRZ to get projects funded by seeking out specific partners. For example, Japan did not engage with harmonisation, and supported agricultural projects that others would not (Fraser, 2007, p.34).

how GRZ officials considered their aims and objectives and even their "consciousness…about what negotiation entails" (Fraser, 2009, p.320). Thus, the aid architecture provided DAC donors with a tool to secure more of their objectives.

Allowing DAC donors into the policymaking process, and subordinating other GRZ policy objectives, can be seen as a strategic choice to secure both funding and national policy space in the longer term, via debt relief. The copper price remained low until 2002, and privatization resulted in smaller revenues being generated for the state than the nationalised mines (Fraser, 2009, p.321). While engagement with G20 states was expanding in this period[22], they did not provide a serious alternative revenue stream to GRZ. However, GRZ did not only engage DAC donors on their own terms, participating in HIPC and donor coordination. Mwanawasa also attempted to improve the perceptions of these donors of GRZ, to bring in aid revenues in the short term and enlarge national policy space in the longer term.

[22] In the 2000s relations with non-Western states expanded and diversified. On a political level, in 2001 China sent a delegation to strengthen economic relations with Zambia, in particular looking at investment opportunities and establishing a fund to assist Chinese companies wishing to invest in Africa (Kragelund, 2009a, p.648). Investment continued throughout the decade, and resulted in Chinese migration and businesses being established in Zambia. By the end of 2005, Zambia hosted 10% of China's total investment on the African continent (Kopinski and Polus, 2011, p.187). India also made limited financial engagements with Zambia, announcing donations and debt waivers in 2003 and 2008 (Kragelund, 2014, p.151). It also provided Zambia with an increasing number of 'aid slows' in the Indian Technical and Economic Co-operation Programme (Kragelund, 2014, p.151). India offered Zambia a series of credit lines, concessional loans, and development assistance focused on technical assistance and in-kind contributions beginning in 2003 (Prizzon, 2013, p.10).

Both to expand national policy space in the longer term, and to bring in DAC aid in the shorter term, Mwanawasa made considerable efforts to improve GRZ's relationship with donors (Hinfelaar and Sichone, 2019, p.15) and donor perceptions of GRZ. On his election, Mwanawasa was viewed by DAC donors as having won through rigged elections (Fraser, 2009, p.312; Larmer, 2005, p.39), and overseeing a politicised and corrupt government. Governance dominated their concerns about GRZ, with DAC donors tying their aid to constitutional reform, anti-corruption efforts, and improving the electoral commission (Rakner, 2003, p.153).

Thus, part of Mwanawasa's strategy to improve donor perceptions included "crusad[ing] against corruption" (New York Times, 2003) and arresting former-President Chiluba, and other senior officials (New York Times, 2003). DAC donors were thrilled by this and played a key role in Chiluba's prosecution: financing the prosecution task force and opening the civil case in London (van Donge, 2009, p.86). DAC donors also had major concerns about GRZ's fiscal position; after a 2003 suspension of aid, Mwanawasa took steps to improve their perceptions. Ng'andu Peter Magande was made Finance Minister in July 2003, and subsequent budgets would be more fiscally neutral[23], in line with DAC donor objectives.

Domestic pressures were also managed through these strategies. The trial of Chiluba allowed Mwanawasa to domestically assert his independence from his

[23] There will be a fuller discussion of Magande in chapter five. In short, Mwanawasa made Magande's top priority securing a good relationship with the IFIs and debt relief. This was supported by Magande's position outside of MMD, and his sympathies with parts of the donor agenda.

predecessor, and improve his hold on the MMD (van Donge, 2009, p.81). GRZ could blame DAC donors for budget decisions: in 2004 Magande was quoted as saying "We are running the country but the budget is controlled by donors" (The Post, 18 July 2004, quoted in Fraser, 2007, p.27). Thus, Mwanawasa's strategies to secure aid and HIPC debt relief should also be seen on the context of domestic conditions, and his attempt to gain ascendency over them and secure his own position.

This section has demonstrated many continuities with the 1991-2001 era: a low copper price (which would begin to rise from 2002), high debt – and a government focused on debt relief, and the dominance of DAC donors with their objectives shaping policymaking. It has been argued that DAC donors inserted themselves even further into policymaking in this period, utilising the HIPC programme and changing aid architecture to secure their aims. National policy space was limited as GRZ focused on securing its objectives of obtaining HIPC debt relief and aid revenues, to the detriment of securing its objectives in other policy areas. This section is important as Mwanawasa continued in power after HIPC completion, and therefore this period leads into the empirical chapters. His strategies to gain DAC donor confidence also persisted: tackling corruption remained a priority and Magande remained as Finance Minister. This will be seen in the following empirical chapters (five - eight).

4.6 Concluding remarks

This chapter has examined how Zambian national policy space changed between 1964 and 2005. It has argued that national policy space was most expansive after independence, when international economic and political conditions were most favourable and donor interest in influencing the policymaking process was limited. The impact of the fall of the international price of copper, and subsequent rising debt levels, has been highlighted as being central to Zambia's contracting national policy space from the 1970s. Kaunda also witnessed a decline in access to multiple sources of funding, and a decline in Zambia's political significance to Western countries.

The chapter then argued that from the 1980s, GRZ's relationship with the external world became primarily defined by its debt and status as an aid recipient. Lacking perceived other means of securing funding, it saw a trade-off between bringing in revenues and securing its objectives in other policy areas. Furthermore, from the 1980s the IFIs and DAC donors increasingly sought to influence economic policy, and from the 1990s this widened to include governance and the social sectors. The international aid architecture evolved to accommodate these changes, providing a means for DAC donors to secure their objectives in a wider range of policy areas. Thus, while tactics could secure GRZ objectives in the short term, the objectives of these donors could be secured in the longer term through aid suspensions and then the HIPC debt relief process. Thus from 1991 MMD governments prioritised good relationships with DAC donors and the IFIs, and thus aid and debt relief, over

expanding national policy space in other areas. This can be seen both as a strategic choice by GRZ and the means of donors securing its objectives in the policy process.

The importance of the international copper price and levels of debt will reoccur in the following chapters. It will be demonstrated that, in the absence of a diversified economy, the copper price continued to have a significant impact GRZ's ability to secure its revenue objectives. This made international economic conditions key to opening up national policy space. Furthermore, the (re-)emergence of G20 actors such as China would be important to expanding national policy space again. These international conditions would encourage GRZ to foresee a time when – like under Kaunda – Zambia would be able to secure its objectives by courting multiple donors and realign its engagement with Western countries away from a hierarchical and prescriptive recipient-donor relationship.

Some of the objectives and strategies of both GRZ and DAC donors will also reappear. The language used by politicians would become increasingly assertive towards donors, recalling Kaunda's disagreements from the 1980s. Just as Kaunda in 1987 cancelled Zambia's IMF agreement and replaced it with an Interim New Economy Recovery Programme, so President Lungu in 2016 would expel the IMF representative and launch an Economic Stablization and Growth Programme. The domestic pressures faced by GRZ and the enduring perceived importance to agricultural subsidies to politicians endured through the 2005-2021 period.

Similarly, DAC donor objectives to reduce fuel and agricultural subsidies, seen in the 1980s and 1990s, would also reappear after 2005 and in IMF negotiations under President Lungu. The aid architecture built up in Zambia in the 1990s and early 2000s would also continue to be used to secure donor objectives in policymaking, despite GRZ moving away from aid dependency.

Chapter five:

What were GRZ and DAC donor objectives regarding policymaking in Zambia 2005-2021? How were they shaped by their respective ideologies and perceptions?

5.1 Introduction

The previous chapters have laid out both a theoretical framework to understand national policy space, and how Zambian national policy space evolved between 1964 and 2005. To understand the extent to which GRZ objectives shaped policymaking and policy outcomes between 2005 and 2021, and thus the extent to which GRZ was able to expand its national policy space in this time, this chapter will now establish what those objectives were. Chapter six will then look at international and domestic conditions, and how these changed over the period. This will allow chapters seven and eight to examine how national policy space expanded and contracted vis-à-vis the objectives laid out in this chapter.

It will be demonstrated that, based on GRZ ideologies and perceptions, GRZ held objectives both about securing revenue and about having greater control in other policymaking areas. As a result of its lack of political importance to DAC donors, however, GRZ consistently perceived these to be trade-offs, which then shaped the strategies GRZ utilised to expand national policy space. Furthermore, GRZ perceived its relationship with these donors to be hierarchical and prescriptive, a

dynamic it wished to move away from. How the balance of these objectives changed over the time period was a function of both varying GRZ leadership ideologies and shifting perceptions about international and domestic conditions.

DAC donor objectives will also be examined. In Zambia, between 2005 and 2021, these focused on poverty reduction and maintaining influence and control. Poverty reduction objectives ensured the primacy of their identity as DAC donors, in a country which they perceived to have little political significance. It would be achieved within a neoliberal framework through fiscal discipline, allocating finance to the social sectors, and allowing DAC donors to influence policymaking. The DAC donor objective of maintaining influence and control was grounded in their perceptions of GRZ being corrupt, the bureaucracy being politicised, and therefore implementation being poor. Furthermore, as their influence declined, DAC donors increasingly perceived working with GRZ to be detrimental to achieving their poverty reduction objectives.

5.2 GRZ objectives between 2005 and 2021

This section focuses on developing an understanding of GRZ's objectives, how they changed between 2005 and 2021, and the extent to which these changes were driven by GRZ's changing ideologies and perceptions. It will examine GRZ's objectives in two key areas: securing revenue and influencing other policy areas. This focus is derived from section 2.4, in which it was seen that African states with little political significance to DAC donors have traditionally exchanged control of

policymaking for aid flows (Whitfield, 2009b, p.350). Firstly, it will argue that GRZ consistently sought to bring revenue in, although perceptions of how to do this changed as international economic conditions altered. Secondly, it will argue that GRZ perceived its relationship with DAC donors to be hierarchical and prescriptive. It perceived itself to have little leverage in negotiations with these donors, lacking a substantive diplomatic relationship, and therefore that influence over policymaking was a trade-off with securing their finance. The section will then examine three key areas in which GRZ sought to influence policymaking. Specifically, it will argue that GRZ looked to secure its objectives in terms of fiscal stance, sectoral allocation of finance, and a realignment of its relationship with DAC donors.

GRZ's objectives in these three areas were not only driven by its perceptions of international conditions and DAC donors, but by ideology and domestic conditions. GRZ policymaking objectives can be broadly distinguished by the two ruling parties. Under MMD (2005-2011) it will be argued that there was an ideological desire to spend more money on the 'productive' sectors, including agriculture and in particular agricultural subsidies, and on increasing growth. Under the Patriotic Front (PF, in power between 2011 and 2021), in contrast, there was a greater ideological focus on poverty and a social safety net, and the state's role in development including driving growth through infrastructure. This included a greater willingness to accrue debt and be more fiscally expansive. All leaderships sought to increase their control over day-to-day policymaking; the

chapter will argue that the prioritisation of this objective was driven by changing GRZ perceptions of international conditions.

5.2.1 Objective one: securing revenues

A key GRZ objective throughout the period 2005 to 2021 was to secure revenue. GRZ's strategies for achieving this were subject to both changing ideologies and to changing perceptions of international conditions. Primarily, the government sought to increase revenue by accessing international sources of funding. This objective fits with the existing literature, which demonstrates that other recipient states across Africa shared this objective. For example, Humphrey and Michaelowa (2019, p.22) found that Ethiopia, Tanzania and Malawai all sought to maximise the amount of concessional finance coming into the country, believing that the money was necessary. However, as a result of changing international economic conditions, GRZ sought to alter the balance of this funding away from being primarily sourced from DAC donors to a broader spectrum of funders.

The prioritisation of this objective was further exacerbated by the changing ideologies governing GRZ: under PF leadership, GRZ was more willing to entertain contracting debt and thus non-concessional sources of income further represented opportunities to bring in income. This will be further discussed in section 5.2.3, on GRZ's changing fiscal objectives. It will be further argued that GRZ under Presidents Mwanawasa and Sata sought to increase domestic revenues, through taxation on copper mining. This objective receded under the more politically

vulnerable Presidents Banda and Lungu. Under all Presidents, domestic taxation objectives were driven by combinations of ideology, and perceptions about domestic political constraints.

First, GRZ consistently believed DAC donor funding to be valuable although, as will be demonstrated in section 5.2.2, a trade off with policy influence. As a result it was consistently an objective to bring this finance in. In 2005 DAC aid was a high share of the budget. In the January 2005 budget foreign financing stood at 36% of total revenues (Magande, 2005, p.19[24]). Even in 2008, contributions remained at 25%: GRZ sought reassurance from donors that this would be forthcoming after the financial crash (Times of Zambia, 2008b). As Zambia became a lower-middle income country (LMIC) in 2011 there was more of a rhetorical emphasis, particularly from politicians, that "at some point we must stand on our own feet" (interview MP24). Nonetheless, there were continued appeals for aid. The Sixth National Development Plan argued that "development assistance will continue to constitute a vital financing source, especially in light of the development challenges facing Zambia" (GRZ, 2011a, p.16). By the Seventh Plan, aid from DAC donors was less relevant. Nonetheless, it argued that "our Cooperating Partners have always been supportive of the development agenda of the country and the Government will continue to appreciate their valuable contributions" (GRZ, 2017a, p.i).

[24] In the 2005 GRZ budget total revenue and financing stood at K9,779.02bn, while foreign financing stood at K3,556.77bn (K2,873.62bn in project financing, K683.15bn in general budget support).

GRZ bureaucrats were particularly keen to bring in DAC funding, emphasising that "there's always some sort of benefit that could be derived from partnering" (interview GRZ12), and that to maintain good relationships (and thus finance) they would "say yes to projects" (interview GRZ12). Furthermore, despite politicians reducing their prioritisation of aid, bureaucrats found DAC aid to be a reliable source of funds. Fiscal problems would impact on department budgets. A retired GRZ bureaucrat argued that "last year – [the department] only got 20% of approved budget from MoF. A lot of projects couldn't happen. [We] rely on donor projects" (interview GRZ10). Thus, securing revenue from DAC donors was consistently a GRZ objective throughout the time period.

Furthermore, budget support was perceived by the GRZ leaderships to be particularly beneficial, in part because it allowed the centralisation of policy making. While the modality was GRZ's official preference, it was seen in the Ministry of Finance and National Planning as a means of "strengthening its coordinative function within the government" (Leiderer and Faust, 2012, p.88), and increasing its leverage with sector ministries (de Kemp and Ndakala, 2011, p.48). For the State House, it similarly helped to centralize power within the government. GRZ's perception of budget support as beneficial to centralisation made it more desirable to politicians, impacting on how this objective was balanced with other objectives that GRZ sought to secure.

GRZ perceptions that DAC donors were providing a reduced amount of money grew throughout the period. This growing "implicit understanding" (Keijzer et al, 2019, p.46) that DAC donors were becoming less reliable and less inclined to use budget support has also been seen by Keijzer et al (2019) in both Rwanda and Liberia. As a result, GRZ perceived that diminishing amounts of money would be forthcoming. The role of DAC donors began to fade after HIPC completion: "in the 90s there was a very heavy involvement of the donors. After the HIPC completion point, with a lot of debt forgiven, the role of the donors began to, kind of, go down. So it was like the country was moving its own agenda much more" (interview TT4). This was exacerbated by the 2008 global economic crisis. A GRZ document argued that,

> "No donor has directly stated that they would cut back aid as a result of the global economic crisis. However, there is belief among some GRZ officials that this has become an issue because the capacity to provide aid has reduced in the countries giving aid. There is more scrutiny by the populations of donor countries both as a result of fiscal austerity measures in developed countries and questions about accountability for aid in aid recipient countries" (GRZ, 2011b, p.ix).

Thus GRZ progressively perceived that the potential financial gains from courting DAC donors would be limited. Furthermore, as section 5.2.2., this limited funding was perceived as a trade-off with influence in policymaking.

Between 2005 and 2021 GRZ increasingly sought to secure funding from China and other G20 countries. As chapter six will demonstrate, changing international economic conditions meant that more funds were available to African states. Furthermore, non-Western countries, particularly China, were perceived by GRZ as having strategic reasons for engaging with Zambia. This would make securing finance through these sources a longer-term strategy. Most high profile, as will be discussed in chapter six, was China, who regularly held FOCAC (Forum on China–Africa Cooperation) summits and was perceived by Zambians as being a potential source of considerable funding. "As far as China is concerned, it wants allies and Africa is one of the easiest to get, because it has money" (interview TT4).

Other, non-Western, countries were also perceived to be seeking friends on the continent, and to be potential sources of funding. A number of states (re-)opened Embassies in Lusaka, including Brazil in 2007 (Daily Mail, 2019a), Turkey in 2013 (Daily Sabah, 2022), and Morocco (not G20) in 2018 (Daily Mail, 2019b). Sata also attended, and officially opened, the Korea-Africa Forum in 2012 (Hoek, 2014, p.74). Israel was making a concerted effort to improve its relationships in Africa (Lusaka Times, 2017a). For example, Israeli companies attended a summit on economic diplomacy, sponsored by President Lungu, to discuss Israel's development experience (EAZ, 2019, p.77). GRZ also had more contact with Russia after 2015, including attendance at the first Russia-Africa summit in 2019. An interviewee spoke of a "rejuvenated" (interview MP26) relationship with Russia, contrasting it with the German presence which had "dwindled" (interview MP26). The

relationship with Turkey was also seen as strategic (Lusaka Times, 2021a). Thus GRZ perceived that it would increasingly be able to secure greater funding from a wider range of sources, and on diplomatic footings - with less hierarchical donor-recipient dynamics.

The GRZ perception of non-DAC countries having strategic reasons for engaging with it was reinforced by China's manoeuvring after the 2011 election. President Sata had a history of criticising China's involvement in Zambia, and as a result it was possible that following his election in 2011 funding would reduce as Chinese investment, and the diplomatic relationship, would deteriorate[25]. However, the Chinese manoeuvred to work with the new government, recalling and replacing their ambassador, shortly after Sata's election, as he had a reputation for having a close relationship with MMD (Scott, 2019, p.189). The new Vice President, Guy Scott, argued that "they had an ambassador who was campaigning for the previous party last year. He was making an unashamed bid to align China with them. We beat them anyway, and the ambassador was promptly withdrawn and replaced by another one, who sang a different song" (This is Africa, 2012; see also Scott, 2019, p.189). Scott argued: "this made the diplomatic transition from enemies to good friends easy" (Scott, 2019, p.p189). Thus, Zambia perceived itself to be not merely a supplicant in the relationship: China was willing to make concessions to secure the diplomatic relationship.

[25] Prior to the 2006 election, Zambian media had reported that the Chinese had threatened to cut diplomatic relations with Zambia were Sata to be elected (Scott, 2019, p.188), although Sata's attacks on China "went off the boil" subsequently (Scott, 2019, p.189).

Furthermore, towards the end of the period, GRZ perceived there to be potential for a renewed importance to DAC donors and thus financial reward: "the first thing with our traditional partners is that you must appreciate that their strategic focus has also been changing. And I think that that made a very big difference… But what I see in the recent times, is that the African continent is just a battle ground now for the future superpowers" (interview TT7).

> "We are seeing that there is a growing conversation around opening up conversation with African countries. We've seen Britain indicating intentions to engage African countries probably because of its intentions to, which they have now left, the European Union. Probably they'll be looking for new trading partners and the opportunities that African countries can offer. But we're also seeing the United States, like currently the President is proposing an increase to the fund that is meant to target African countries in terms of investments. We've also seen Russia hosting forums to engage African countries. To us that means that most of them are beginning a process to open up and begin re-engaging African countries under new terms" (interview TT1).

Thus, changing international conditions were perceived by GRZ to provide a number of countries with which it could build diplomatic relationships and its objective of securing funding.

GRZ also had the option of securing greater revenue through domestic taxation. Overall, increasing GRZ revenue by increasing domestic taxation was perceived to be politically risky. Mwanawasa noted in 2006 that "almost all the stakeholders in industry, labour movement and indeed the general public have been complaining about the high levels of taxation and the perceived unfair application of tax measures across various economic sectors" (Times of Zambia, 2006a). In 2020, MPs of different parties argued that "the general public feel they are overtaxed" (interview MP26) and that the government was "mindful that our people are overtaxed" (interview MP24).

Nonetheless, there were intervals when taxation of the mining sector was perceived to be politically popular, particularly on the Copperbelt, and this – when combined with ideological factors and other domestic conditions – made this an objective under Presidents Mwanawasa and then Sata. In the mid-2000s workers on Zambia's Copperbelt were discontented, there were strikes, and there were wider public perceptions that tax revenues were not rising commensurate with prices and production (Manley, 2013, p.33). These threats had a history: mine workers and their unions had played an important role in democratisation and the fall of Kenneth Kaunda (Fraser, 2010, p.10). Furthermore, this domestic discontent was being fermented for political gain by Sata and thus there was a perceived

political threat to MMD, both in the 2006 election[26] and in its aftermath (Scott, 2019, p.125).

These perceptions combined with ideology to make increasing mining taxation an objective under Mwanawasa. Mwanawasa's Finance Minister was also ideologically disposed to "improving[ing] the contribution of the mining sector to government revenues and hence benefits to the country" (Magande, 2018, p.408). Magande had history of negotiating mining taxes: he was Director of the National Budget when the GRZ proposed a Mineral Export Tax, introduce in April 1983 (Magande, 2018, p.403; O'Faircheallaigh, 1986, p.58). Thus under Mwanawasa increasing domestic revenues from mining became an objective both because of domestic political concerns, and for ideological reasons.

While from a different political party, President Sata was similarly both ideologically predisposed to mining taxation and perceived it to be popular with his supporters. Sata saw himself as a champion of the poor (Mwewa, 2019, p.28; Scott, 2019, p.85), and an opponent of foreign-owned mining firms (Mwewa, 2019, p.30). Additionally, he was surrounded in PF by "party stalwarts and ideologues" (Hinfelaar and Sichone, 2019, p.20) who played key roles in determining monetary and tax policies in the early period of PF rule. Furthermore, mining taxation was perceived to be popular. Sata had come to power with the support of urban voters

[26] In 2006 PF won all the urban seats on the Copperbelt. Civil society seized on this: a 2007 report argued that "in September 2006 Copperbelt voters roundly rejected current policies" (Fraser and Lungu, 2007, p.1).

and the Copperbelt: the constituencies most predisposed to mining taxation. Thus, taxing mining companies also became an objective under Sata for both domestic political and ideological reasons.

In contrast, this objective receded under both Banda and Lungu. Both these presidents came to power in closely fought by-elections. Banda perceived that domestic political conditions made him reliant on the UNIP and MMD barons who had been prominent during the privatization process. Furthermore, Banda had business links in mining, having been owner of an engineering company serving the mines (Robert Hudson Zambia Limited) (Times of Zambia, 2006b). Lundstol and Isaksen argue he "was known to have negative attitudes towards the mining reforms and had family with ownership interests in mining-industry supply firms" (2018, p.3). Lungu has been described as having "no coherent political ideology of his own" (Ndambwa and Siwale, 2022, p.14). Nonetheless, he was similarly in a precarious domestic political situation and perceived the importance of Banda and other PF barons to his reelection. Thus, this objective receded, for both ideological and domestic political reasons, under Presidents Banda and Lungu.

This section has shown that to secure revenues successive Zambian governments looked internationally, first to DAC donors and then more broadly to G20 countries. In particular, it has argued that GRZ's objectives in this regard were influenced by its perception that DAC finance was important but fading, while other sources would become more prominent in the future. Furthermore, it has

been contended that GRZ objectives to raise domestic taxation were informed both by ideology and domestic political concerns. Objectives to raise revenue through mining taxation thus came to the fore under Presidents Mwanawasa and Sata and receded under Banda and Lungu. The next section will argue that GRZ perceived that DAC donor funding was – as a result of its lack of political importance to these donors – a trade off with their influence.

5.2.2 Objective two: securing other policy objectives

GRZ perceived its relationship with DAC donors to be one of hierarchy and prescription. In exchange of finance, GRZ perceived that these donors wanted influence in policymaking. Thus, while GRZ believed DAC aid to be important, it also saw it as a trade off with the levels of control it could secure over policymaking. This section will argue that GRZ perceived that international conditions were changing. There were not only more sources of finance available (section 5.2.1), but these were often more aligned with GRZ objectives, and securing them required less control to be ceded. Three key areas where GRZ sought to open up national policy space will be discussed in the following sections (5.3-5): fiscal stance, sectoral allocations, and in its relationship with DAC donor countries.

GRZ wanted to increase its ability to secure its objectives in a wider range of policy areas. Successive GRZ leaderships perceived DAC donors to be controlling, and the relationship to be characterised by hierarchy and prescription. This peaked under general budget support, when there were feelings of "donor invasion" (Saasa, 2010

quoted in de Kemp et al, 2012, p.144) in the policymaking arena. This accords with Woods (2008, pp.1216-7), who argued that, in the budget support era, in many countries (she used the examples of Mozambique and Tanzania) conditionality increased as it came with a new set of procedures, and governments are "now tied down in donor consultative and oversight groups" (Woods, 2008, p.1217). This GRZ perception, alongside its perception that DAC donor funding was becoming less important, led to GRZ increasingly seeking to establish greater control over its policymaking processes.

GRZ perceived DAC donors to want to have control because they did not have confidence in the government, and to see it as corrupt. Under the budget support regime, GRZ believed that "mutual accountability perhaps generates the most tension between the GRZ and donors" (GRZ, 2011b, p.x), with DAC donors making it clear that the performance assessment framework (PAF) focused on the government's accountability because "it was the GRZ with which they had issues" (GRZ, 2011b, p.x). This GRZ perception continued under the PF leadership. One MP argued that "Western countries put a premium on corruption" (interview MP22) and tended to be "heavy handed" (interview MP22), while failing to recognise the political nature of corruption allegations (interview MP22). Another noted that the World Bank's report, *Elite Capture of Foreign Aid*, had given the message: "we can't trust you is basically the issue" (interview TT6).

GRZ bureaucrats held similar perceptions. A bureaucrat noted that DAC donors had "suspicions that if the money goes to government it will be used for something else" (interview GRZ16). As a result, GRZ officials argued that DAC donors would state that they could not provide GRZ with money to solve problems, but only services (interview GRZ12). Another stated that, not having confidence in GRZ, these donors wanted to go "directly to beneficiaries" (interview GRZ17). These widespread GRZ perceptions fed into the belief that the relationship with DAC donors was hierarchical and that they would not provide funding without policy influence.

GRZ leaders also had ideological reasons for wanting to increase Zambian national policy space in these areas; particularly those succeeding Mwanwasa, who had a reputation for being in hock to DAC donors (for example Scott, 2019, p.123). Banda had been a diplomat under the UNIP regime and wanted "to restore Zambia's Pan-African image" (Ndambwa and Siwale, 2022, p.12). Sata was also keen to "do more to protect [Zambian] sovereignty and project an image to foreigners consistent with the country's sovereignty" (Puta-Chekwe, 2017, p.82). Lungu wanted to enhance Zambia's standing, believing that "if you don't have economic clout, no one will listen to you" (Zambia Daily Mail, 2021a). Thus GRZ's objective to secure more influence over policymaking was not only based on perceptions of changing international economic conditions: it was also grounded in leaders' ideologies. When there were perceived to be few other options for securing revenue, as GRZ transitioned from DAC aid dependency, this was a perception that GRZ could

either address (chapter eight examines Mwanawasa's strategy) or tolerate lower levels of influence over policymaking in return for securing its revenue objectives. This was because GRZ perceived itself to have minimal political significance to DAC donors and therefore to be required to cede influence in return for finance.

The previous section (5.2.1) argued that GRZ perceived that DAC aid was becoming less available to GRZ. Furthermore, Zambia was perceived by GRZ to have little strategic importance to DAC donors who, as time progressed, were seen as having other priorities: "As problems such as the migration crisis not very long ago in Europe started to take hold, priorities started to change, and then a convenient excuse was given. Because many African countries were misbehaving with donor funds. So – they don't even deserve the funds. We might as well shift priorities back home" (interview TT6[27]). This was compounded by Zambia's attainment of LMIC status, which was perceived to further reduce GRZ's ability to draw in DAC aid. From attainment in 2011, DAC donors began to withdraw as "other countries need[ed] the assistance" (interview GRZ14). For example, while the Dutch Embassy recommended continuing budget support, the Dutch government decided to end it after 2010 (Government of the Netherlands, 2015, p.38). This was reflective of broader trends in Dutch development support, which saw reduced budgets from 2010 (Government of the Netherlands, 2015, p.5) and a decision to cut back on

[27] Perceptions that migration would skew Western aid away from Zambia had credence. Refugee costs accounted for 9.3% of Dutch and 17.7% of Danish net ODA in 2016 (Keijzer and Lundsgaarde, 2018, p.214). In 2021 the UK's FCDO explained that "In 2021, UK ODA spend decreased across all sectors, with the exception of 'Refugees in Donor Countries' which saw an increase of 67.6 per cent" (FCDO, 2021, p.39) This made refugee support the largest UK ODA sector in 2021 (ibid, p.41).

budget support (Government of the Netherlands, 2015, p.6). A number of DAC donors left Zambia in the years following 2011. Denmark and the Netherlands both closed their embassies in Lusaka in 2013 (Bloomberg, 2011). Norway closed its embassy in 2016 (Zambia Daily Mail, 2015). These perceptions were later reinforced when British Prime Minister Johnson questioned the amount spent in the country, on the basis it had little strategic importance (NewsDiggers, 2020a). GRZ thus perceived that Zambia had a lack of strategic political importance to DAC donors, that LMIC status had exacerbated this, and that it would therefore be particularly impacted by DAC donors' overall reduction in funds.

GRZ furthermore perceived that international conditions were slowly improving, that there was more money available from the non-Western world, and that there would be a return to the era of multiple donors (e.g. China and India) (interview MP27) – last seen under Kaunda. Therefore it sought to bring in revenue from a broader spectrum of countries. Lungu argued that "currently the world has become a global village and mostly we are trying to see what we can get from our inter-state relationship and in so doing we have always striven for a win-win or mutual benefit result" (Xinhua, 2015).

The objectives of non-Western countries were perceived as being more aligned with those of GRZ. In particular, there was a "meeting of minds" (interview TT4) between China's infrastructure agenda and PF's objectives, particularly on roads. China was viewed as providing infrastructure at speed: "if it were not for the

Chinese – albeit they were expensive – there would be no bridge with streetlights across the Kafue River" (Scott, 2019, p.151). GRZ bureaucrats also saw Chinese assistance as driven by GRZ: "the Ministry comes up with a list and then we engage with the Chinese" (interview GRZ14). Thus, not only were there alternatives to DAC aid, but GRZ perceived that these would be more favourable to GRZ securing its objectives, beyond revenue, and thus GRZ could expand its national policy space.

Non-Western finance was also perceived by GRZ as having fewer conditionalities than DAC aid. China, in particular, was perceived as a "hassle-free source of funding" (interview 37), with "Chinese money [being] cheaper" (interview MP28) and having less conditions (interview TT1) than DAC aid. Another compared DAC and Chinese aid, arguing that the latter "come in with no rules" (interview C8). This accords with Swedlund's findings in Senegal and Uganda, where Chinese financial support was perceived to be speedy and come with less 'red tape' (2017b, pp.404-5). Similarly, Sato et al found that Cambodian officials "never fail to mention China's quick delivery and low costs" (2011, p.2100). As a result, GRZ perceived that it would be easier to secure its objectives, and expand Zambian national policy space, by utilising these sources of finance.

This section has demonstrated that GRZ both wanted to increase its control over policymaking, and perceived that – because of a lack of strategic importance to DAC donor countries – that this would not be possible in areas funded by aid. The following sections will demonstrate that GRZ objectives on fiscal policy, sectoral

allocations, and its relationship with DAC donor countries, were based both on GRZ perceptions of changing international and domestic conditions and also on leader's beliefs about how to secure Zambia's economic development.

5.2.3 Greater control of fiscal stance: "There is no country that does not borrow"

GRZ fiscal objectives were shaped both by leadership ideologies and by their perception of its ability to pursue a more fiscally expansionary course. Under MMD Presidents Mwanawasa and Banda, the GRZ objective was to pursue a fiscally neutral course with limited expansions of debt. This was grounded in both the leadership ideologies, and the lack of substantive international economic sources of lending. This altered in 2011 when President Sata was elected. Sata was both ideologically more in favour of fiscal expansion and had also come to power in circumstances where international economic conditions would increasingly allow this objective to be met.

Ideas under President Mwanawasa centred on fiscal neutrality and growth through the 'productive sectors': infrastructure, agriculture and the private sector. Mwanawasa was, as Hinfelaar and Sichone (2019, p.9) have argued, relatively uninterested in making big expenditure decisions himself. However during the HIPC period he had been convinced of the need to achieve debt relief and chose Magande to undertake the necessary fiscal tightening. The 2006 MMD manifesto argued that the government would "continue with prudent fiscal management to

avoid re-emergence of [a] budget deficit which [would] fuel inflation" (MMD, 2006). Furthermore, Mwanawasa kept Magande, after HIPC completion, as Finance Minister and allowed him significant influence in policymaking.

Magande favoured greater fiscal discipline and the achievement of more balanced budgets[28]. At his appointment, he argued, he had seen the key challenge facing GRZ as "a lack of balance between revenues and expenditures" (Magande, 2018, p.294) and believed that HIPC conditionalities were not "onerous in any way" (Magande, 2018, p.334). He was a relatively powerful Minister and under his tenure, these objectives furthermore became embedded at the bureaucratic level in his Ministry. Hinefelaar and Achberger argue that there was "a professionalisation in specific departments, especially within the Ministry of Finance, Zambia Revenue Authority, Ministry of Commerce, and Bank of Zambia. Ideas around fiscal responsibility, debt levels and macro-economic stability are quite firmly settled within these departments" (2017, p.27). Thus, fiscal neutrality as a GRZ objective under Mwanawasa was rooted in ideology, as well as the limited availability of borrowing.

This objective altered under Sata for both ideological reasons and because of changing international economic constraints. Sata signalled his disapproval of the tight fiscal policies of the MMD government, blaming "the negative fiscal policies

[28] This preference can also be seen in Magande's work history. For example, in the early 1980s he had served as Director of Budget in the Ministry of Finance and recommended removing subsidies to reduce the budget deficit (Magande, 2018, p.155).

of the previous government" (Times of Zambia, 2011b) for "more than five years of record high mineral prices and production boom without much to show for it in terms of contribution to infrastructure development or government revenue" (Times of Zambia, 2011b). Wider PF ideology also drew on stands of domestic and international ideologies that believed that "if you want to develop a country you need to borrow" (interview MP24). Furthermore, Sata appointed a politically powerful Minister of Finance: Alexander Chikwanda, who had previously held the position between 1975 and 1978 and was keen to reverse MMD's fiscal conservativism (Hinfelaar and Sichone, 2019, p.18).

This objective of fiscal expansion would continue under Lungu, although when debt sustainability became an issue (section 8.2.3) he would briefly make controlling the fiscal expansion an objective. In 2018 Lungu argued,

> "If we run short of money, we shall responsibly borrow to improve the lives of the country. I must make it clear that there is no country that does not borrow. When we borrow, we borrow to use and not to eat. We are not ashamed to say that. They keep saying we have borrowed too much, yes we have borrowed because we have borrowed to invest, which is the right thing. We have borrowed and invested than any other government from the [Dr Kenneth] Kaunda era" (OpenZambia, 2019).

Tackling unsustainable debt levels became an objective after the 2016 election. Opening the National Assembly, Lungu promised that "my government will continue to undertake austerity measures to stabilise the macroeconomic

situation" (Lungu, 2016, p.7). However, this objective receded as austerity measures became difficult due to domestic political conditions (section 8.2.3). Additionally international economic and ideological conditions meant GRZ could keep borrowing from G20 countries who held different perceptions of the sustainability of GRZ's debt levels. Thus under Lungu, GRZ's primary objective was to fund infrastructure, and to this fiscal objectives would be subordinated. This infrastructure objective will be explored in the following section.

5.2.4 Greater control of sectoral allocations: "From a capitalist lens to a state-led development lens"

GRZ objectives to spend more money in particular sectors were shaped both by leadership ideologies and perceptions about domestic political conditions. This section will firstly argue that all Presidents between 2005 and 2021 sought to spend more money on infrastructure. It then will move on to a discussion of where leadership objectives varied over the time period. Under MMD Presidents, GRZ objectives were shaped by 'productivist' ideologies that favoured spending on agriculture and the productive sectors over spending in the social sectors, particularly health. Under PF, in contrast, an infrastructure drive was accompanied by an objective to spend money in the social sectors and on state-led development. These sectoral objectives were derived from both leadership ideologies and perceptions of domestic political conditions, and the policies voters favoured.

MMD-led GRZ governments under both Mwanawasa and Banda held the objective of increasing expenditure on infrastructure. This was for both ideological reasons, and leadership perceptions of domestic political conditions. Magande notes the importance of hard infrastructure in his autobiography (Magande, 2018, p363). The Fifth National Development Plan also focused on infrastructure, arguing that the government needed to address "long periods of neglect in infrastructure maintenance due, in part, to the curtailment of development budgets in the interest of fiscal balance" (GRZ, 2006a, p.2). Similarly, Banda believed that "the inadequate state of Zambia's infrastructure is a major hindrance to growth" (Times of Zambia, 2008c).

As Mwanawasa and Banda had done, PF leaders indentified infrastructure as a priority for Zambian development (interview TT19, MP22). Sata was described as having a "pure belief in physical infrastructure… perhaps in part derived from the UNIP era" (Scott, 2019, p.150): as Mayor of Lusaka, Sata had expanded the city's infrastructure (Puta-Chekwe, 2017, p. 73). Ideas about infrastructure also drew on changing international ideological conditions. Infrastructure was believed to be part of the growth model that had been successful in China, with Sata's Finance Minister citing China as a model for Zambia's economic growth (Times of Zambia, 2013a).

Lungu's Presidency was similarly marked by a strong objectives of building infrastructure, and for "things we can see" (interview 32). Ministers believed that

"development follows infrastructure" (ZIPAR, 2017a, p.12) and that "Zambians need infrastructure first before the industrialisation process might begin" (Simumba, 2018a, p.22). One member of civil society described a "huge drive to construct roads, buildings, hospitals, schools, but predominantly it's road infrastructure. And this has been a drive for the past 5 to 6 years" (interview TT1). Even after IMF warnings of debt distress, spending continued thus "positioning infrastructure spending as a sacred cow" (ZIPAR, 2017a, p.iii). Thus under Lungu, this objective to spend on infrastructure would override other GRZ objectives.

These ideological objectives worked in combination with the perception – consistent through all of GRZ's political leaderships - that elections would be won through visible achievements, including infrastructure. A Zambian interviewee agreed: "households will not make decisions about voting based on health and education. They'll make decisions based on infrastructure, quick fixes – you know – farmer input support programme. These things that they see on a regular basis" (interview TT6).

Furthermore, GRZ leadership perceptions of their own political vulnerability in an era of competitive elections meant that the views of rural voters could not be ignored[29]. Rural voters were a key part of the MMD electoral coalition (Larmer and Fraser, p.2007, p.633; Cheeseman and Hinfelaar, 2009, p.64). Similarly, while PF

[29] Indeed, rural voters could not be ignored in any Zambian election - the rural population was in the majority. The rural share of the population stood at between 63% (2005) and 55% (2021) of the total population (World Bank, 2023c).

benefitted from urban votes they could not have won the 2011 without rural voters[30] (Fraser, 2017, p.458). This was particularly relevant to Lungu, who needed to court rural voters as he lost ground with urban voters[31]. As chapter six (figure 8) will demonstrate, infrastructure was of increasing importance to rural voters – a group that insecure GRZ leaderships would look to for electoral support. As Hern (2020) has argued, for many Zambians, particularly in the periphery, democracy is connected to substantive outcomes – local, visible infrastructure fitting into this understanding. Thus, the perception that the rural vote was indispensable encouraged, alongside ideological factors, into its continuing objective to increase spending on infrastructure.

Under MMD the objective of increasing spending on infrastructure derived from an ideological preference to increase Zambia's economic growth by spending more money on the 'productive' sectors. Indeed, "Broad based wealth and job creation through citizen participation and technological advancement" was the title of the Fifth National Development Plan (GRZ, 2006a). Furthermore, Mwanawasa was interested in private sector growth and attracting international investment to Zambia (Ntomba, 2016, pp.148-9). These ideas were supported by international ideological conditions (section 6.3), the examples of growth from non-Western countries, and growing ideological links with countries such as Japan and China.

[30] PF's courting the rural vote had begun in the (ultimately unsuccessful) 2008 election (Cheeseman and Hinfelaar, 2009, p.53).

[31] This is not to say that urban voters were unimportant to Lungu; merely that from 2006 "PF's dependence on urban votes decreased gradually at each subsequent election" (Fraser, 2017, p.461).

International ideological conditions, and the experiences of non-Western countries, increasingly supplied credible ideas about development to GRZ and informed its objectives. For example, in 2005 Mwanawasa and Magande made a state visit to Japan (Magande, 2018, p.349). Later in the year the Triangle of Hope programme began, centred on Malaysia and the East Asian development model (Jegathesan and Ono, 2013, p.188) and focused on wealth and job creation. This was supported by Mwanawasa, in a "display of unprecedented political will" (Jegathesan and Ono, 2013, p.197) and Magande (Magande, 2018, p.396). Mwanawasa also visited China, and the Zambia Development Agency (2006) was set up and Multi-Facility Economic Zones were established, supported by Japan and China (Magande, 2018, p.342).

To induce economic growth, GRZ under MMD leadership thus wanted to spend government resources in the 'productive' sectors (Hickey et al, 2009, p.73), such as agriculture, rather than in the health sector or on social security. In Mwanawasa's inaugral speech, on becoming President, he had argued that "agriculture shall be at the centre stage of our economic development policy" (quoted in Ntomba, 2016, p.188). Mwanawasa owned a number of farms (Scott, 2019, p.4) and (in 2005) "for the first time in the history of Zambia, the positions of President, Minister of Finance, and Minister of Agriculture were occupied by ardent commercial farmers" (Magande, 2018, p.455). Additionally, Magande had a background as an agricultural economist (Magande, 2018, p.97).

These beliefs worked in conjunction with a perception that rural voters were an important part of the MMD electoral coalition, to generate high-level political support for agricultral subsidies. Fertiliser subsidies were perceived as "very popular with the farmers" (interview TT4; see also Resnick et al, 2018, p.107; chapter six, figure 9). Agricultural subsidiy policies were also perceived to benefit companies run by GRZ (Nitrogen Chemicals of Zambia) (Resnick et al, 2018, p.107). As a result, an interview argued that there was little support for these policies within GRZ – apart from the State House: "Because that's what captures the rural vote. Without it, you risk losing out the rural areas" (interview TT4). Thus for both ideological and political reasons, agriculture – and subsidies in particular – would be prioritised under MMD leaders.

While MMD leaders viewed the social sectors as not valuable politically, this was accompanied by ideological views that saw the social sectors – particularly health – as a subordinate objective to economic growth. Poverty reduction was, instead, to be approached "through the 'broad-based growth' approach" (GRZ, 2006a, p.1). Under Mwanawasa, his Minister of Finance Magande took a prominent role in shaping spending objectives. Magande describes wealth creation as "visionary and inspirational" (2018, p.426), while poverty reduction is "a deficiency syndrome" (Magande, 2018, p.426). He argued,

> "While wealth is visible and can be shared, poverty is only a manifestation of a state of being of an affected individual and can never

> be shared. No one can feel the depth of the impact of another individual's poverty. It is, therefore, the responsibility of the poor to articulate their poverty and a desire to create wealth as a means of alleviating the impact of poverty on them. Each one of the adult Zambians must articulate their own path towards a better future life for themselves and their offsprings" (Magande, 2018, p.426).

Health and social security were thus not prioritised under Mwanawasa. A 2009 DFID report noted that "the current Minister of Finance has repeatedly stated that poverty does not exist, that 'poor people' are simply lazy, and that policy should focus on wealth creation [rather] than poverty reduction" (Hickey et al, 2009, p.21). Similarly, Evans quotes bureaucrats as describing "resistant former elites… regarding education as an 'investment' and health spending as 'wasteful'" (Evans, 2012, p.10). Thus the objective of prioritising the productive sectors over social sectors was not only for domestic political reasons: it also sprung out of leadership ideologies.

Under PF leadership, in contrast, there was a greater ideological focus on poverty and a social safety net, and the state's role in development. Under Sata, GRZ objectives underwent a "paradigm shift from a capitalist lens to a state-led development lens" (interview TT6). While the expansion of infrastructure remained a GRZ objective, there was a change in GRZ objectives towards a prioritisation of poverty reduction and the social sectors. There was a further shift in PF after Sata's death: a "move from a populist to a patrimonial base seen in the

1990s" (Jepson and Henderson, 2016, pp.21-22). Nonetheless, under Lungu, GRZ objectives placed a priority on economic development and reducing poverty, by building infrastructure and creating a social security net (interview GRZ16).

President Sata, PF's founder, saw himself as a "spokesman for the poor" (Mwewa, 2019, p.28). He was keen that PF were also the party of the poor: "We are not like the MMD. The difference between the MMD and the PF was that the MMD was for the elites, the PF was founded to be the voice of the poor in the country" (quoted in Mwewa, 2019, p.48). PF's 2011 manifesto argued that previous growth[32] had not been "pro-poor" (PF, 2011, p.1) and that "economic growth is [not] reaching the people in the villages and townships" (PF, 2011, p.1). As such, government spending should be directed to "improve the poverty situation, particularly rural poverty" (interview TT6). Thus the PF manifesto promised an "increase[d] budgetary allocation to the education and health sectors" (PF, 2011, p.30) and an "increase[d] budgetary allocation to the economic infrastructure sector" (PF, 2011, p.30). Sata, as a former Minister of Health, was particularly sympathetic towards health spending, (Evans, 2012, p.11). Thus GRZ objectives shifted towards favouring the expansion of spending in the social sectors, including education, health and social cash transfers. This was grounded in both ideology, and PF's election promises.

[32] Which had resulted in Zambia being designated by the World Bank as a Lower Middle Income country in July 2011, during the election campaign.

PF was also more critical of agricultural subsidies than MMD leaders had been, and more supportive of social cash transfers. Thus, increasing social cash transfers and reducing agricultural subsidies became objectives under Sata and Lungu, although under the latter it would be subordinated to other objectives. Sata argued that "people have to understand that maize subsidies have been a pillar for economic inequality in our society as they only benefit the already well to do middlemen and not the targeted vulnerable groups of our society" (quoted in Times of Zambia, 2013b). Furthermore, he contended that "removal of the subsidy would make more finances available for spending and guarantee job creation and development of infrastructure such as schools, universities, hospitals as well as the Link Zambia-8000 Project which would open up rural areas" (Times of Zambia, 2013c). Similarly, Vice President (under Sata) Scott depicted the FISP (farmer input support programme) as "marred with fraud" and "characterised by graft" (Times of Zambia, 2013d), describing the maize industry as "reek[ing] of subsidization and its close political ally, politicization" (Scott, 2019, p.114). Under Lungu these ideas persisted. PF worked with a thinktank (IAPRI) described as having an "almost Thatcherite vision for the agricultural sector" (interview C2), and that opposed agricultural subsidies, on the 2016 manifesto.

However, these beliefs intertwined with leadership perceptions of domestic conditions. Subsidies were perceived by successive PF Presidents as politically important and thus a constraint on GRZ's room-for-manoeuvre in this policy area. A former GRZ bureaucrat argued that "maize is a sensitive product" (interview

GRZ10); Vice-President Scott described it part of "the social contract" (Scott, 2019, p.113). The abolition of fuel subsidies met some opposition from "champions of the poor" (Cheelo and Haatongo-Masenke, 2018, p.5) who claimed that it would "bring about untold hardships and suffering, especially for the poor and vulnerable" (Cheelo and Haatongo-Masenke, 2018, p.5). Both Sata and Lungu were elected by narrow margins and sensitive to the importance of agricultural subsidies to rural voters. Sata thus remain relatively 'neutral' (Resnick et al, 2018, p.110) in debates about agricultural subsidy reform. In contrast, Lungu begun his Presidency more supportive of agricultural subsidy reform than Sata had been (Resnick et al, 2018, p.110). However, this objective became less important through Lungu's Presidency, as he perceived his political vulnerability to be increasing, and his reliance on rural voters increasing.

This section has been demonstrated that GRZ objectives vis-à-vis sectoral allocations changed as leaders with different ideologies took power. While all GRZ leaderships sought to increase spending on infrastructure, MMD had a greater focus on agriculture and the productive sectors. In contrast, PF leaderships focused more on the social sectors, including social cash transfers, and state-led growth. These objectives were driven by ideology and GRZ perceptions about domestic conditions, particularly the importance of rural voters. In particular, under all leaderships, agricultural subsidies were considered key to rural voters, limiting the extent to which GRZ objectives were to promote reform in this area.

5.2.5 A realigned relationship with DAC donors: "From that of donor-recipient to one based on mutual partnership and cooperation"

GRZ's final objective was to realign its relationship with DAC donors as funding receded. As has been argued, GRZ perceived its relationship with these donors to be one of hierarchy and prescription, and securing their funding to be a trade-off with securing its policy objectives in other areas. As their funding reduced as a share of its total budget, therefore, GRZ wanted more control in day-to-day policymaking. Furthermore, under PF leaderships there was also an objective to not only secure greater funding but to realign the relationship with DAC donors. GRZ was empowered by international conditions to want a relationship focused more on diplomacy with Western states and to move away from the donor-recipient dynamic.

DAC donors were perceived by GRZ as demanding time and influence in exchange for their finance. The committees and meetings that accompanied budget support were labour-intensive and seen by GRZ as taking up "a considerable amount of MoE [Ministry of Education] staff time" (de Kemp and Ndakala, 2011, p.37). These GRZ perceptions of DAC donors extended past budget support, and existed at both the political and bureaucratic levels. In interviews, a former Vice-President argued that donors had a reputation for "saying no" (interview 37). GRZ also perceived Western aid to involve lengthy negotiations and too many conditionalities, which

GRZ found "irritating" (interview TT4). IFI conditions were similarly seen as "laborious" (interview 28). These donors were, furthermore, perceived by GRZ to dictate how aid was used: "they give you what they felt they should give you" (interview MP27).

GRZ bureaucrats had similarly perceived DAC donors to be controlling: "they tell you this money is there, but they don't allow you to use it in the way you see fit. They say – no, no, no, this is how we feel you should use it" (interview GRZ12). Their involvement in the health SWAp (sector wide approach) primarily brought about feelings of "donor invasion" (Saasa, 2010, quoted in de Kemp et al, 2012, p.144) with DAC donors present on all committees. Another former GRZ bureaucrat argued that "these projects, once they have been approved, there's been this rigidity in adjusting to the reality on the ground. That's also one of the challenges of these donor projects… they are one-track minded" (interview GRZ10). Furthermore, "of late it has become worse. The donors have tended to be even micromanaging" (interview GRZ10). Nonetheless, the IFIs providing loans, such as the World Bank and ADB, were seen as more accommodating (interview GRZ12), and having "some flexibility" to ensure that negotiations were not too lengthy (interview GRZ17). Thus, GRZ perceptions of how DAC donors exerted their influence in the policymaking process resulted in an objective, as donor funding reduced, to secure greater control.

This GRZ perception of DAC donors wanting time and influence made Western aid less attractive to GRZ although, as section 5.2.1 demonstrated, it was also important to accept finance that was made available. The GRZ Secretary to the Treasury argued,

> "Given that Zambia has been reclassified by the World Bank as a lower middle-income country, the government focus will be to realign the relationship between Zambia and its cooperating partners from that of donor-recipient to one based on mutual partnership and cooperation" (Times of Zambia, 2011c).

GRZ wanted a more diplomatically focussed relationship. As DAC donor funding to GRZ dried up, the GRZ expectation was that donors would stop trying to influence policymaking. For example, after a disagreement with the US Ambassador the Foreign Minister stated; "You cannot ask a government to make a decision at gun point - 'because we are giving you aid, we want you to do this' - you can't" (BBC, 2019). Similarly, an MP argued that you "can't quarrel with development partners" (interview MP28), because it is a diplomatic relationship. As a result, partners "must respect the diplomatic etiquette" (interview MP28). This was also observed by Kragelund in Zambia in 2015: GRZ critiquing donors, and "asking them to 'pack their bags and go' if they keep interfering in internal affairs" (Kragelund, 2015, p.252).

This section has demonstrated that as its reliance on DAC aid reduced, because of changing international conditions, GRZ sought to realign its relationship with

these donors along diplomatic lines, and to reduce their influence in policymaking processes.

5.2.6 Concluding remarks on GRZ objectives

The crucial argument of this section is that GRZ perceived its two key objectives - gain greater revenue and reducing the influence of DAC donors – to be a trade-off. As international economic conditions expanded GRZ's revenue options, GRZ's primary objective changed from favouring securing DAC aid to favouring control in policymaking, and indeed a realigned relationship with these donors.

Furthermore, this section has argued that GRZ consistently held the objective to increase spending on infrastructure, but other objectives varied under different political leaderships. Under MMD, particularly Mwanawasa, GRZ wanted to pursue fiscal neutrality and to increase spending in the agricultural sector and on subsidies. In contrast, PF were a more fiscally expansionary party and wanted to reduce poverty by spending more in the social sectors. These objectives were driven by both ideologies, and perceptions of domestic political conditions.

The following section will explore DAC donors' objectives, arguing that these donors in Zambia consistently prioritised poverty reduction and securing their own influence in policymaking. Furthermore, it will argue that the DAC donor view of how to achieve poverty reduction was primarily neoliberal: focused on fiscal neutrality, less spending on subsidies and state interventions in the economy, and

more in the social sectors and on governance. Thus, at points some donor and GRZ objectives would coincide. Chapters seven and eight will then go on to explore the extent to which different objectives could be secured by GRZ between 2005 and 2021.

5.3 DAC donor objectives in Zambia 2005-2021

This section will explore DAC donor objectives in Zambia between 2005 and 2021[33]. It will argue that these donors had two primary objectives: poverty reduction, and maximising control over aid spending and influence over GRZ's broader agenda. These were grounded in both their ideologies and their perceptions of GRZ – viewing it as corrupt, to have a politicised bureaucracy, and lacking capacity to implement policies. The policies DAC donors hoped to secure in working with GRZ included fiscal neutrality, and tackling debt, more money in the social sectors, good governance, and eliminating government subsidies. Influence and control were the means to secure poverty reduction. However, DAC donor perceptions of their ability to secure their objectives by working with GRZ declined through the period as GRZ was able to reduce its dependence on these donors. Nonetheless, towards the end of Lungu's presidency there were DAC donor hopes that GRZ's

[33] The reader's attention is drawn to earlier justifications of the grouping of DAC donors within the theoretical framework. Different DAC donors pursued different policies between 2005 and 2021, making varying operational decisions, for example about the provision of budget support. Nonetheless, as section 1.7 argued, membership of the DAC imposes limits on what governments can call 'aid' and the forms in which finance can be provided to 'recipient' countries, centring the altruistic nature of the support. Furthermore, the thesis argues that the geopolitical relationship between DAC donors and GRZ remains relatively consistent: there are not significant differences within the DAC, for example, in security relationships with GRZ. Thus, in key aspects of their relationship with GRZ – and in turn the factors shaping their strategic objectives – the thesis argues that DAC donors can be grouped together.

financial difficulties would allow them to resecure influence in policymaking, particularly through an IMF deal to tackle GRZ's debt.

5.3.1 Poverty reduction: "Zambia is a desperately unequal country"

The primary objective of DAC donors in Zambia between 2005 and 2011 was the reduction of poverty. This objective drove behaviour both with regard to their own aid and was prescriptive, providing a wider view about what GRZ should be focusing its expenditure on. DAC donors both justified their presence in Zambia on this basis and located their policy objectives within this framing. Thus their policy objectives – fiscal neutrality, increased support for the social sectors, eliminating subsidies, and growth through the private sector – were framed within the objective of poverty reduction. As Mawdsley has argued, "poverty reduction acted as the overarching discursive framework within which other supporting objectives – economic growth but also good governance, social welfare, sustainable development, gender empowerment and inclusive finance – were (supposedly) organised" (2015, p.343). Furthermore, because poverty reduction was both a justification for aid and its objective, increasing perceptions that the objective could not be secured by working through GRZ contributed to DAC donors curtailing funding to GRZ.

DAC donors perceived their primary reason for giving aid to Zambia to be poverty reduction; there was no strategic, political justification. They explained their presence and aid on the basis that "Zambia is a desperately unequal country"

(interview DAC30; see also interview DAC33) and aligned their aims to this. One donor simply said their priority was to "support poverty reduction and prosperity in Zambia" (interview DAC15). This was a consistent objective. For example, in 2013 IrishAid aimed to focus on "accelerating poverty reduction especially in rural areas… The goal of the programme is to contribute to the reduction of chronic poverty, vulnerability and inequality in Zambia" (2013, pp.1-2). Furthermore, DAC donor objectives were not limited to aid. This group of donors believed it was their role to encourage GRZ to allocate more of its own money to this objective.

This justification became more pronounced after Zambia achieve LMIC status, with DAC donors arguing that "although classified as a lower middle-income country, Zambia still holds the status of a least developed country (LDC), and its persistent poverty levels have provided sound justification for Finnish aid" (Government of Finland, 2016, p.10; see also interview DAC33). Nonetheless, donors perceived that Zambia no longer being a lower-income country made it more difficult for them to justify working in the country, a consequence that has also been seen in Ghana (Brown, 2017, p.343). They perceived that the reclassification had altered the relationship between GRZ and themselves (interview TT13, TT19, DAC30), bringing a desire for a "maturing relationship" with GRZ (interview DAC30). The potential evolution of the GRZ-DAC donor relationship was interpreted by these donors to focus on the means they might utilise, and not the objective of poverty reduction. For example, interviewee DAC15

argued that because aid was a small share of the budget, it was necessary to encourage the government to spend its own money on poverty reduction.

DAC donors' poverty reduction objectives were to be achieved in Zambia through a number of strategies. These donors worked within an ideological framework that was broadly neoliberal. They believed that poverty reduction would be brought about through fiscal neutrality, a focus on spending in the social sectors and good governance, reducing subsidies, private sector growth, and their influence over policymaking. This argument aligns with Mawdsley's view that the poverty reduction agenda was "embedded in neoliberal ideology" (2015, p.343), which poverty been seen as residual rather than relational. The section will now turn to an exploration of how these constituent objectives were formed.

After HIPC completion, fiscal neutrality remained an important objective for DAC donors in Zambia. While they wanted more money spent in the social sectors, they were keen that this would come from reducing spending in other areas. For example, the IMF argued that "changing the composition of spending in favor of priority sectors is another favored source of fiscal space" (2008a, p.9). While MMD governments shared this objective, the mindset of these donors after Sata's election was one of fear that "by introducing populist policies President Sata would undermine the prudent economic policies that had helped the country to secure debt relief and economic growth under his predecessors" (Cheeseman et al, 2014, p.340).

These concerns heightened as Zambian debt grew. After their 2016 visit, the IMF argued that "government finances are under immense stress. Expenditure is running far above budget, in large part as a result of fuel subsidies and contracted emergency electricity imports… At the same time, domestic and external financing options have become more limited along with rising interest rates. Mounting domestic arrears are adding to concerns about debt sustainability" (IMF, 2016). DAC donors concurred with these concerns about debt. Finland argued, in 2016, that "because of its significant fiscal deficit, Zambia will most likely have to implement an IMF programme" (Finland, 2016, p.9). A donor interviewee viewed a new IMF deal as a key mechanism to "keep a cap on discretionary spending" (interview DAC30). Thus, DAC donors consistently sought to restrain GRZ's borrowing: first through objectives to encourage fiscal neutrality, and then to deal with debts through an IMF deal and associated austerity.

DAC donors believed both that their aid should be directed towards the social sectors, and also that GRZ should spend more in these areas overall. Increasing expenditure in these areas would, they believed, bring about poverty reduction. This was a particular focus early in the period under study and under budget support, although the ideological objective remained. Under budget support donors focused on the need for GRZ to spend more on education ("considerably below average" (IMF, 2008a, p.)) and health ("reasonable by regional standards but still below indicative targets" (IMF, 2008a, p.9)). A World Bank report believed that

"there must be recognition at the highest levels of Government that the health sector is in a state of crisis… This requires closer dialogue between MOFNP [Ministry of Finance and National Planning] and MOH [Ministry of Health] that should result in stronger agreement on the level of spending that the sector needs" (Picazo and Zhao, 2009, p.xvi). In this they were supported by international institutional conditions. For example, Friedman et al argue that a 2008 World Bank grant in the health sector was "motivated by inadequate progress to achieving MDGs 4 and 5 targets" (2016, p.9).

DAC donors continued to perceive that more should be spent in the social sectors under PF. For example, IrishAid argued that "significant expenditure increases were announced for the social sectors in the 2012 Budget but their proportion of the overall budget still remains low by regional standards" (IrishAid, 2013, p.6). Furthermore, when debt re-emerged as an issue, towards the end of the time period, the British High Commissioner asked: "what does it mean for spending on social sectors like health and education when servicing that debt is costing a huge share of government expenditure" (The Mast, 2019). Thus, throughout the time period, this group of donors perceived spending more in the social sectors both to be necessary for poverty reduction, and to be an objective that GRZ was not fulfilling.

In addition to spending money in the social sector, DAC donors also had a belief that good governance was key to poverty reduction and economic growth in

Zambia. In 2011 the Danish Ambassador argued that fighting corruption was key to reducing poverty (Times of Zambia, 2011c). Similarly, IrishAid argued that "the promotion of Good Governance is central to reducing vulnerability and access to basic services" (2013, p.28). This was a key justification for budget support, but donors who did not use the modality also held this belief. USAID argued that "an effective, accountable and transparent government is the foundation for growth and prosperity. It is USAID/ Zambia's top priority and is essential to long-lasting results in all development objectives" (USAID, 2011, p.18). Furthermore, they believed that "governance is regarded as a binding constraint to Zambia's development" (USAID, 2011, p.12). Thus, spending on good governance and anti-corruption was an objective of DAC donors in Zambia; as will be explored in the follow section, this was also grounded in their perception of GRZ being corrupt.

DAC donors were also opposed to Zambian government subsidies, and government-led growth strategies. Upon PF entering office, the World Bank provided advice including "warn[ing] against industrial policy approaches to diversification and repeating the experience of creating parastatals in the 1970s and 80s" (World Bank, 2015b, p.16). For these donors, growth would be achieved through the private sector: "ultimately does, do donors believe that government can do the work of the private sector here? No" (interview C2). Finland argued that "a major area of focus… is to strengthen the Zambian private sector" (Finland, 2016, p.5; see also Times of Zambia, 2012c; interview DAC33). Similarly, DFID worked through the private sector and with private equity firms (interview C2), as part of

its “strong turn to a private sector-led economic growth agenda” (Mawdsley, 2015, p.341).

The ideological model of DAC donors in Zambia meant they also consistently opposed subsidies, particularly agricultural but also fuel subsidies. This had a long history: subsidies had attracted donor ire since the 1980s (section 4.3). Donors believed that agricultural subsidies provided “the lowest returns in terms of productivity growth” (USAID, 2011, p.25). In 2019 the World Bank argued: “traditional input subsidy programs impede the development of private input markets and incentivize production of one crop, rather than enabling diversification and adoption of improved practices”. (World Bank, 2019, p.77).

Furthermore, DAC donors perceived agricultural subsidies to not support poverty reduction, with the World Bank director arguing that “subsidy reform could benefit poor farmers” (Times of Zambia, 2013c). Subsidies were also perceived by donors to take money away from other parts of the GRZ budget. An EU funding document argued that “these maize subsidy programmes consumed 52% of the 2014 agriculture budget, and much more if considering extra-budgetary and/or supplemental funding… The need [is] to establish a better balance between the maize driven policies and those promoting diversification and alternative agricultural production methods” (EU, 2014a, p.4). Similarly, a 2012 UK committee argued that,

> "There are significant inefficiencies in Zambia's public expenditure. The biggest of these is the 'maize subsidy', which costs 8% of the Government budget; this is a sum which considerably exceeds DFID's bilateral aid programme. The abolition of the 'maize subsidy' would free up funds to provide much needed services, for example free secondary education… We urge that the UK continue to provide the greatest encouragement and support to the Government of Zambia to remove the maize subsidy and switch resources to public services such as secondary education" (International Development Select Committee, 2012).

DAC donors recognised the political sensitivity of agricultural subsidies, and 2013 reforms brought encouraging statements. The US Ambassador argued that "maize subsidies could not continue because sooner or later the Government could have gone bankrupt and framers were also going to be bankrupt. You can't just keep subsidising maize forever. Your Government right now is making hard decisions on agriculture, and it should be supported" (quoted in Times of Zambia, 2013c). When reforms stalled, and government debts increased, the two topics were increasingly linked – and part of the IMF deal that these donors wanted GRZ to enter into (section 8.2.3).

This section has argued that poverty reduction was DAC donors' primary objective, its reason for providing aid to Zambia, and indeed central to its relationship with GRZ. However, these donors did not perceive GRZ to share their commitment; as

a result, to secure this objective, donors needed influence and control in policymaking. This would help ensure that both aid, and the wider GRZ budget, was spent on poverty reduction.

5.3.2 Maximising influence and control: "A lot of handholding"

This section will argue that maximising influence and control was a key DAC donor objective between 2005 and 2021. It will argue that the objective of keeping control of aid money was based on a perception that the Zambian government was corrupt. Furthermore, these donors wanted influence over GRZ's wider expenditure. This was grounded in their perceptions of GRZ as ineffective and to have a politicised bureaucracy. As the time period progressed, DAC donors perceived that they had less influence on GRZ and therefore that this, and their poverty reduction objective, would not be secured by working through GRZ. However, towards the end of Lungu's term, these donors perceived the potential for increased influence and an ability to secure their objectives through an IMF deal. The section will first look at the DAC donor objective of controlling aid. It will then move on to discuss their objective of having influence in broader GRZ policymaking.

DAC donors held the objective of controlling how their aid money was spent, something which increased through the period, as a result of believing that GRZ was unreliable and lacked capacity. Donor officials argued that "implementation is very difficult" in Zambia (interview DAC29), and there was "a lot of handholding" of GRZ in their interactions (interview DAC36). Donors considered themselves

needing to 'micromanage' (interview DAC36) GRZ. In contrast, in a country that is perceived to have stronger control of its policy agenda (Rwanda), DAC donors perceive the government to be micromanaging themselves (Keijzer et al, 2019, p.38).

Alongside a lack of capacity, there was a DAC donor perception that poor implementation was grounded in the politicised nature of the GRZ bureaucracy and short-term political thinking. A 2012 DFID plan argued that "commitment to governance reforms though implementation has been uneven and has slowed recently due to short term political thinking" (DFID, 2011b, p.2). The World Bank saw its effort in public finance management, to 2012, as having "not resulted in an effective overall program. Progress has been made selectively in areas that do not challenge strong vested interests" (World Bank, 2015b, p.xiv). Furthermore, any pushback from GRZ on DAC donor spending objectives was perceived as being for "not very good reasons" (interview DAC15), and therefore resistance was to be largely overcome (interview DAC15).

DAC donors also perceived GRZ to have significant issues with corruption. They had long funded governance and corruption in Zambia[34]. On reaching the HIPC completion point, the French Ambassador argued that,

[34] Donors in Zambia established a working group on corruption in 2001 and funded the most anti-corruption projects in sub-Saharan Africa (de Vibe et al, 2013, p.60).

> "In the case of Zambia, the Paris Club cancelled US$3.8 billion so the difference from the initial US$7.2 billion is what will be cancelled. Once again, the question of fighting corruption is cardinal because we are talking about multilateral debt. These are debts owed to banks and not countries and definitely somebody has to pay in Zambia's place… Please Zambia stop corruption. Zambia has to help itself because donors alone will not help. The country has to help itself to stamp out corruption. Corruption should be on the agenda just as it is in countries such as Tanzania, Benin and Uganda" (The Post, 2005b).

As such, DAC donors were pleased with Mwanawasa's high profile anti-corruption drive (section 7.2). Nonetheless, in their Country Report, SIDA (Swedish International Development Cooperation Agency) argued that "corruption remains a serious problem" (2007, p.3) – maintaining this perception even when anti-corruption had high level support from President Mwanawasa.

Banda's Presidency was contrasted unfavourably to Mwanawasa's by a number of DAC donors. His attitude towards anti-corruption was described by international observers and donors as "ambivalent" (NORAD, 2011, p.10; see also Chene, 2014, p.5). A donor evaluation argued that "political developments since 2008-2009 cast some doubt on GRZ's willingness to advance the crucial political reforms that are defined in the underlying principles of the MoU [budget support]" (de Kemp et al, 2012, p.21; see also Leiderer and Faust, 2012, p.167). This was driven by two factors. Firstly, after Chiluba's 2009 acquittal, Banda was accused of having "abetted the

political rehabilitation of former President Frederick Chiluba" (Molenaers et al, 2010, p.33). DAC donors, aware through the media (Cheeseman and Hinfelaar, 2009, p.61) of Banda receiving support during his ascendancy to the Presidency from Chiluba and the 'Chiluba faction', found his explanation (that he as President should not interfere in Court decisions) lacking.

Secondly, DAC donors were not satisfied by Banda's response to a corruption scandal in 2009 (see section 7.2). As such there was "an increasing focus on fiduciary issues" (de Kemp and Ndakala, 2011, p.12) in budget support discussions. These perceptions continued under Sata. Between 2011 and 2013, high level dialogue "tended… to focus more on accountability and public financial management rather than on other substantive policy areas" (IrishAid, 2013, p.16). DAC donors saw declining governance efforts as part of a vicious cycle: as the share of donor inflows declined, the government allowed "a deterioration of PFM [public financial management] reform efforts" (Orth et al, 2018, p.73), which in turn prompted a further decline in budget support. Further corruption scandals erupted in 2018. These gave donors "cold feet" (interview C8), and they increasingly saw working with GRZ as not the best way to achieve their objectives. Another donor official argued that it was "much too risky for us to get back into working through government" (interview DAC30), and that they would not go through government systems. This is a DAC donor perception that has been seen elsewhere: Keijzer et al found that donors perceived Liberian corruption to be "a problem that is ubiquitous, structural and highly pronounced" (2019, p.43). This similarly

contributed to a lack of leverage in the Liberian government's relationship with aid donors, who were unwilling to use government systems.

DAC donors also wanted influence over wider GRZ expenditure and policymaking. Their objectives focused on both increasing the allocation of money into the social sectors and fiscal discipline. This objective was particularly relevant under budget support. This provided donors access to policymaking, through policy dialogue, because there were concerns about fungibility (for example Leiderer and Faust, 2012, p.142; Picazo and Zhao, 2009, p.xvi) and what GRZ would spend unmonitored money on.

DAC donors perceived GRZ to have short term objectives and the bureaucracy to be politicised, particularly in certain sectors. They thus believed that their influence on sectoral allocation would help ensure poverty reduction influenced policymaking and outcomes. Agriculture and infrastructure, particularly roads, were seen as "ostensibly more politicized" (Leiderer and Faust, 2012, p.148) than the health or education sectors. For example, USAID argued that "agricultural policy is highly politicized and is designed as much for political gain as for national benefit. Public spending in agriculture is overwhelmingly directed toward maize production and marketing, and is aimed primarily at relatively wealthy farmers" (USAID, 2011, p.25). Infrastructure was seen as "a vehicle for waste" (interview C2). A donor official argued that after 2005 resources were not spent on benefitting the poor, but rather roads and subsidies (interview DAC15). Later under Lungu, social

cash transfers also became associated with vote buying (interview DAC36). Thus DAC donor ideology and perceptions combined in their objective of persuading GRZ to increase spending in the social sectors.

DAC donors also wanted influence to address these issues of bureaucratic politicisation and corruption. For example, DFID documents argued for sector support, rather than general budget support, in the education sector to allow it to be the supervising entity for Global Partnership for Education funds: "for PRBS there is a limit as to how much focus can be put into dialogue and monitoring for a specific sector" (DFID, 2013, p.22). However, ending budget support "reduced the frequency, quality and inclusiveness of policy dialogue, especially at high political levels" (Orth et al, 2018, p.70). By Lungu's presidency, DAC donors were largely not funding GRZ and therefore lacked official means of influencing policy. Nonetheless, perceiving that power within GRZ lay with the politicians, one donor official spoke of investing in polling and working directly with political parties to get specific policy issues into party manifestos (interview DAC15), and thus sustaining their influence on GRZ's wider policies.

The final DAC donor perception that that will be discussed is that GRZ was difficult to influence, particularly when other sources of funding were available. This influenced how these donors sought to achieve their objectives of poverty reduction and influence.

Budget support provided a means for DAC donors to secure their own objectives, both in relation to their own money and GRZ's broader spending. However, this was perceived by donors as increasingly ineffective as other financial revenues reduced the share of the GRZ budget they funded. A donor evaluation argued that "there is no evidence to show that the more regular and open dialogue has had any greater impact on GRZ's actions [in the agriculture sector] than had been the case before such policy dialogue became more formalised under the GBS [general budget support] process. In particular, despite the CPs [cooperating partners] being increasingly critical of the FSP [fertiliser subsidy programme], they have not been able to stop its rapid expansion in recent years" (Chiwele et al, 2010, piv). Similarly, the World Bank recognised that its "value proposition in Zambia is no longer the funding, but the knowledge and experience it can share" (2015b, p.xxiii). They perceived similar circumstances for other DAC donors: "in an environment where the government has substantially increased available resources, the leverage of budget support… for promoting effective policy dialogue has declined" (World Bank, 2015b, p.21).

By Lungu's presidency, GRZ was perceived as having "destroyed trust" (interview DAC29), making it "difficult for donors to collaborate with government" (interview DAC29). As a result, DAC donors found it difficult to understand his priorities (interview DAC15). This was exacerbated by donors perceiving that they could not secure their objectives, at this time, by working with GRZ. By 2020 DAC donors felt themselves to be a "drop in the ocean" (interview DAC9), both in terms of finance

and influence. The Head of DFID argued: "the amount of funds that UK provides in Zambia is a very tiny fraction of the government of Zambia in budget, we are probably talking less than two or three per cent of the resources that government has. So also, [that] influences how we use our money and where we spend it" (NewsDiggers, 2020b). This aligns with Swedlund's findings in Ghana, where donors perceived that "they [the Ghanian government] could run the country without us" (bilateral aid donor, quoted in Swedlund, 2017b, p.406) and thus having reducing leverage.

Nonetheless, an IMF deal was perceived as a means to secure DAC donor objectives. These donors and the IFIs shared the perception that Zambian debt needed to be managed and it was their objective that GRZ should negotiate an IMF deal. After a 2016 visit, the IMF argued that,

> "Government finances are under immense stress. Expenditure is running far above budget, in large part as a result of fuel subsidies and contracted emergency electricity imports… At the same time, domestic and external financing options have become more limited along with rising interest rates. Mounting domestic arrears are adding to concerns about debt sustainability" (IMF, 2016).

Similarly, the IMF's 2017 Debt Sustainability Analysis concluded that,

> "Zambia is at high risk of debt distress… Reducing the risk of debt distress requires strong and sustained fiscal consolidation, including

> measures to increase domestic revenue, strengthen public investment management, and contain fiscal risks" (IMF, 2017a, p.1).

DAC donors saw an IMF programme as inevitable: Finland contended, in 2016, that "because of its significant fiscal deficit, Zambia will most likely have to implement an IMF programme" (Government of Finland, 2016, p.9). The World Bank similarly argued that "an IMF program would help restore confidence, reduce the cost of borrowing, and increase international reserves as an important fiscal buffer" (World Bank, 2017, p.18).

DAC donors saw re-establishing their own influence as vital, and an IMF deal as a means to secure this. An evaluation had correlated GRZ's worsening fiscal position with the reduction of influence after withdrawing budget support, complaining that "the GRZ did not sustain a joint dialogue with donors about major causes of the budget deficit" (Orth et al, 2018, p.75). These donors viewed a new IMF deal as a key mechanism to "keep a cap on discretionary spending" (interview DAC30). With GRZ in a 'cash strapped' position, it would have less room for manoeuvre (interview DAC15). An IMF deal would secure influence and "would keep a cap on discretionary funding" (interview DAC30). DAC donors therefore saw an IMF deal as a means to securing their objectives and re-establishing influence over GRZ. Thus, the German Ambassador urged,

> "The high risk of debt distress and the absence of an IMF program also limits CPs' [cooperating partners] position to support you. CPs therefore look for urgent action and would like to encourage you to work

> forcefully towards an IMF programme, CPs stand to ready to support you in this" (Newsdiggers, 2019).

Furthermore, despite Lungu's unwillingness to agree an IMF deal, DAC donors perceived towards the end of his Presidency that they may have an opportunity to regain influence over GRZ. Lungu was seen as having "low interest" (interview DAC29) in DAC donors when he came into power. But "interest in donor collaboration has increased" (interview DAC29). Donors in 2020 argued that in a short period the attitude of the government had changed (interview DAC30). This was driven by GRZ's financial problems: "the EU remains important [to GRZ] because it is programme focused – whereas the government only has 10% of its budget for implementation" (interview DAC9). There was "acceptance [on the part of GRZ] that they're in a hole" (interview DAC30). Therefore, aid was perceived by donors as becoming more important to GRZ and thus, they believed, GRZ would be more willing to make policy concessions in return for this funding.

This section has argued that DAC donors perceived that GRZ was ineffective, the bureaucracy to be politicised, and reluctant to be influenced when it did not need donor funding. As a result, maximising influence and control was a key DAC donor objective between 2005 and 2021. These donors perceived their influence over GRZ to fade throughout the time period, and to vary over sectors. This made it increasingly difficult to envisage that their poverty reduction objective would be secured by working with GRZ. However, as GRZ's debts mounted, they did perceive

the potential for increased influence and an ability to secure their objectives through an IMF deal.

5.3.3 Concluding remarks on DAC donor objectives

It has been demonstrated that, like GRZ, DAC donors perceived a trade-off between their funding and influence over GRZ policies. It has been argued that these donors perceived their chief objective in Zambia as being reducing poverty; there were no perceived political reasons working with GRZ. However, to achieve this DAC donors also perceived that – GRZ being corrupt, having a politicised bureaucracy, and lacking capacity – they needed to have control over aid spending and influence over GRZ's broader agenda.

It has also been argued that DAC donor policy objectives that derived from this poverty reduction focus lay firmly in the neoliberal development model. Donors sought greater GRZ spending in the social sectors, particularly health, education and later social cash transfers. They wanted GRZ to spend less money on subsidies and did not see a role for the state in promoting growth. However, DAC donors also perceived that they had reducing influence as GRZ moved away from aid dependency.

5.4 Concluding remarks

This chapter has argued that GRZ's key objectives between 2005 and 2021 were securing revenue and maximising control over its expenditure and policymaking.

However, both GRZ and DAC donors perceived this to be a trade-off; because Zambia lacked perceived strategic political importance to Western states.

It has been demonstrated that GRZ objectives were grounded in both ideologies and its perceptions of international and domestic conditions. Perceiving improving international conditions, GRZ wanted to attract money from an increasing number of actors, spend more on infrastructure, and, from 2011, to take a more fiscally expansionary approach. All leaderships sought to increase their control over day-to-day policymaking and in the DAC donor-recipient relationship. This was increasingly perceived as possible as reliance on donor funding reduced. Furthermore, as DAC donors increasingly provided little money to GRZ, GRZ wanted a relationship with these states based more on diplomacy and to move away from dynamics that it perceived by to hierarchical and prescriptive.

DAC donor objectives in Zambia between 2005 and 2021 have also been explored. It has been argued that these donors had two primary objectives: poverty reduction, and maximising control over aid spending and influence over GRZ's broader agenda. Furthermore, donors perceived poverty reduction to be the primary goal of their engagement with GRZ: the primary relationship was of donor-recipient and not of diplomatic partners. These objectives were grounded in both their ideologies and perceptions of GRZ – viewing it as corrupt, politicised, and lacking capacity to implement policies. Their own influence and control were the means to secure poverty reduction. However, DAC donor perceptions of influence

and control declined through the period as GRZ was able to reduce its reliance on donors; donors increasing perceived they could not secure their objectives by working with GRZ. Nonetheless, towards the end of Lungu's presidency there were hopes that GRZ's financial difficulties would allow them to resecure influence.

Thus, at different stages, DAC donor and GRZ objectives coincided and diverged. For example, under Mwanawasa both GRZ and DAC donors held objectives of fiscal neutrality; Sata's leadership, in contrast, saw an increased focus on the social sectors and reforming agricultural subsidies. The extent to which GRZ could expand national policy space when their objectives coincided or diverged will be explored in chapters seven and eight. First, chapter six will explore the changing international and domestic conditions that determined the extent to which GRZ could secure its objectives between 2005 and 2021.

Chapter six:

What were the key international and domestic conditions determining Zambian national policy space between 2005 and 2021, and how did they change?

6.1 Introduction

The previous chapter laid out a number of key GRZ, and DAC donor, objectives between 2005 and 2021. It argued that GRZ held objectives both to secure revenue and to have greater control in other policymaking areas. These were perceived by GRZ, when it was dependent on DAC donor funding, to be trade-offs. This chapter now examines two other parts of the theoretical framework – international and domestic conditions – to understand how they changed in the Zambian case in the 2005-21 period. Subsequent chapters (seven and eight) will then consider how these conditions were utilised to secure GRZ objectives, the extent to which GRZ was able to secure multiple objectives, and therefore the extent to which Zambian national policy space expanded or contracted.

International economic conditions were the most important determinant of Zambian national policy space between 2005 and 2021. The government, at the beginning of the period, was dependent on DAC donors for revenue – despite receiving HIPC debt relief. This reliance reduced as GRZ gained access to other sources of revenue: tax receipts as the international copper price rose; from China

and other G20 countries; and on the international financial markets, following the attainment of LMIC status in 2011. This move from one primary source of funding to multiple sources was key to expanding national policy space as it increased the ability of GRZ to secure its policy objectives beyond securing in revenue, which the previous chapter demonstrated were perceived by GRZ as trade-offs under aid dependency. Domestically, being a competitive democracy with an insecure elite with short-term political horizons was key to how GRZ elites perceived their interests and thus to GRZ policy decisions and national policy space.

This chapter will first discuss how international conditions changed to provide GRZ with a greater number of options for securing revenue during this period. As section 5.2.1 demonstrated, revenue was a key objective for GRZ throughout the time period under consideration. An increase in the international price of copper was key to GRZ's improving ability to secure this objective, as it not only improved the government's domestically collected revenues but also catalysed the attainment of LMIC status and thus provided GRZ with access to borrowing on the international financial markets. Furthermore, it resulted in an increase in interest in Zambia from China and other G20 countries, as they sought both natural resources and the economic opportunities afforded in the country. Finally, the ability of international economic shocks – such as the 2008 financial crash and COVID-19 pandemic – to impact national policy space in a relatively open economy will be considered.

Alongside an increase in financial options, there was an evolution of the international ideological sphere between 2005 and 2021. At the beginning of the period, DAC donor frameworks dominated the development landscape and parts were also institutionalised in institutions such as the MDGs. However, alternative ideologies about development, including the importance of infrastructure and government action, with a reduced focus on fiscal responsibility, gained credibility over time. This was driven by the rise of G20 countries and can be seen in their willingness to keep providing finance after GRZ's debt levels had raised alarm at the IMF. In particular, the section will examine how frameworks on fiscal discipline, poverty reduction, good governance, and aid effectiveness were transformed over the 2005-2021 period. These would impact on both DAC donor objectives, as chapter five has demonstrated, and how donors pursued these.

Finally, international political conditions will be examined. It is contended that DAC donors saw Zambia as being relatively strategically politically unimportant throughout the time period: their relationship with GRZ was primary as donor-recipient. This, as chapter five contended, made both GRZ and such donors perceive their aid to be a trade off with donor influence. However, between 2005 and 2021 there was an increase in interest in building political links with GRZ, and the wider African continent, from China and other G20 countries. Zambian elites were particularly aware of this trend. This shaped GRZ perceptions of its circumstances and thus how they might expand national policy space, as chapter five has elaborated upon.

The chapter will then move on to look at domestic conditions and how they changed in the 2005 to 2021 period. It will be argued that they were key to how GRZ sought to secure its objectives. Most important was Zambian democracy, and the competitive nature of elections which resulted in an insecure political elite with shorter-term policy horizons. Presidents, particularly those elected in by-elections, needed to establish themselves both in the country and within their political party. The economy's reliance on copper as its top export will also be highlighted, and the disconnection between the mines' growing contribution to GDP, their contribution to GRZ revenues, and the incomes of much of the population.

Domestic ideological conditions will also be elaborated upon. It will be argued that there were two key strands of ideological thought in the Zambian domestic sphere which impacted national policy space between 2005 and 2021. There was a technocratic strain, with greater affinity for DAC donor policy prescriptions including fiscal neutrality, and a populist strain, particularly concerned with nationalism, state-led development, and nostalgia for the one-party era under Kenneth Kaunda. The populist strain gained particular attention in a country with competitive elections, particularly under the MMD government. Furthermore, nostalgia for the Kaunda era was revived by changing international conditions and expectations that Zambia's position would improve. The technocratic strain found institutional forms in some laws and government bodies and was well-represented

among think tanks and in some bureaucrats. Both strains therefore determined national policy space in Zambia between 2005 and 2021 by shaping GRZ objectives and its ability to secure them.

6.2 International economic conditions and how they changed

Changing international economic conditions, and Zambia's position within them, were key to determining Zambia's national policy space between 2005 and 2021. At the beginning of 2005 the Zambian government was dependent on DAC donors for both budget finance, and for debt relief through the HIPC programme. As was argued in chapter four, to secure this finance GRZ subordinated other policy objectives in the early 2000s perceiving them as trade-offs. DAC donors were thus able to secure their policy objectives in exchange for high levels of aid and the promise of debt relief. Furthermore, Zambia's economy and government finances had long been reliant on its top export, copper. Therefore, the ability of the government to increase domestic revenue was reliant on international economic conditions and international prices.

This section will argue that as international economic conditions shifted, the options available to GRZ to fund its policies expanded. Improving copper prices, new economic actors including China and other G20 countries, and access to commercial borrowing on the international financial markets, were all supplementary to DAC donor finance and reduced GRZ's dependence on it. In addition, it will be argued that Zambian national policy space could also be

suddenly contracted by economic shocks which had consequences for both its domestic economy, and the availability of finance internationally. Chapters seven and eight will then explore how they supported GRZ in securing its revenue objective. They will argue that changing international economic conditions empowered GRZ by increasing its ability to secure objectives vis-à-vis both bringing in revenue and controlling its policy agenda. Furthermore, they allowed GRZ to conceive of a future where it would realign its relationship with Western countries away from the donor-recipient dynamic.

In April 2005 Zambia reached its HIPC completion point, and this removed a significant constraint on national policy space. The IMF announced that,

> "Zambia has taken the necessary steps to reach its completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative… Debt relief under the enhanced HIPC Debt Initiative from all of Zambia's creditors will surpass US$3.9 billion over time" (IMF, 2005).

This was a considerable change in economic circumstance for GRZ. Significant amounts of money in the budget were released for other uses: in 2004 GRZ had spent US$129m on foreign debt servicing (Magande, 2005, p.4). HIPC completion also freed GRZ from the discipline of HIPC conditionalities[35] [36]: DAC donors lost a

[35] HIPC conditions included "satisfactory implementation of a full PRSP" (ADB, 2005, p.i), "encouraging macro-economic policy changes and performance through satisfactory implementation of the IMF-supported PRGF [Poverty Reduction and Growth Facility] program" (ibid), "progress… in meeting specific social sector targets" (ibid), "satisfactory implementation of key structural reforms" (ibid) and "major initiatives… in improving the Public Expenditure Management System" (ibid).

[36] Although it should be noted that HIPC debt relief was granted on the basis of the *planned* privatizations of ZESCO (Zambia Electricity Supply Corporation Limited) and ZANACO (Zambia National Commercial Bank). The IMF document noted that debt relief should been granted because there had been

considerable source of leverage through which to secure their objectives. Finally, the write-off of debt enhanced the country's sovereign debt rating[37] and thus allowed GRZ to consider securing its objectives by raising funds through commercial borrowing, once again (Hooper et al, 2008, p.9). Nonetheless, DAC donors continued to fund a considerable portion of the GRZ budget[38] and thus had a source of influence over policymaking and a means to secure their objectives.

DAC grant aid was a continued, although declining, presence in the Zambian budget between 2005 and 2021. Figure 3 demonstrates both the size of its contribution at the beginning of the period, and its decline in importance. In 2005 almost 40% of the budget was expected to come from foreign contributions, and this would come from largely OECD-DAC members. By 2015 this had fallen to approximately 10%. Furthermore, the grant element (predominantly from OECD-DAC members) of foreign contributions had fallen to less than 3% - from almost 20% in 2007.

This decline in the importance of DAC aid to GRZ's budget was in part a reflection of the increase in other sources of income, as international economic conditions

"satisfactory progress in implementing a comprehensive commercialization strategy for ZESCO, and [on the basis of] the authorities' commitments to advance the privatization process for ZNCB [commonly referred to as ZANACO]" (IMF and IDA, 2005, p.6).

[37] External debt is "highly important" (Afonso, 2003, p.62) in determining sovereign debt ratings. Having a debt rating opens up commercial borrowing from international markets, and can improve interest rates on borrowing (Pretorius and Botha, 2017, p.551).

[38] The 2005 budget speech expected 36% of GRZ's total revenue and financing (K9,779.02bn) to come from foreign financing (K3,556.77bn) (Magande, 2005, p.19). In 2006 budget speech this fell slightly to 29% of the budget being externally financed (Magande, 2006, p.15).

changed. As figure 4 shows, ODA to Zambia remained relatively constant – particularly when debt forgiveness is considered separately. However, there was also a movement of DAC donors away from either funding the GRZ budget directly, or using GRZ to implement donor-funded policies (as has been seen in chapter five).

Figure 3: Total predicted revenues, and foreign contributions, announced in Zambian budgets 2005-2021.

Source: GRZ budget speeches, 2005-2021

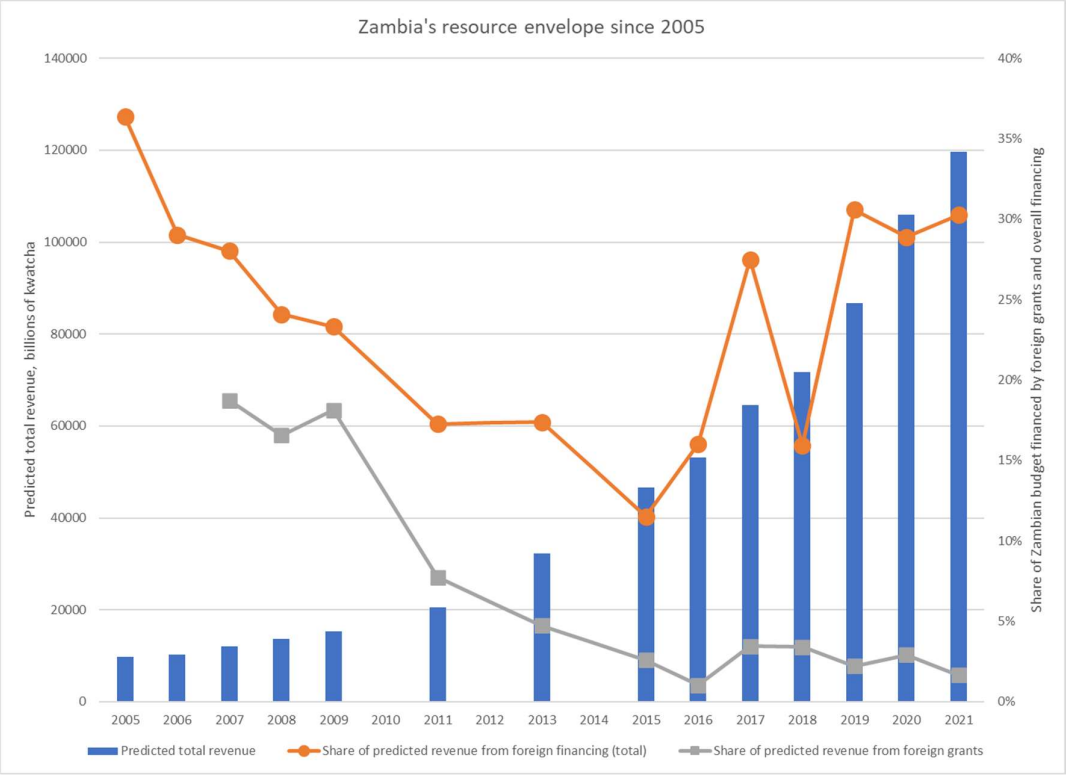
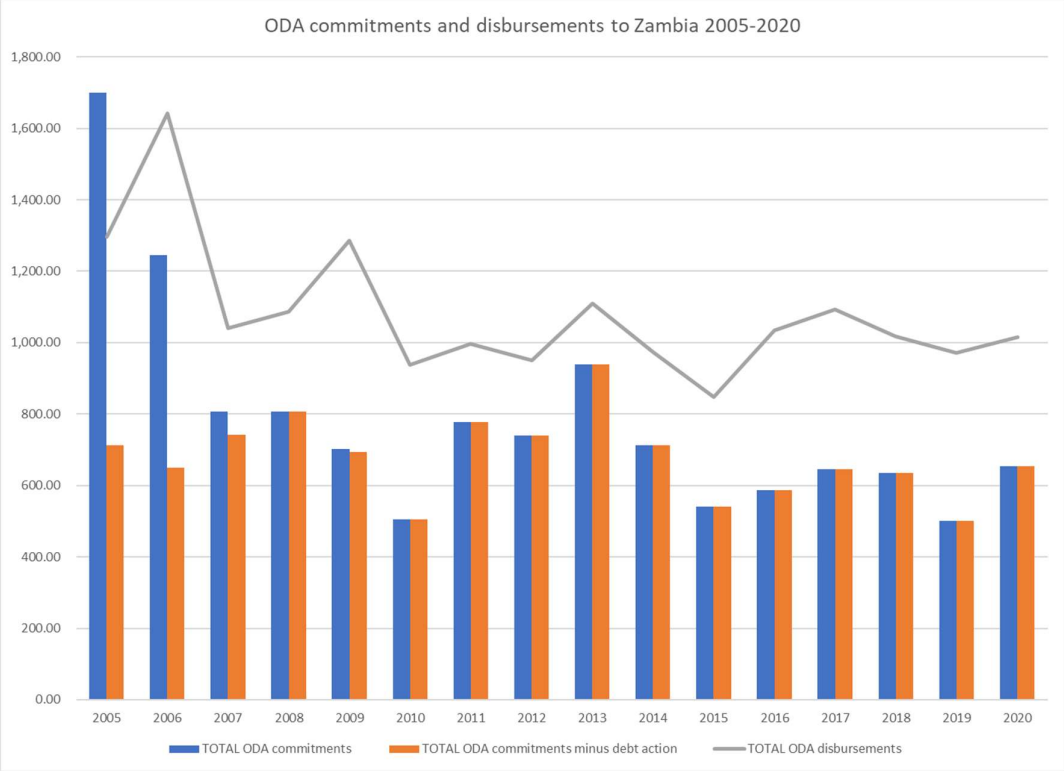


Figure 4: Total ODA commitments and disbursements to Zambia 2005-2020, as recorded by the OECD.

Source: OECD, 2022

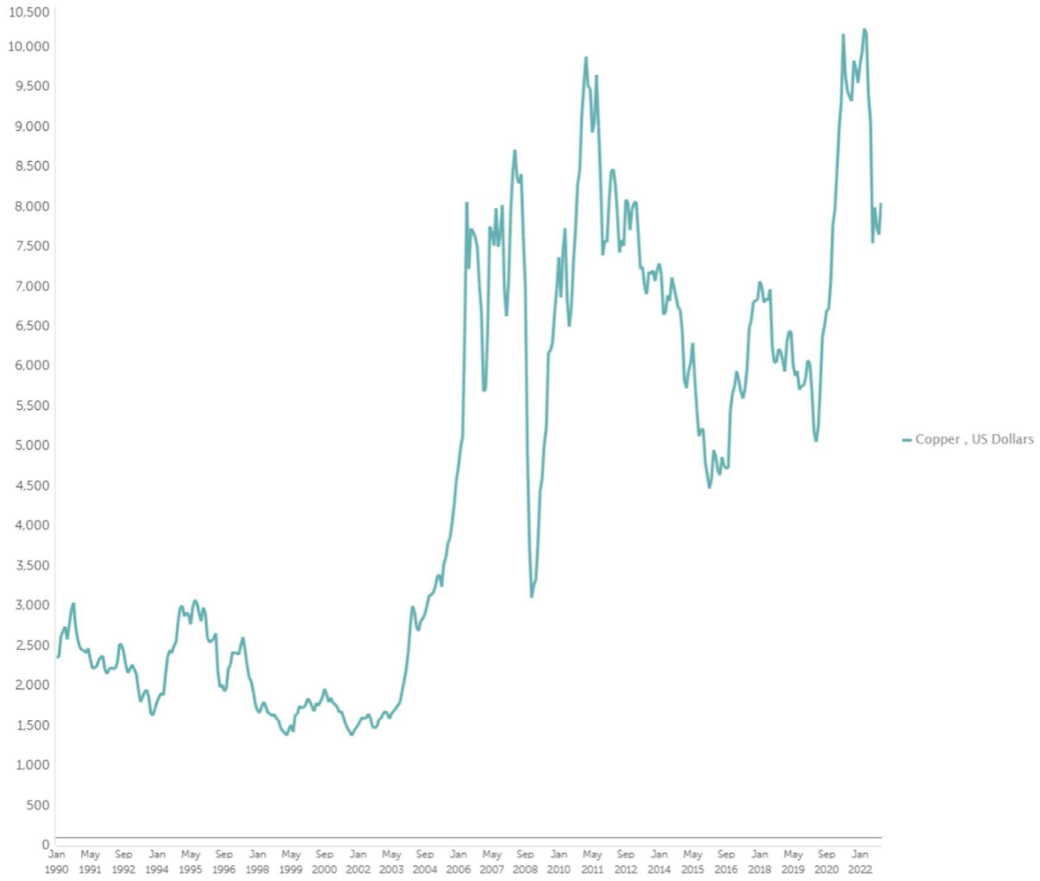


International economic conditions, and GRZ's ability to utilise them to secure its objectives, changed considerably in the period 2005 to 2021. While DAC finance remained an option for the government, a range of other sources of money became available in this time. The first, and most important, economic change to impact GRZ's ability to expand its national policy space was the improving international copper price. Zambia's economy and government finances had long been reliant on its top export, copper (Cardozo et al, 2014; see also the chapter four of this thesis). For many years, the international copper price had remained relatively low

and constant (figure 5). In a relatively undiversified, and low-growth, economy, this limited the ability of GRZ to secure its objectives by directly funding policies. However, there was an uptick in the price, coinciding with HIPC completion, which would dramatically change the Zambian economy and bring in more revenue to the GRZ budget[39].

Figure 5: The international copper price 1990-2022, in US$

Source: IMF, 2023



[39] Although it should be noted that had the copper mines remained in state-ownership, the revenues generated by higher international prices would have been even higher.

International copper prices had begun rising around 2002, fuelled by demand from rapidly industrialising countries such as China and India (AFRODAD, 2016, p.2). The price rose between 2005 and 2011, dipping in 2009 as a result of the international financial crash but quickly rebounding (IMF, 2023). Copper exports generated revenues for the government, through company taxes, mineral royalties and export duties, as well as spurring GDP growth and the attractiveness of Zambia as an investment location. This also made DAC aid a smaller proportion of the budget (figure 1). Thus, changing international economic conditions made GRZ less reliant on DAC donor income. The imperative to trade-off other policy objectives to that of securing DAC revenue lessened – as will be seen in chapters seven and eight.

The international economic rise of China, and other G20 countries, also contributed to securing revenue for GRZ by increasing the number of sources of potential finance for projects. This change in the international economy provided Zambia with both additional finance, and providers who offered money under different conditions – giving GRZ an opportunity to expand its national policy space. Additional finance grew over the time period and came particularly from China. China provided Zambia with a number of loans: rising from US$68m in 2006 to US$577m in 2011 (Boston University, 2022). Furthermore, at FOCAC in December 2015, China announced a significant increase in funding support to Africa going ahead (Cheelo et al, 2016, p.5). Zambian loans rose to US$2.2bn in 2016 and US$2.1bn in 2017 (Boston University, 2022).

China was not the only non-Western country that emerged as a source of finance for GRZ. In 2010 a Western evaluation listed the Arab Bank for Economic Development in Africa, the Kuwait Fund, OPEC, India, Brazil and South Africa, alongside China, as sources of potential grants and loans for GRZ (OPM, 2010, p.66). In 2020 interviewees additionally noted Turkey, Israel, Russia and Saudi Arabia as all having growing interests in Zambia (interviews TT5, TT6, GRZ12, GRZ14, MP23, MP24, DAC29), although China remained the largest contributor.

This additional finance also provided GRZ with options about the conditions under which finance was accepted. Many interviewees argued that non-DAC countries such as China provide financing on different terms to the West, and that this was appreciated by GRZ (interview TT1, TT4, TT6, MP26, MP27, MP28):

> "I think China is being taken as one of those countries where they are seen to grow more closer to, maybe because of less conditions that they might attach in terms of accessing the resources. When I talk of conditions I talk about pre-conditions such as you need to ensure that democracy thrives, you need to ensure that the rule of law, and things that China does not use as a pre-requisite in order to support countries" (interview TT1).

Similarly, an Indian Embassy official argued that their assistance, although limited, was "demand driven and without any conditionalities" (interview G20-34). Furthermore, projects these lenders were willing to fund were often provided more

quickly and cheaply than traditional DAC sources (interview C2; Simumba, 2018, pp.24-5). Thus, changing international economic conditions resulted in not only an increase in the range of finance options available to GRZ, but also provided sources that came with different requisites. They provided the opportunity for GRZ to expand its national policy space, for example securing policy objectives in sectors unpopular with DAC donors, such as infrastructure. This will be further discussed in section 8.3.2.

The reclassification of Zambia from a lower- to a lower-middle income country in 2011 also improved GRZ's ability to secure revenue. It allowed GRZ to access the international financial markets (Eurobonds). GRZ issued its first sovereign bond in 2012, a second in 2014 and a third in 2015 (Nalishebo and Banda-Muleya, 2017, p.2), providing considerable financial resource to GRZ. However, Zambia was not designated a blend country by the World Bank, and therefore remained unable to access loans from the International Bank for Reconstruction and Development (IBRD) (Times of Zambia, 2011a; Times of Zambia, 2012a). Furthermore, while not be able to able to access IBRD loans GRZ also lost access to International Development Association (IDA) loans on concessional terms (World Bank, 2015a; interview TT13, TT19, DAC30). Thus, LMIC status had contrary impacts on GRZ revenue objectives; opening up the opportunity to borrow on global markets without conditionality, but making finance from the World Bank more expensive.

A final condition which shaped Zambian national policy space between 2005 and 2021 was international economic shocks. These had both short- and longer-term impacts on how GRZ has been able to procure finance to expand its national policy space, as well as impacting on the domestic economy and thus the ability to collect revenue locally. The 2008 financial crash had a short-term impact on exports (figure 6) and prices (figure 5), both of which quickly rebounded. However, in the medium-term this event also resulted in changing stances from many DAC donors who implemented austerity policies domestically and retreated financially from the development sphere or became more focused on value-for-money and their national interest (Mawdsley et al, 2014, p.29). Furthermore, as will be discussed in the next section (6.3) on international ideological conditions, the crash raised concerns in the international ideological sphere about the DAC donor model of development and thus contributed to an expansion in the perceived ideological options available to GRZ.

Figure 6: Zambian exports of goods and services 1994-2021

Source: World Bank, 2023a



Similarly, the international shock of COVID-19 led to a sudden contraction of the Zambian economy, with negative growth in 2020 (Geda, 2021, pp.5-7). This resulted in lower government revenues (Geda, 2021, p.8) and prompted GRZ to develop a support package for the economy (Geda, 2021, pp.16-7). COVID-19 also had an impact on the availability of finance from G20 countries, with the Chinese economy (for example) slowing as a result of the pandemic. Both the number and value of Chinese loans to Africa "decreased dramatically" (Hwang et al, 2022, p.2) in 2020, which was "likely due to the COVID-19 pandemic" (Hwang et al, 2022, p.11). International economic shocks thus made it more difficult for GRZ to secure

its policy objectives, because of their impact on copper exports and revenues, and the availability of other sources of international finance.

6.3 International ideological and institutional conditions and how they changed

International ideological and institutional conditions, while secondary to economic changes, also played a role in determining Zambian national policy space between 2005 and 2021. As was seen in chapter five, they particularly influenced DAC donor objectives, and their strategies to secure these in Zambian policy processes. At the beginning of the period, international conditions provided a dominant DAC donor ideological framework with regard to development. Governments were encouraged to pursue policies of fiscal discipline, good governance and poverty reduction, while their interactions with donors were mediated by the aid effectiveness agenda. This framework and broad policy prescriptions were supported by international institutions, such as the Millennium Development Goals and the Paris Declaration.

This section will argue that this ideological framework became more fragmented through the time period, as both the ideas failed to remain salient and also as alternative ideas about development emerged. It will focus its examination of international ideas on the areas which chapter five highlighted as being GRZ and donor objectives. It will contend, in particular, that China and other emerging G20 countries brought new ideas to the international sphere about the importance of

government action, infrastructure and growth, and the acceptability of debt, to countries wanting to 'develop'. The section will examine ideas of fiscal discipline and the acceptability of debt. Then poverty reduction and good governance, and their institutional forms, will be considered before ending with a discussion of aid effectiveness and pertinent international institutions.

Neoliberal ideas of fiscal discipline and a small state, playing only a supporting role in the economy, had dominated international ideological conditions since the 1980s. As section 5.3.1 demonstrated, DAC donors consistently believed fiscal discipline was important to poverty reduction in Zambia. Prior to 2005, ideas of fiscal discipline had found an institutional form, constituting a key plank of the HIPC programme. Zambia's Poverty Reduction Strategy Paper argued that "all interventions will have to be within the overall resource envelope in order to ensure fiscal and balance of payments sustainability" (GRZ, 2002, p.13). Released of the constraint of HIPC conditions, ideas about fiscal discipline were nonetheless prominent in the international ideological sphere, as a number of countries were released from their debts[40] and were urged to not return to high levels of debt[41]. The IFI's 2005 HIPC Completion document argued that Zambian debt would be sustainable if the government's domestic borrowing fell to near zero over the long

[40] For example, HIPC completion was obtained by Uganda in 2000, Tanzania in 2001, Ghana in 2004, Rwanda in 2005, and Malawi in 2006.

[41] For example, Uganda was urged to "remain fully committed to the adjustment program... the authorities should pursue their external debt management strategy in order to help safeguard the debt sustainability that would be achieved through the ongoing implementation of the structural reform agenda" (IMF, 1998). Malawi was told that "the key challenge is to sustain strong policies going forward. Domestic debt reduction should continue to be the cornerstone of fiscal policy" (IMF, 2006).

term (to 2023), and externally financed projects declined over the long term – and were primarily made up of grants (IMF and IDA, 2005, p.26). Donors encouraged this by providing budget support, which aimed to realise "improved fiscal discipline and macroeconomic management" (de Kemp et al, 2012, p.38) in recipient countries. DAC donors stepped away from exalting this policy as the need to improve Africa's infrastructure became more prominent[42]. However, ideas about fiscal responsibility would remerge towards the end of the period, particularly percolating around ideas about the merits of the Chinese presence in Africa.

Ideas around fiscal responsibility and the avoidance of significant debt were reiterated by Western governments in the international ideological sphere in response to the growth of credit available from China and other non-DAC sources. Western narratives, from both politicians and in the media, particularly emerged about Chinese 'predatory lending' and 'debt traps' (Lai et al, 2020, p. 110), with debt being a key point of their critique of the Belt-and-Road Initiative (Carmody et al, 2022, p.4). The US National Security Advisor, John Bolton, cited GRZ as a government in significant debt, with China "now poised to take over Zambia's national power and utility company in order to collect on Zambia's financial obligations" (Bolton, 2018)[43]. These narratives reached and were accepted by domestic Zambian audiences: in 2020 Afrobarometer found that nearly all

[42] For example, a 2012 Deloitte report argued that "Inadequate infrastructure remains a major obstacle towards Africa achieving its full economic growth potential. With Africa seen as one of the world's fastest growing economic hubs, meeting the demand for key infrastructure has been identified as a priority" (Pottas, 2013, p.2).

[43] Bolton's claims were denied by GRZ (Reuters, 2018a).

respondents thought that the government had borrowed too much money from China (Afrobarometer, 2020)[44].

Additionally, Chinese lending was critiqued as non-transparent. The IMF called for GRZ to make "continued efforts to enhance debt management and transparency" (IMF, 2019). One interviewee argued "this is where the initial IMF talks in 2017 broke down – it was about the opaqueness of the pipeline debt" (interview C2). Concerns about transparency were commonly seen as being about Chinese debt. A Zambian think tank argued that,

> "There is a severe lack of transparency over many key terms [of Chinese debt], including repayment, contracting obligations, project feasibility, and value for money and loan security. This lack of transparency makes it impossible to have a clear account of the implications of this borrowing for the public finances" (CTPD [Centre for Trade Policy & Development], quoted in the Lusaka Times, 2018a).

These narratives were additionally reiterated by the charitable sector, ActionAid arguing that it was "important for government to be as transparent as possible in all this debt restructuring process… especially with regard to the Chinese debts which have raised concerns from other creditors" (Lusaka Times, 2020a). Thus, ideas of fiscal discipline were reasserted through narratives critiquing both debt, and a key source of debt. They would be utilised by actors seeking to secure their

[44] To the question "Do you think our government has borrowed too much money from China, or haven't you heard enough to say?", 2.8% said No, 40.5% said Yes, 46.9% said Not Applicable, and 9.9% said Don't know. Of those responding Yes or No, therefore, 6.5% said No and 93.5% said Yes (Afrobarometer, 2020).

own objectives, particularly with regard to an IMF deal with GRZ and the terms on which this was settled.

The changing international ideological sphere, however, provided GRZ with credible ideas about development that focused less on the perils of debt. The international sphere contributed a 'Latin American model' of natural resource management[45]. More importantly, the rise of China and other G20 countries provided not only financial support to developing states such as Zambia, but also an alternative ideological model of development. One Zambian MP noted that the Chinese style of running their country had taken it from poverty to a middle-income country (interview MP27). This model focused on economic growth and industrialisation, and saw improving infrastructure as vital to development. It was both articulated and funded by China, but also by a number of other growing economies.

In 2010 the Seoul Development Consensus for Shared Growth contended that governments should focus on economic growth, and identified nine areas for action in developing countries, the first of which was infrastructure (G20, 2010, pp.2-3). It argued that developing countries needed to focus on "infrastructure, human resource development, trade, private investment and job creation, food security, growth with resilience, financial inclusion, domestic resource

[45] Fraser argues that "the Zambian state, unions, media and investors [were] well aware of efforts in Chile, Bolivia and Venezuela to re-work ownership, tax and wage structures" (Fraser, 2007, p.2).

mobilisation and knowledge sharing" (G20, 2010, p.12). The 2015 FOCAC Action Plan argued that "underdeveloped infrastructure is one of the bottlenecks hindering independent and sustainable development of Africa" (FOCAC, 2015). Similarly, the 2016 G20 Initiative on Supporting Industrialization in Africa and Least Developed Countries contended that,

> "It is a harsh fact that Africa and LDCs remain on the margins of industrialization and face structural weaknesses such as poor infrastructure, weak logistics and trade facilitation, slow regional integration and the absence of accreditation frameworks. These factors have contributed to the relative isolation of LDCs, low levels of private investment in industrial production and low levels of trade among the LDCs, particularly in Africa, which consequently leaves huge potential market not fully utilized. Without industrialization, it is unlikely that Africa and LDCs can meet the Sustainable Development Goals by 2030" (G20, 2016).

Thus, a model of development envisaging a greater role for the state in promoting development, and a focus on infrastructure, as well as the social sectors, emerged in the international ideological sphere.

International ideological conditions evolved to provide GRZ with a wider range of policy recommendations, and with them a potentially different attitude towards

debt. China's post-1978[46] economic growth has been characterised as being produced by "debt-fuelled infrastructure investment and the formation of export-oriented manufacturing clusters" (Carmody et al, 2022, p.5; see also Jones and Hameiri, 2020). The Chinese position on debt was that "productive investment, while increasing debt ratios in the short run, can generate higher economic growth, fiscal revenue and export" (PRC, 2019, p.4). Chinese officials therefore saw how debt is spent (consumption or investment) as key to debt sustainability (Brautigam, 2022, p.1351); they viewed the IMF and World Bank's Debt Sustainability Framework as "constraining, imbued with overdue repayment concerns" (Tekdal, 2022, p.603). These ideas found traction in Zambia: one PF MP argued that "if you want to develop a country, you need to borrow" (interview MP24). Furthermore, it would allow GRZ to keep borrowing from China after the IMF had raised concerns about its fiscal position: thus giving GRZ more 'choices' and expanding national policy space.

China, and other G20 countries, not only supplied states such as GRZ with finance, but also saw this investment as crucial to their economic transformation. They provided GRZ with ideological tools to counter ideas of fiscal responsibility and debt unsustainability – including launching a BRI debt sustainability framework in 2019 to rival that of the World Bank and IMF[47]. The evolution of international

[46] China post-1978: Beginning in 1979, the Chinese government's "radical economic reforms marked the first fundamental attempts to change the command economic system since the Yugoslav reforms of the 1960s" (Naughton, 1995, p.3).

[47] This framework was established as an ideological rival: "This debt sustainability framework based on the IMF/World Bank Debt Sustainability Framework for Low Income Countries (hereinafter referred to as

ideological conditions provided GRZ with a greater range of tools to secure its policy objectives and thus expand national policy space. This has also been seen in Ethiopia, where the contrasting attitudes of China and the IFIs to debt expanded national policy space when the World Bank was reluctant to finance projects (Kragelund, 2015, p.252).

As with fiscal responsibility, poverty reduction and good governance were key ideas throughout the period 2005-2021, utilised by actors (particularly DAC donors – see section 5.3.1) to assist the securing of their own objectives in policymaking. They were also supported by international institutions at the beginning of the period; over time this link disintegrated. Their resonance particularly reduced after the 2008 financial crash (Hickey, 2012, p.685). They became increasingly untethered to international institutions, as a greater range of conceptions about poverty and governance surfaced in the international ideological sphere.

In the 1990s, poverty reduction and good governance had become key ideas for DAC donors and the IFIs (Hickey, 2012, p.683; Hickey, 2013), available as tools to assist securing their policy objectives. After 2005 poverty reduction to permeate Zambian policymaking, with budget support in Zambia (as for many other aid-recipients) from 2005 being titled 'Poverty Reduction Budget Support'. The idea was supported by international institutions - first the MDGs (Fukuda-Parr and

LIC-DSF), *as well as the national conditions and development stages of BRI countries*, we formulate this debt sustainability framework with the aim *to promote sustainable economic and social development of BRI countries* while ensuring debt sustainability" (PRC, 2019, p.1) (italics author's own).

Hulme, 2011) and, since 2015, the SDGs (Fukuda-Parr, 2016) – attempting to provide a form of external enforcement by operationalising poverty reduction in specific sets of targets (Gore, 2010, p.71). Poverty reduction particularly influenced donor objectives (section 5.3.1). Lavers (2015, para18.20) has connected the poverty reduction approach, and increases in spending on social services, to the core assumptions of the Washington Consensus and reducing funding to production sectors. However, as GRZ and DAC donors took different ideological approaches to poverty reduction it would increasingly limit their ability to work together. Furthermore, as chapter five demonstrated, it prevented the dynamic of the relationship between DAC donors and GRZ from evolving by fore fronting the donor objective to reduce poverty.

The permeation of policymaking with the poverty reduction norm was most visible in the period immediately after 2005. Both GRZ and DAC donor actors claimed adherence to the MDGs, and funds were funnelled to sectors relevant to their achievement. For example, in 2005 a GRZ progress report noted that "achieving the Goals by 2015 remains a big challenge for the Government" (GRZ, 2005a, p.iii) but argued that GRZ was "committed to reverse the trend of the indicators that show a negative development, speed up progress in areas where more efforts are needed and do better than the targets for 2015 where it can" (GRZ, 2005a, p.iii). DAC donors made comparable commitments. For example, Japan (through JICA - Japan International Cooperation Agency) made the MDGs "a priority in its mid-term goals (October 2003-March 2007)" (JICA, 2006, p.8) and monitored the share of its

assistance directly and indirectly related to the MDGs (JICA, 2006, p.11; see also Raposo and Potter, 2010, pp.193-4). Similarly, a 2008 World Bank health grant was "motivated by inadequate progress to achieving MDGs 4 and 5 targets" (Friedman et al, 2016, p.3). Chinese actors also emphasised the need to meet the MDGs, with the MDGs being repeatedly mentioned by Premier Wen Jiabao in his 2009 FOCAC speech. Thus, poverty reduction, when supported by the MDGs, was a relatively tight agenda which could draw in support from a wide range of actors.

The SDGs encompassed a broader agenda than the MDGs, but continued to incorporate "ending poverty as a core objective" (Fukuda-Parr, 2016, p.45). They were less pervasive in Zambian policymaking but were incorporated into official documents. A Zambian consultant noted that GRZ had been assisted by UNDP in writing the National Development Plans, who had been largely neutral and "didn't come with any ideology" (interview TT4; see also interview DAC9). However, "if they had any interest it was to ensure that the UN indicators [were incorporated] – so they have moved from MDGs to SDGs. And so, you find that there is quite a lot of thinking about SDGs within the [seventh] National Development Plan" (interview TT4). DAC donor officials also cited the SDGs as part of the official shared agenda of donors and GRZ (interview DAC15), although as frequently they fell back on "poverty reduction" (interview DAC15, DAC33) as their key objective. Thus, the SDGs were less useful to either GRZ or DAC donors as tools to secure their objectives and they can be seen as part of a fragmentation of the ideological

sphere. As these donors perceived their objectives as less likely to be secured through utilising the SDGs, GRZ's ability to secure their funding contracted.

The SDGs both provided GRZ with the opportunity to have more control over its policy agenda, and contracted GRZ's ability to secure donor funding to achieve those policies. While DAC donor and GRZ objectives could remain formally aligned, there was greater room for priorities to diverge and for policies to be justified by GRZ on their basis. For example, agricultural subsidies were citied in GRZ documents as a "a tool for achieving household and national food security" (GRZ, 2020a, p.24) and thus means to meet the SDGs. However, such donors critiqued subsidy policies on the basis that they do not sufficiently benefit the poor, and therefore refused to fund them (interview DAC15): utilising the language of the SDGs did not secure donor funding, thus meeting GRZ's revenue objectives, as the MDGs had done.

Good governance norms were also an influential international ideological framework shaping Zambian policymaking by influencing the dynamics of the relationship between GRZ and its DAC donors. Good governance became a major aspect of Western development assistance in the 1990s. As Grindle argues, "international development agencies created departments of governance, employed a small army of governance advisors and researchers, included governance components in their assistance packages, and increased funding for good governance initiatives" (2010, p.1). In Zambia, DAC donors funded a Task

Force on Corruption, the Anti-Corruption Commission and the Office of the Auditor General (NORAD, 2011, p.xvi). The agenda continued to shape donor objectives in Zambia, with a range of DAC donors citing governance as one of their key aims in the country (interview DAC9, DAC29, DAC30). A number of Zambian informants also reflected these ideas about governance (interview TT7, C8, C11, TT13, MP26, MP27), one arguing that "everything stems from our governance issues" (interview TT7). However good governance lacked support by international institutions. Its influence was tied to the ability of DAC donors to secure their objectives; it did not gain significant traction with GRZ and was not used to expand national policy space. Nonetheless it impacted on donor perceptions of GRZ and thus on GRZ's ability to secure their funding, particularly as GRZ's aid dependence reduced.

The final international ideological condition that will be discussed is the aid effectiveness agenda, and its institutional embodiments in the 2005 Paris Declaration and 2008 Accra Agenda for Action, and the 2011 Busan High Level Forum. The Paris Declaration foregrounded discussions of aid effectiveness, particularly country ownership and donor harmonisation. It elevated aid modalities such as budget support, which most recipient countries (including Zambia) professed to prefer (interview DAC9, GRZ16; de Kemp et al, 2012, p.3; Times of Zambia, 2012b; GRZ, 2011a, p.17). Thus, the aid effectiveness agenda improved GRZ's ability to secure DAC donor funding, and in its preferred modality.

The Declaration also encouraged DAC donors to coordinate more: one long-term donor employee (interview DAC33) argued that Paris had prompted DAC donors to stop meeting Ministries separately and instead conduct joint meetings, as well as spending more time on consultation. Similarly, a GRZ finance official argued that the Paris Declaration had been very significant and had brought Ministries together to deal with donors (interview GRZ14). The new modality was also accompanied, according to its "intervention logic" (de Kemp et al, 2012, p.36; see also Faust et al, 2012), by "policy dialogue, conditionality, and technical assistance (TA) and capacity development" (de Kemp et al, 2012, p.36). In Zambia High Level Policy Dialogue meetings were put in place enabling donor access to senior civil servants, although this declined over time according to the Ministry of Finance (GRZ, 2011b, p.ix). Thus, while securing GRZ revenue, the aid effectiveness agenda resulted in DAC donors entering policymaking processes and having tools to secure their own objectives.

The Busan High Level Forum in 2011 was seen by DAC donors as bringing "greater focus on results, accountability and transparency in development cooperation, as well as broader participation by the private sector and civil society" (Government of Finland, 2014, p.7). As a result, a Mutual Accountability Framework was signed between GRZ and DAC donors in 2012-3. The Mutual Accountability Frameworks for the Education and Skills Development Sector and Health Sector (GRZ 2012a, 2012b) both reaffirmed the principles of the Paris Declaration and committed to those of Busan. However, Busan had moved away from aid effectiveness and

instead these donors embraced development effectiveness (Brown, 2020, p.1231). Budget support was phased out by those donors who had undertaken it in Zambia, part of a broader decline in the popularity of the modality (Swedlund and Lierl, 2020; Black, 2019, p.120). The rhetorical commitment to aid effectiveness and ownership (interview GRZ14, DAC36) continued but had less impact on DAC donor behaviour and was less useful to GRZ as a means of securing funding, particularly in the form of budget support.

This section has demonstrated that there was an increasing fragmentation of the international ideological conditions shaping Zambian national policy space between 2005 and 2021. GRZ had an expanding range of ideologies to utilise to secure their objectives. The development models of China and the G20 countries particularly emerged as alternative ideological options for Zambia. These models included different attitudes towards fiscal responsibility and debt, seeing infrastructure as key to growth. Nonetheless, the disintegration of the cohesiveness of the global development agenda made it more difficult for GRZ to secure funding by convincing DAC donors that they could secure their objectives by working with it. Furthermore, as the next section will demonstrate, it did not provide GRZ with tools to end the existing trade-off of GRZ objectives, and secure DAC donor funding in the absence of these donors being able to secure their own objectives.

6.4 International political conditions and how they changed

The final aspect of the theoretical framework is the impact of international political conditions on Zambian national policy space. As argued in chapter five, Zambia between 2005 and 2021 was perceived by DAC donors as strategically politically unimportant. Their focus increasingly shifted towards ideas of national interest, fighting terrorism, and tackling refugee flows. Zambia was not seen as an unstable country, a key security ally, or a source of refugee flows. For example, Zambia was singled out by the UK's Prime Minister Johnson as an example of foreign aid spending that did not contribute to British security (Johnson, 2020). Thus, GRZ could rely little on international political conditions to increase its leverage with DAC donors and expand its national policy space in the manner of Ethiopia (Fisher, 2013b), Rwanda (Beswick, 2013, Wilen, 2022) or Uganda (Fisher, 2013a, Titeca, 2021).

Nonetheless, as international political conditions shifted, Zambia and the wider African continent did have greater perceived strategic importance to non-DAC countries. Many countries were seeking friends on the continent. Soule (2020) has noted that a wide range of countries were beginning to hold Africa+ Summits[48]. She also notes that 320 embassies were opened in Africa between 2010 and 2016, with Turkey opening 26 (Soule, 2020, p.635) - Turkey opened an embassy in Lusaka in 2013. Other countries courting Africa and Zambia, as seen in section 5.2.1,

[48] Soule (2020, p.633) notes Russia in 2019 and 2022, the UK in 2020, the Middle East in 2020, France in 2020, Turkey in 2020, and FOCAC.

included Israel and Russia. However, China was GRZ's and Africa's most prominent expanding diplomatic and economic relationship.

China courted the continent through the regular Forum on China-Africa Cooperation (FOCAC), first held in 2000 – all of which were attended by Zambian Presidents. By 2021 138 countries had joined China's Belt and Road Initiative - including Zambia in 2018 (Council for Foreign Relations, 2021). This had both economic and political advantages for the participants. For example, the Beijing Declaration, agreed by 53 African countries and China, included African support for "the one-China principle, and their [African members] support for China's reunification and China's efforts in resolving territorial and maritime disputes peacefully through friendly consultation and negotiation" (FOCAC, 2018)[49]. There was a political wooing of Zambia actors: links between party officials in each country have been established (interview DAC30). And a range of political figures were invited to visit China. For example, after the 2016 election, Zambian Provincial Ministers flew to China and as a result there were provincial expos (interview DAC30). Another interviewee argued that:

> "… The whole of Africa has moved to China. So it's… it's not just Zambia. The whole of Africa has moved to China, and China is… is on a big… it has a big agenda. And suddenly it sees Africa as one… Africa is in play. As far as China is concerned. It wants allies and Africa is one of the

[49] Indeed, Dreher et al found that countries that do not recognise Taiwan received, on average, 2,763% more official Chinese finance than those that did (2018, p.187).

> easiest to get, because it [China] has money. It has a lot of money. It is willing to spend. Money which the traditional donors do not have" (interview TT4).

Thus, China was not only a source of ideas and finance for development, but also a player with political ambitions that needed allies. This provided GRZ a potential source of leverage in negotiations with China, and the possibility of securing objectives in policymaking beyond that of revenue. China's eagerness to engage with Zambia will be seen in chapter seven, particularly surrounding the rise to the Presidency of Sata, who had made campaign speeches criticising China and expressing pro-Taiwan sentiments and yet was able to secure continued funding from China after his election.

These sections (6.2-4) have shown how the international conditions which shape Zambian national policy space changed between 2005 and 2021. It has argued that there was an increase in the economic and ideological options available to GRZ. However, as ideological options proliferated, they became increasingly detached from international institutions. Institutions such as the MDGs had provided GRZ with a means to secure donor funding; the SDGs, meanwhile, increased GRZ's ability to secure control over policymaking but did not improve its ability to secure donor funding. Finally, it has argued that Zambia was perceived by GRZ to be more important politically to non-Western countries than to DAC donors. Furthermore, these non-Western countries were increasing seeking to build relationships in

Africa and this improved the ability of GRZ to secure funding from them and thus expand its national policy space.

6.5 Domestic conditions and how they changed

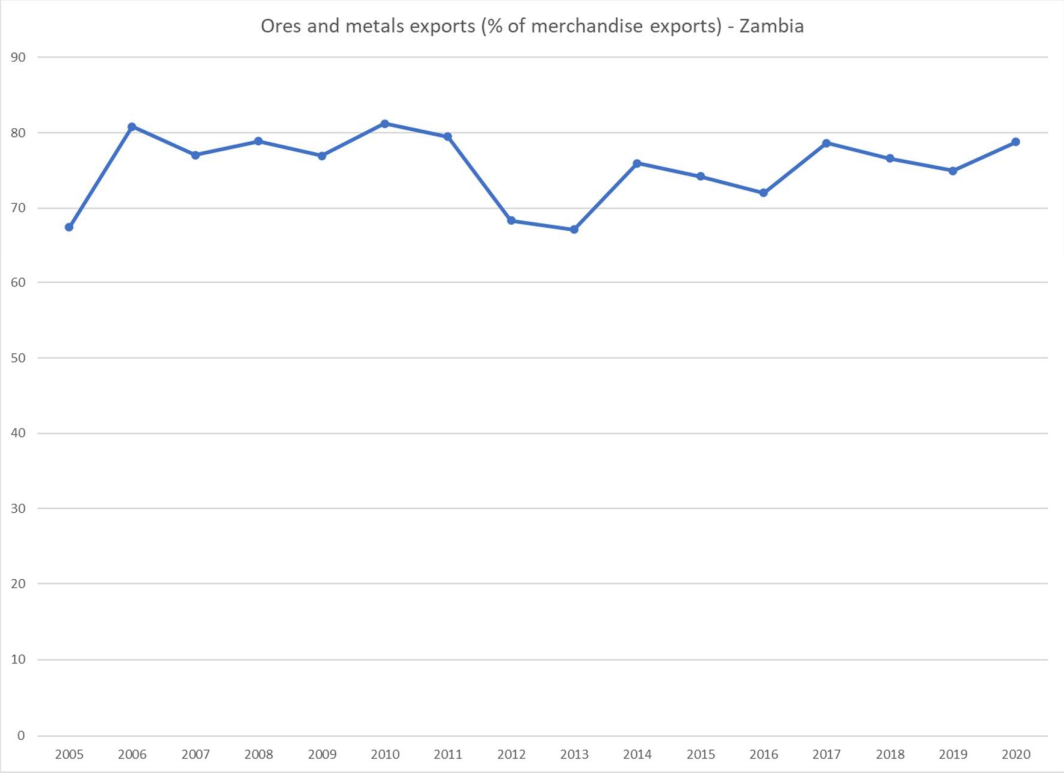
This section will examine the relevant domestic conditions - economic, ideological, institutional and political - to changing national policy space in Zambia 2005-2021. It will argue that key to how GRZ sought to expand national policy space in this period was an insecure elite with short term horizons that result from domestic political conditions.

The section will first contend that Zambia's domestic economy was important to national policy space: with a dependence on a single commodity export and a perception that domestic revenues could not be substantially raised (section 5.2.1), Zambian national policy space remained tethered to international economic conditions. Secondly, it will examine domestic ideological and institutional conditions. Two key strands of thought will be identified: a populist strand – with an emphasis on sovereignty and nostalgia for the Kaunda era - and a more technocratic stand – with greater influence in the bureaucracy and in institutions. Finally, and most importantly, the section will examine domestic political conditions. It will be argued that highly competitive elections resulted in an insecure political elite with short term policy objectives. Chapters seven and eight will particularly reflect on this as a key influence on how GRZ sought to expand its national policy space.

Firstly, the structure of the Zambian domestic economy was relatively undiversified and reliant on copper – its sole major export (Carmody et al call it a "mono-economy" (2020, p.122)). Ores and metals exports – primarily copper - were a large, and consistent, share of overall Zambian exports (figure 7). This shaped national policy space between 2005 and 2021 as government revenues were dependent largely on this industry, which in turn depended on international copper prices.

Figure 7: Ores and metals exports (% of merchandise exports) 2005-2020

Source: World Bank, 2023b



Furthermore, this dependence had political implications. It provided copper companies with a source of leverage in policy discussions (Hinfelaar and Achberger, 2017, p.18), limiting GRZ's ability to secure its revenue objectives particularly vis-à-vis taxation (section 7.4). Moreover, people living on the Copperbelt were highly dependent on its price and production (Fraser, 2010, p.1) – further limiting the extent to which GRZ perceived it to be possible to increase revenues from this source. Nonetheless, the presence of exploitable natural resources including copper compounded the interest of China and other G20 countries in Zambia. Copper made Zambia one of the leading recipients of Chinese foreign direct investment (Lee, 2017, p.25; interview DAC30), and Zambian actors appreciated this aspect of the relationship (interview TT1, MP22).

Zambian national policy space was also determined by the openness of the Zambian economy. Since independence, Zambia had "extreme exposure to unstable global commodity prices" (Fraser, 2010, p.6). Zambian exposure to other international economic shocks (section 6.2) increased as Zambian exports grew (figure 4), and particularly shocks which hit its largest export partners: Switzerland and China[50] (for a discussion of the Swiss role in Zambia's copper sector, see Dobler and Kesselring, 2019). An economic slowdown in 2015 was attributed by GRZ to slowdowns in China and the Eurozone (Siachiwena, 2017, p.12). Similarly, the

[50] In 2005 top five export partners were (in order, * indicates a greater than 10% share of exports) Switzerland*, South Africa, China, DRC (Democratic Republic of Congo) and Thailand. In 2011 they were Switzerland*, China*, South Africa, DRC and the UK. In 2015 they were Switzerland*, China*, Singapore, DRC and South Africa. In 2020 they were Switzerland*, China*, DRC*, Singapore* and South Africa (WITS, 2023).

impact of the COVID-19 pandemic was exacerbated by Zambia's open economy (see section 6.2).

An open domestic economy, and a dependence on copper, tethered Zambian national policy space to international economic conditions. Similarly, Zambian ideological conditions drew on international ideas to gain traction in both GRZ and the broader population. However, ideological conditions also had a greater temporal element, drawing on Zambian history and in particular Kaunda's reign to imagine possible Zambian futures.

There were two key strands of thought in the Zambian domestic ideological sphere, which impacted on national policy space between 2005 and 2021. Firstly, domestic ideological forces had a key populist strand. These ideological ideas have long roots, back to the Kaunda era (see chapter four). They broadly favoured state-led development, and rhetorically focused on nationalism, sovereignty and nostalgia for the Kaunda period. These ideas particularly come the fore the during election periods but were also important to GRZ perceptions about changing international conditions (section 5.2.2). Secondly, there was a strand of thought in Zambia that was more technocratic, and focused more on fiscal responsibility, the private sector, and anti-corruption. This strand was partially domestically institutionalised through state institutions, and in civil society, and at times also shaped the objectives and actions of Ministers and bureaucrats. It declined, particularly from

2011, as political actors manipulated the state apparatus to ensure the primacy of their own objectives.

Zambia's populist ideological strain was grounded in concerns about the economy, poverty and inequality and favoured state-led development, high employment, and opposing liberalisation and privatisation. The liberalisation and privatization processes of the 1990s and early 2000s had been domestically unpopular and were seen as poorly managed and associated with corruption (interview TT19). Afrobarometer (2005) found unemployment to be 30% of Zambian's top concern, followed by 20.7% concerned with poverty and destitution. In 2005, as the copper price rose, workers at Konkola Copper Mines (KCM) demanded a 100% pay rise and took unofficial strike action (Larmer and Fraser, 2007, p.618). These popular concerns were articulated in the public arena by Sata and PF, in the 2006, 2008 and 2011 election campaigns, and demonstrated a threat to MMD leaders in elections. The Post reported Sata saying:

> "What has happened at KCM is just the tip of the iceberg. PF will bring back the same militancy that existed in the mine unions during the days of the late Lawrence Katilungu [pre-independence trade union leader] and Justin Chimba [Minister under Kaunda], just to fight corruption" (Post, 2005a).

The PF candidate for president threatened a general strike, accused Mwanawasa of corruption, and called for Zambia to benefit more from high copper prices (Post, 2005a). This political and ideological threat fed into GRZ leadership perceptions

about securing their political survival, and therefore shaped GRZ's objectives (section 5.2.1).

Sovereignty and political ideas that "at some point we must stand on our own feet" (interview 24) also existed in the domestic Zambian populist sphere. Afrobarometer (2020) found that 73.4% Zambians felt that as an independent nation, Zambia should finance its own development. Foreign influences were often regarded as malign, and economic grievances stoked nationalist discourses, particularly against Chinese investors – whom Sata called "infestors". Ng'ambi argues that there were "prevailing feeling[s] of resentment, largely due to the fact that foreign mining companies were perceived as making exorbitant profits at the expense of the Zambian people" (2022, p.10). Negi (2008) similarly points to resource nationalism as a significant strain of thought in Zambia.

As a result of its domestic potency, nationalism and ideas about sovereignty would influence national policy space between 2005 and 2021. In particular, in opposition Sata attempted to use them to attack the MMD government. In government, he remained keen to highlight his nationalist credentials, berating former-American President Bush on his visit to Zambia in 2012 for his late arrival to meet Sata, and calling his philanthropic work "payback time for colonialists" (Puta-Chekwe, 2017, p.168). The influence of these ideas was more limited after Sata's death, however ideas about sovereignty and concerns about foreign influences in policymaking would also influence how President Lungu (and, previously, to a lesser extent

Banda) perceived changing international economic and political conditions (section 5.2.2).

Both the themes of sovereignty and state-led development were also reflected in a domestic nostalgia for the post-independence era under Kenneth Kaunda. Kaunda was seen as a powerful figure, who had maintained Zambian sovereignty and under whom the economy, including the mines, had been in national control. His enduring wide appeal can be seen in Sata's courting of him, to draw on his legitimacy for the role he played in independence (Puta-Chekwe, 2017, pp.102-3; Sishuwa, 2017), and to counter Kaunda's claims that Sata was "not Presidential material" (Kaunda, quoted in Mwewa, 2019, p.40).

Furthermore, discourses about corruption also often resulted in ideas about the situation having been better under Kaunda, and in a nationalised economy. One UPND MP described PF in government as having a "thought process is like UNIP… But with a big difference… Under UNIP systems and procedures were very strong" (interview MP25). Similarly creating the Industrial Development Corporation was described as going "back to UNIP days of having a central holding company" (interview MP25). Also reflecting this nostalgia, one interviewee argued that while the President would talk about sovereignty, it was "understood in a 1960s/1970s way[51]" (interview C8). Finally, there was a domestic sense that history was

[51] This interviewee made a comparison between sovereignty in the contemporary, globalised world and that in the 1960s/70s, in the years following independence.

returning to the international conditions under Kaunda (interview MP26) – not just because of China's presence, but also that of Russia and India. This nostalgia shaped GRZ objectives as leaders conceived of Zambia re-establishing its place in the world by moving away from being an aid recipient and becoming more independent and courting multiple countries (see section 5.2.3).

There was a second strand of domestic thought that was more technocratic, neoliberal and focused on fiscal responsibility. At the beginning of the period, donors invested heavily in state institutions and this empowered groups of technocrats in institutions such as the Ministry of Finance, and the Anti-Corruption Commission, as well as local think tanks and research capacity. This was reinforced by technocratic ministers, particularly under Mwanawasa. The influence of civil society and technocratic bureaucrats declined over the period, particularly with a politicisation of the bureaucracy which increased after 2011 (Cheelo and Hinfelaar, 2021, p.3). Nonetheless, these ideas remained in the ideological sphere. Towards the end of the period, an increasing part of the population (15.3% - Afrobarometer, 2020 up from 6% - Afrobarometer, 2014) thought that management of the economy was the most important problem facing the country. One Zambian consultant noted that,

> "In the 80s on the streets of Zambia… IMF was seen as a pariah. You can't talk about the IMF. You really go to the IMF only when you are on your knees. But, you know, the last 3, 4 years, now, a lot of intellectuals

started calling for Zambia to reach a deal with the IMF. And there was no push back" (interview TT4).

Under Mwanawasa, and to an extent Banda, these ideas increased GRZ's ability to secure its objectives around fiscal responsibility, as bureaucrats in this Ministry secured their influence over other departments and were thus able to influence policymaking. Under Sata and Lungu these ideas were more prevalent in civil society and the political opposition. Furthermore, Sata and Lungu actively sought to repress the influence of these ideas in the bureaucracy to strengthen their ability to secure their objectives in policymaking (section 8.2.2).

Most important to determining GRZ objectives between 2005 and 2021, however, was domestic political conditions. Highly competitive elections resulted in an insecure political elite with short time horizons for policymaking. This insecurity was driven both by elections and by the relationship between Presidents and their parties – and particularly the king makers within those parties. This privileged the short-term objectives of politicians and contributed to negative donor perceptions of GRZ.

Zambia's democracy was an important influence on Zambian national policy space between 2005 and 2021, as politicians perceived a likelihood that they would lose power in the following elections. This had first been seen in 1991, when Kaunda had lost power in a democratic election. During the time period, there would be five Presidential elections – all tightly fought – and this resulted in an insecure

political elite. National policymaking was therefore determined by the need of Presidents to build a coalition of support sufficient to win those elections – often with short time horizons and a preference for visible achievements (section 5.2.4). This limited GRZ's ability to take strategic action to secure multiple objectives and thus expand national policy space.

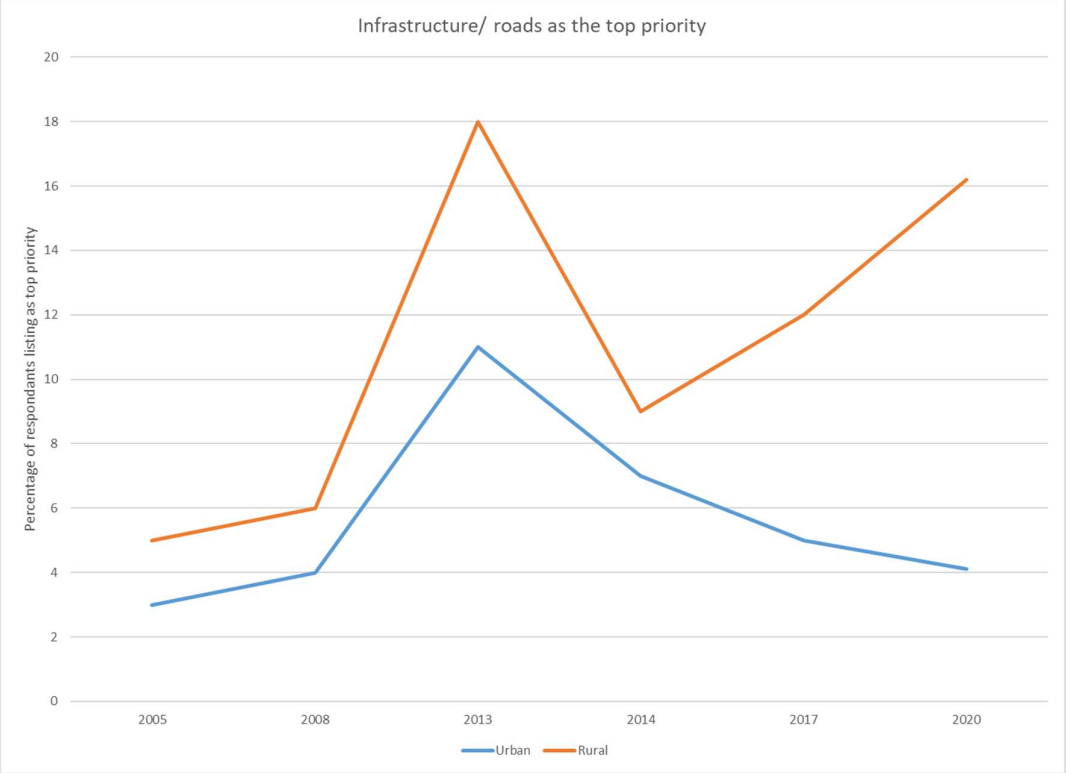
The wider Zambian political elite were also insecure: Parliament had one of the highest rates of turnover in Africa, with only around 30% MPs being re-elected (1991-2016) (Hinfelaar and Achberger, 2017, p.16). Thus, in addition to the President, the wider political elite was also focused on short time horizons, and the visibility of their achievements. These perceptions limited the expansion of national policy space by reducing the ability of GRZ to act strategically to secure its objectives in the longer term.

This insecurity focused politicians on meeting the concerns of the voting population, in particular through infrastructure and agricultural subsidies. Infrastructure rose up the agenda for the population through the time period. By 2013 it had become the most important issue facing the country for 15% of respondents – the second highest response after employment (Afrobarometer, 2013, p.46). Zambians saw infrastructure as a weakness, the development of which had been significantly constrained since the end of the 1970s (Puta-Chekwe, 2017, p.78).

Rural voters (section 5.2.4 highlights the GRZ leadership perception of their importance) particularly valued infrastructure: in 2020, infrastructure and roads were the most important issue to rural residents (16.2% respondents picking it as their top priority) compared with only 4.1% urban residents (Afrobarometer, 2020, p.12) (figure 8). It was similarly the most important issue for rural residents in 2017 (12%) (Afrobarometer, 2017, p.44). Voters were not the only ones who valued infrastructure. As Negi has argued, politically important Chiefs also prioritised it: "Chiefs are, for the most part, willing to exchange what are in effect their 'vote banks' for the promise of 'development', which means for them schools, clinics, roads, and so forth" (Negi, 2010, p.219).

Figure 8: Infrastructure as a key priority 2005-2020

Source: Afrobarometer (2005-2020)

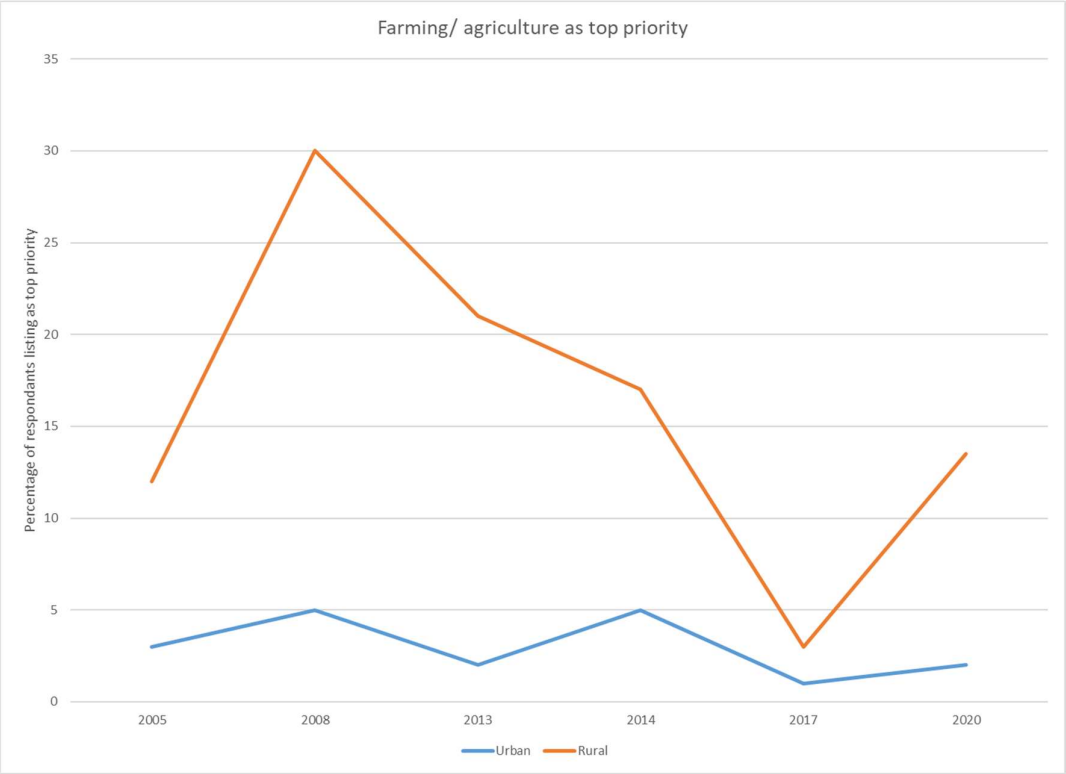


Alongside infrastructure, agriculture and subsidies were important to rural voters (figure 9). Furthermore, maize was important in the Eastern province, near the border with Malawi and where most maize was produced (Bandiera and Tsiropoulos, 2019, p.54). Eastern province was vital to Lungu's 2015 win (Siachiwena, 2017, p.11), as it had been to Banda in 2008. The issue could be also used by political opponents: there were protests at Copperbelt University and the University of Zambia after the threat of the removal of fuel and maize subsidies (Lusaka Times, 2013a). Chapter eight will demonstrate that this prioritisation

would allow subsidies to be maintained, but that this would have an impact on GRZ's ability to secure other objectives.

Figure 9: Agriculture as a key priority for rural voters

Source: Afrobarometer (2005-2020)



In conjunction with tightly fought elections, in Zambia between 2005 and 2021, intraparty politics were also a domestic condition determining GRZ objectives by contributing to the insecurity of political elites. Presidents needed the support of figures in their party both to gain the position, and to remain in the position. Mwanawasa's tenure was marked by his fight to establish dominance within MMD, and "he battled to legitimise himself and create his own brand of loyalists"

(Ntomba, 2016, p.36). Sata, meanwhile, was dominant within PF having founded the party. Nonetheless his illness[52] undermined this position, hindering his ability to govern and precipitating succession speculation within his party – impacting on policymaking:

> "The implementation of Sata's vision was subordinated to other 'priorities' as his close colleagues manoeuvred to influence the choice of his successor, should Sata cease suddenly to be President… The infighting became so intense that far from implementing change, President Sata found himself serving as custodian of the status quo" (Puta-Chekwe, 2017, p. 82; see also Fraser, 2017, p.458).

Nonetheless, Mwanawasa and Sata were relatively strong in relation to their parties and thus this condition played less role in determining the extent to which GRZ objectives could be secured, under their Presidencies.

This insecurity and need to appease figures within their party, shaping their interests and thus national policy space, can be seen to an even greater extent in the Presidencies of Banda and Lungu. Both Presidents Banda and Lungu gained their positions firstly through their selection by their parties as the candidate in Presidential by-elections, and thus owed their positions to 'king makers' within their own party. In particular, Banda's patronage network and willingness to do business with senior MMD 'king makers' (Times of Zambia, 2008a; see also Cheeseman and Hinfelaar, 2009, pp.59-60; Kabandula and Seekings, 2016, p.34)

[52] Sata was in a state of ill-health for most of his Presidency (Scott, 2019, p.217; Siachiwena, 2017, p.8).

were seen as key contributors to his selection as candidate. This would shape GRZ's objectives under Banda, including about domestic revenues from the mining sector. Furthermore, it would shape deteriorating DAC donor perceptions of GRZ, and thus make it more difficult to secure revenue objectives through aid.

Similarly, Lungu's path to his nomination by PF to the Presidency was, marked by serious party in-fighting (Goldring and Wahman, 2016, p.108) as he had "no real roots in the ruling party" (Simutanyi and Hinfelaar, 2018a, p.5). His eventual intra-party victory came through mobilising a "multi-patron coalition" (Siachiwena, 2017, p.1) which included a number of wealthy businessmen, and a reversion to a "more clientelistic politics than his predecessor" (Siachiwena, 2017, p.1). This coalition included former-President Banda, who endorsed Lungu and provided campaign resources including four helicopters[53] (Siachiwena, 2017, p.10). Divided parties resulted in an insecure elite and "ad hoc policy making, resulting in many policy reversals, as well as the side lining of MoF and other economic institutions" (Hinfelaar and Sichone, 2019, p.21), which limited the ability to GRZ to make strategic decisions to expand its national policy space. Thus, the relationship between president and party determined GRZ's policy objectives and skewed it towards more short-term policymaking. Furthermore, as section 5.3.2 argued, it shaped DAC donor perceptions of GRZ as they saw policymaking as being corrupt and politicians to be short-termist.

[53] Zambia is a large country and thus in Presidential elections successful candidates have needed access to financial resources, and access to helicopters, to transport themselves around for campaigning purposes.

The insecurity of the elite also contributed to the politicisation of the Zambian bureaucracy, because the elite prioritised short-term objectives over expanding national policy space in the longer term. By 2020 civil service was perceived politicised, with dissenting voices moved from their positions (interview TT6). In contrast, Permanent Secretaries were a politicised role throughout the period: "the Permanent Secretary level has been politicised forever" (interview C3). One Western consultant described working up a proposal with Zambian bureaucrats which was presented to the Permanent Secretary (around 2010),

> "Who just brushed it aside… when I look back on it, it was clear that he was not on board. And had a completely different agenda. And they [GRZ bureaucrats] were livid. I mean, I remember people walking out. It was quite dramatic" (interview C3).

Others spoke of the challenges of Permanent Secretaries being swapped (interview DAC36). As a result, "consistency has been the biggest challenge for politicians" (interview MP24), with the government not building on the previous regime and losing competence and capacity. This was seen as becoming worse under Sata and Lungu: Cheelo and Hinfelaar (2021, p.11) argued that there was bureaucratic decline from 2011. Furthermore, one interviewee described "parallel structures" within the government providing access to the Chinese government and companies (interview MP25). Politicisation increased the ability of GRZ leaders to achieve their objectives in the short term but constricted national policy space in the longer

term by contributing to a negative perception of GRZ held by DAC donors (section 5.2.3) and making aid revenue more difficult to secure.

This section has focused on the domestic conditions which influenced Zambian national policy space between 2005 and 2021. It has argued that weak and divided political parties in a democratic system have resulted in an insecure political elite. Presidents needed to establish themselves both within their parties and in the country, which shortened their time horizons and made visible achievements more important, contributing to a focus on the securing of short-term objectives. This section has also considered the role of an economy dependent on copper on national policy space, and two key ideological strands of thought in Zambia that have both played a role in shaping national policy space.

6.6 Concluding remarks

International conditions shifted in the period 2005 to 2021, and this had important impacts on Zambian national policy space and the ability of GRZ to secure its policy objectives. Internationally the economy provided GRZ with new sources of finance, often offered on different terms to DAC donors. These included a rising copper price, the (re-)emergence of China and other G20 countries, and access to commercial borrowing on the international financial markets. These new sources of money were accompanied by a re-emergence of ideas about the state, infrastructure, and fiscal expansion as being key to economic development. This reflects a wider trend across Africa, noted in the both the academic (Alves, 2013)

and grey literature (Foster et al, 2009), which has noted, particularly, a growth in infrastructure building because of the (re-)emergence of China and other non-Western lenders.

As international conditions provided GRZ with new sources of finance and ideas about development, the cohesiveness of development ideas fragmented and become less tethered to international institutions. As was seen in chapter five, this reduced the perception of DAC donors that they could secure their objectives by working with GRZ and thus reduced GRZ's ability to secure their finance. Nonetheless, GRZ's ability to secure its objectives in other policy areas increased as GRZ's dependence on aid reduced.

Furthermore, it has been demonstrated that DAC donors perceived Zambia to be relatively unimportant politically, which restricted GRZ leverage in these relationships. Chapter two highlighted a number of African states which had opened up national policy space because of their geopolitical importance. The ability of the Ugandan (Fisher, 2013a), Ethiopian (Feyissa, 2011), or Kenyan (Brown and Raddatz, 2014) states to maintain DAC aid flows rested less on meeting donor objectives and more because their perceived strategic political importance by these donors and their ability to leverage this strategically in negotiations. This was not the case in Zambia, and the ability of GRZ to realign its relationship with DAC donors remained limited.

This chapter has also placed importance on domestic conditions determining national policy space in the period 2005 to 2021. Key was an insecure political elite, which resulted from Presidential perceptions that they could lose the next election, and a need to maintain power within their political parties. The domestic economy also played a role determining national policy space, particularly in how it was interwoven with international economic conditions. The dependence of the economy on copper, in an era of increasing demand for copper and thus improving prices, made Zambia an attractive country for foreign investors – but also gave these countries and companies an outsized role in determining national objectives.

The following chapters (seven and eight) will examine the ability of GRZ to expand its national policy space, as articulated in chapter five, given the changing conditions discussed in this chapter. There will be separate focuses on GRZ's objectives of securing funding (chapter seven) and securing other objectives (chapter eight), given the trade-off perceived by GRZ in its relationship with DAC donors.

Timeline: Zambian national policy space 2005-2021

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
President	President Mwanawasa (MMD)				President Banda (MMD)				President Sata (PF)			President Lungu (PF)					
National policy space	**National policy space limited but expanding**						**National policy space most expansive**									**National policy space contracting**	
	21% of the GRZ budget from DAC donors DAC budget support: GRZ receives $100m			Windfall tax on mining companies imposed. IMF approves $79.2m to GRZ	Banda abandons windfall tax on mining companies. DAC budget support: GRZ receives $216m		11% of the GRZ budget from DAC donors Fiscal deficit 2.4% Corporation and PAYE tax cuts. Acceleration Program of Road Construction adopted	First Eurobond issued ($750m) Income tax threshold increased.	Fiscal deficit: 8.7%	Second Eurobond issued ($1bn) Loan from China Exim Bank for Kenneth Kaunda International Airport and Kariba North Bank dam Fiscal deficit: 9.6%	Third Eurobond issued ($1.25bn) Lungu announces reduction in mineral royalties. DAC budget support: GRZ receives none.	'Zambia Plus' launched	VAT changes announced.	End of SCT aid going through GRZ		November: GRZ defaults on some Eurobond debts	Construction on the Lusaka/ Ndola Dual Carriageway halted. Zambia joins the G20 Common Framework for Debt Treatment.
GRZ strategic documents	Fifth National Development Plan						Sixth National Development Plan						Seventh National Development Plan				
	Aid Policy and Strategy											Economic Stabilisation and Growth Programme ('Zambia Plus')	Medium Term Debt Strategy			Economic Recovery Programme	
Relationship with DAC donors and IFIs	HIPC Completion point reached Rapid expansion of funding for HIV/AIDS			IMF describes GRZ as "one of the showcases in terms of economic performance"	Corruption scandal in Health Ministry. Netherlands and Sweden immediately suspend aid.	Education and roads aid withheld on the basis of the health sector corruption scandal	Agricultural budget support ends		Denmark and the Netherlands close their Embassies		Increase in aid going to SCTs	GRZ engages the IMF to help tackle debts Norway closes its Embassy	August: IMF puts discussion on hold when GRZ's plans to borrow from China are unveiled.	SCT corruption scandal February: IMF puts discussions on hold as GRZ's borrowing plans are perceived as too ambitious. August: GRZ asks the IMF Country Representative to leave Zambia.	World Bank-IMF Debt Sustainability Analysis judges GRZ to be at risk of debt distress		

	GRZ transitioning away from DAC aid dependency				*GRZ not dependent on DAC aid but continues to receive funds*									*DAC donors largely stop funding GRZ*			
Relationship with non-DAC countries	Magande leads delegation to India		$80m loan from Exim Bank of India for upgrading a hydropower station		Following Sata's election China replaces its Ambassador, and Sata courts China.		Turkey opens Embassy in Lusaka; GRZ opens Embassy/ Consulate in Turkey; Saudi Arabia.		GRZ opens Embassy/ Consulate in Israel	Zambian Provincial Ministers visit China GRZ opens Embassy/ Consulate in South Korea	Lungu visits Israel India announces the Gandhi Convention Centre in Lusaka, Lusaka Decongestion Project and rural health posts.	Education budget support ends Zambia joins the BRI Beijing Declaration signed GRZ opens Embassy/ Consulate in Japan	Lungu visits India	GRZ opens Embassy/ Consulate in Morocco China Eximbank and China Development Bank provide deferments of principal and interest payments.	
Domestic conditions	Chinese loans: $0 Unofficial strike action at Konkola Copper Mines Sata (opposition) calls for a general strike	Chinese loans: $68m General election: Mawanawasa re-elected.	Presidential by-election; contested selection process within MMD. Banda elected.	Chinese loans: $659m	Chinese loans: $577m General election – Banda loses re-election; Sata elected.	Chinese loans: $110m	Chinese loans: $851m Protests at Universities after the threat of the removal of fuel and maize subsidies	Chinese loans: $205m Presidential by-election; highly contested selection process within PF. Lungu elected. Ministry of Finance and National Planning split in two		Chinese loans: $2.2bn General election – Lungu re-elected.	Chinese loans: $2.1bn	Chinese loans: $1.4bn Public Finance Management Act 2018			2021 General election – Lungu loses re-election.	
International conditions	Paris Declaration MDGs in place 2005-2015 Copper price is increasing		Western financial crisis. Fall in copper price, which rebounds. Mines quickly cut jobs during crisis. Accra Agenda for Action	Seoul consensus for Shared Growth	Busan High Level Forum Zambia achieves LMIC status GRZ gets positive ratings from international credit ratings companies				SDGs come into effect 2015-2030					COVID-19 pandemic			

Chapter seven:

To what extent was GRZ able to secure revenue between 2005 and 2021? How did the composition of this funding alter?

7.1 Introduction

Chapter five argued that GRZ consistently held an objective of securing revenue between 2005 and 2021. This chapter will examine the extent to which GRZ was able to secure this objective between 2005 and 2021, through examination of three types of revenue: DAC donor funding, other international sources of funding, and domestic revenue. It will argue that GRZ's ability to bring in funding from DAC donors declined through the period. However, GRZ's overall revenues did not decline as this loss was compensated for by other international sources of finance: non-Western countries, and the international markets. Domestic revenues also increased as the international copper price increased, although specific attempts to raise more domestic revenue were closely linked to domestic conditions. Furthermore, as will be demonstrated in chapter eight, these alternative sources of finance offered GRZ the opportunity to secure objectives that a reliance on donor funding made it difficult to achieve.

National policy space was most expansive in the years following 2011 when GRZ had greatest success balancing DAC donors and revenue from other international sources. However, these donors withdrew from funding the government during

this time. At the same time, the Zambian economy weakened as the international copper price fell (although not to pre-2005 levels) and GRZ's debts rose. This curtailed the ability of GRZ to secure domestic revenues. GRZ looked internationally to fill these gaps: China provided substantial funding and other actors allowed GRZ to secure some of its objectives. Nonetheless, these sources could not compensate for GRZ's reducing ability to secure other sources of finance – particularly when expenditure on debt-repayments was increasing (section 8.2.3).

7.2 Securing DAC donor funding: from a "vital financing source" (GRZ, 2011) to "stand[ing] on our own feet" (PF MP, 2020)

This first sub-section will examine the extent to which GRZ was able to secure its objective of securing funding from DAC donors in the 2005 to 2021 period. In this time GRZ moved from being 'dependent' on DAC aid (Fraser, 2009, p.299), to receiving minimal revenue from this source. Three periods will be highlighted. Firstly, a time of transition away from DAC aid dependency (2005-2011), particularly under President Mwanawasa, when funds remained important to GRZ. Secondly, an era when GRZ was not dependent on aid but continued to received DAC donor funds (2011-2018). Finally, a period when these donors largely stopped funding GRZ, and yet debt made aid once more desirable to GRZ (2018-2021). GRZ's strategies for attracting DAC donor funding were, throughout the period, based on GRZ perceptions that it was not strategically politically important to these donors, and thus finance was a trade-off with the ability of GRZ to secure other objectives

(see sections 5.2.1-2). Thus, while donor funding was always welcomed, when GRZ had other funding 'choices' it was less willing to subordinate other policy objectives to secure aid. This, in turn, made DAC donors less willing to work with GRZ and less funds became available to the government.

During the transition away from aid dependency (2005-2011), particularly under President Mwanawasa, GRZ perceived DAC donor funding to be important. To secure this funding, therefore, Mwanawasa prioritised anti-corruption and fiscal management, while GRZ actively sought to attract emerging funding, regardless of its priority to the government, and welcomed DAC donor influence in policymaking. GRZ was successful in these strategies, gaining both DAC donor funding and a proportion through the government's preferred modality, general budget support. Budget support was introduced in five policy areas: education, health, roads, agriculture, and water and sanitation. Although not all donors adopted the new modality (for example, USAID and JICA did not), financing for the modality increased from US$100m in 2005 to US$216m in 2009 (de Kemp et al, 2012, p.13)[54]. However, GRZ's strategies for obtaining this finance were driven by its perception, in a period when it was transitioning away from aid dependency, of the trade-off between securing finance and securing other GRZ objectives. Thus

[54] A full list of budget support disbursements by donor between 2002 and 2010 can be found in de Kemp et al, 2012, p.65. In 2005 GRZ received US$100.3m in budget support, the biggest donors being the European Commission (US$65.4m) and the United Kingdom (US$28.4m). In 2009 (the year of highest budget support) GRZ received US$215.6m. Its biggest donors were the European Commission (US$109.6m), the United Kingdom (US$48.6m) and Norway (US$25.1m). In addition, there was a budget support loan from the AfDB (US$23m) in 2009.

national policy space remained limited, as GRZ made a strategic trade-off between objectives.

Firstly, Mwanawasa personally courted DAC donors by positioning himself as a model African leader who prioritised a number of key donor objectives. This strategy had begun prior to HIPC debt relief when GRZ was aid-dependent (section 4.5). Mwanawasa's donor-pleasing stances included a high-profile corruption battle, fiscal responsibility, and a role as a regional liberal leader. His commitment to anti-corruption was publicly high (interview MP26; NORAD, 2011, p.15; Chene, 2014, p.2) as he sought to improve his government's reputation. The 2005 Aid Policy and Strategy even promised that "because of the high value that the Government gives to its war against corruption, it shall look at possibilities of having the anti-corruption drive grounded in the Republican Constitution" (GRZ, 2005b, p.27) (this did not happen). Donors appreciated this, arguing that the fight against corruption and economic management gave them confidence to provide funding (Hooper et al, 2008, p.5; OPM, 2007, p.35). Donors were even perceived by some in civil society as being *too close* to Mwanawasa in their support for his anti-corruption strategies (NORAD, 2011, p.59). Similarly, donors lauded Mwanawasa's economic policies: the IMF described GRZ as "one of the showcases in terms of economic performance" (Times of Zambia, 2008g).

Secondly, GRZ positioned itself to receive all DAC donor funds, whether or not it was in line with domestic priorities. To do this GRZ utilised two key strategies.

Firstly, government documents throughout the period were broad and lacked prioritisation, allowing DAC donors to label any projects as in line with the government's priorities. For example, the creation of the National Development Plan in lieu of a PRSP did not make it more focused. The Fifth National Development Plan (GRZ, 2006a) covered all aspects of development, had little strategic prioritisation, and thus positioned GRZ as willing to receive any DAC donor money. It ran to 400 pages (the PRSP had been 200) and included *two* chapters on 'goals and strategies': the first of which emphasised growth, jobs and infrastructure, the second (with a high alignment with DAC donor objectives) on macroeconomic stability, social objectives, and governance issues. Donors were able to "cherry pick" (Fraser, 2009, p.320) want they wanted to pay for, thus securing their own objectives while GRZ acquired funding. This is a strategy that has often been by utilised by states who have been reliant on aid and lacking a political means to draw it in (for example, Mali and Ghana - see Brown, 2017, p.345).

Furthermore, GRZ actors actively sought to attract emerging sources of DAC funding, particularly looking to bring health funding into the country despite health not being a government priority under Mwanawasa (section 5.2.4). The Global Fund to Fight AIDS, Tuberculosis and Malaria had been established in 2002, and the USA Presidential Emergency Plan for AIDS Relief was launched in 2003. In 2004 President Mwanawasa declared HIV/AIDS a national emergency and later directed that all official speeches include the issue (Magande, 2018, pp.420-21), to attract funding in this area. This continued throughout Mwanawasa's tenure: the

opening line of the 2006 National Health Strategic Plan proclaimed that "Zambia is a country with a high disease burden, which is compounded by high poverty levels and HIV/AIDS prevalence of HIV/AIDS [sic]" (GRZ, 2006b, p.1). This strategy worked relatively well; donor funding going into HIV/AIDS more than doubled from US$3.5bn in 2005 to $7.8bn in 2008 (Kates et al, 2019, p.4)[55]. Nonetheless, within the social sectors there was an "increasing trend for earmarked resources" (GRZ, 2006b, p.73), and, particularly in health, spending became "increasingly off-budget" (Picazo and Zhao, 2009, p.xiii)[56]. Thus, GRZ was able to secure DAC aid by subordinating other objectives, particularly sectoral allocations (section 8.3) but also GRZ influence over how aid was spent. National policy space remained limited.

Finally, to secure DAC donor funding - particularly budget support – GRZ gave donors greater access to policymaking. In the 2005 Aid Policy and Strategy, GRZ pledged to "invest time and resources" (GRZ, 2005b, p.36) in capacity building, guidelines for donors, a coordination architecture, reporting and monitoring systems, and financial oversight and accountability (GRZ, 2005b, pp.36-7). Furthermore, in exchange for budget support, GRZ provided donors High Level Policy Dialogue to "strengthen mutual accountability… [and] assess progress against key mutually agreed milestones" (GRZ, 2011b, p.31, see de Kemp et al, 2012,

[55] Between 2008 and 2018 donor funding to HIV/AIDS then remained relatively constant (Kates et al, 2019, p.4).
[56] This was a trend that predated 2005. By 2004 just 59% of donor health expenditure went to the HRZ Ministry of Health (Picazo and Zhao, 2009, p.23).

p.66-69 for a full outline of policy dialogue in Zambia). This was explicitly linked to more funding. The Aid Policy and Strategy stated that it:

> "Presents the Government's political will to optimally utilise resources, generally, and those acquired from external sources, in particular, through improvements in Zambia's resource management capacity. To reciprocate this determination, the Government expects its cooperating partners to optimise ODA flows to the country" (GRZ, 2005b, p.33).

Thus GRZ sought to secure aid by subordinating its preference for day-to-day control of policymaking (section 8.4).

Thus, during the transition away from aid dependence (2005-2011) GRZ was able to secure its objective of obtaining aid by managing its image and allowing DAC donors access to policymaking. However, as chapter eight will demonstrate, this limited GRZ's national policy space as it was unable to secure other objectives. As a result, when – under Presidents Banda and Sata - GRZ no longer perceived itself as aid dependent, Mwanawasa's strategies faltered as securing other policy objectives became more important.

As a result of the growth of alternative sources of revenue, Mwanawasa's successors perceived GRZ to no longer be aid dependent (section 5.2.1). Thus, while aid remained welcomed by GRZ, the strategic need to subordinate other policy objectives reduced. The result of this was that while aid continued to come into GRZ, its amount reduced. The 2009 budget speech cited K2768.6bn coming in as

grants, of which K810.1bn was direct support (Musokotwane, 2019, p.19). By 2011 this had fallen to K1587.7bn in grants, of which K586.6bn was direct budget support (Musokotwane, 2010, p.21)[57]. In the 2015 budget, DAC aid had further fallen to K1213.59m[58] with zero general budget support (Chikwanda, 2014, p.22; see also Orth et al, 2018, p.66). The declining ability of GRZ to secure DAC donor funding after 2011 was both the result of changing international circumstances, with many donors slowly moving away from funding states, and DAC donors increasingly not perceiving working with the government to be the optimal means of securing their objectives (section 5.3).

Despite no longer being aid dependent, GRZ continued to appeal for aid. The Sixth National Development Plan stated that "development assistance will continue to constitute a vital financing source, especially in light of the development challenges facing Zambia" (GRZ, 2011a, p.16). Finance Minister Chikwanda argued to the World Bank that "Zambia was not able to finance the national budget using its locally-sourced finances despite being graded as a lower middle-income nation" (Times of Zambia, 2011d). Furthermore, GRZ maintained its existing strategy of attracting donor funding by being open to funding, and government documents being broad and lacking prioritisation. In the education sector, donors were

[57] Between the 2008 and 2009 budget speeches, GRZ moved from citing foreign grants in US$ to Zambian kwatcha. This makes direct comparison difficult, and thus only comparisons between the same currency have ben made.

[58] The drop is not as large as it may at first appear. The kwatcha was redominated at the beginning of 2013, with the rebased currency being worth 1000 times the previous currency. Thus K1000 became K1, and K1bn became K1m.

therefore able to argue that "the goals of the Ministry of Education and Cooperating coincided" (de Kemp and Ndakala, 2011, p.29). Similarly, the 2014 EU Indicative Programme cited as a Zambian national priority "total adherence to principles of good governance" in Vision 2030 (EU, 2014b, p.11). Thus they planned to spend over 20% funds of their funds in Zambia on 'governance' (EU, 2014b, p.6). Thus, GRZ was able to secure DAC aid, particularly in the social sectors, in sectors that donors remained willing to fund.

However, Sata and Lungu were less amenable, in comparison with Mwanawasa, to personally courting DAC donors or to allowing these donors influence in day-to-day policymaking. Banda's response to a corruption scandal shortly into his tenure also demonstrated the decreasing priority given to trading policy influence for securing aid. The scandal broke when the Anti-Corruption Commission announced the embezzlement of over $US2m from the health ministry in May 2009 (Reliefweb, 2009). As was demonstrated in section 5.3.2, DAC donors viewed Banda less favourably than Mwanawasa, and the response to the scandal was quick and exacting. The Netherlands and Sweden immediately announced that they were suspending aid. In June DAC donors then wrote the GRZ to point out that two of the underlying principles of budget support had been undermined and an article eight dialogue was begun. They set up a timetable for the dialogue, including specific milestones, which became a roadmap agreed with GRZ (Molenaers et al, 2010, p.34). DAC donors tied the resumption of funds to the roadmap. This

included "bring[ing] outstanding reforms back to the table" (de Kemp et al, 2012, p.88)[59].

Perceiving GRZ to no longer be dependent on its DAC donors, Banda was unwilling manage their perceptions or to allow donors to secure all their objectives. For example, the Governance Action Plan established by GRZ after the scandal was perceived by donors to have limited commitment from senior officials, and "it was not long before there was a push back against the reforms being imposed [by donors]" (de Vibe et al, 2013, p.74). The result of Banda's reduced willingness to manage DAC donor perceptions was a further decline in funding. In late 2010 funds for education were also withheld on the basis that the problems in the health sector were also prevalent in the education sector (de Kemp and Ndakala, 2011, p.17; Mokoro, 2012, p.45). The roads sector saw a similar withholding of funds (Chene, 2014, p.4; de Kemp et al, 2012, p.88).

In the short term, the decline in the ability of GRZ to secure funding was focused in areas in which DAC donors increasingly believed they were unable to secure their objectives. In the agricultural sectors, believing subsidies to be incompatible with their poverty reduction objectives (section 5.3.1), donor funding was moved outside of government. For example, an EU agricultural funding document stated that "given the difficult policy environment, most support [from Cooperating

[59] For example, the Decentralisation Implementation Plan had stalled, but was approved by the Cabinet in early 2010 (Leiderer and Faust, 2012, p.23).

Partners] is managed outside the public sector" (EU, 2014a, p.8). As has already been seen, budget support grants[60] were decreasingly utilised by donors.

This was exacerbated by Lungu's unwillingness to court donors, and by 2021 GRZ was largely unable to secure this objective (a marginal amount of aid was still provided to GRZ in the health sector). Donors perceived PF under Lungu as having "low interest" (interview DAC29) in DAC donors and the Cooperating Partners Group. GRZ was rhetorically keen to distance itself from a preference for aid funds, arguing that Western aid was a "handout" (interview TT5) which was not "sustainable" (interview TT5). Instead "the government would rather see investment than aid" (interview TT5). There was also a keenness to emphasise the reduced role of the West in influencing the government: "the US Ambassador is sent out and life goes on" (interview TT5).

Under Sata, and at the beginning of Lungu's presidency, GRZ had remained able to secure some funds from donors. This represented an expansion of national policy space; GRZ was able to secure donor funding in the social sectors, while also securing its objectives vis-à-vis infrastructure by sourcing finance through other international means. For example, social cash transfers (SCTs) remained a policy a number of donors were committed to. In the 2015 budget K30m was to be provided by donors for SCTs; donors had provided an extra K40m before the end of the year to meet a government shortfall (Siachiwena, 2017, p.130). In the 2017 budget K52m

[60] Some IFIs continued to provide budget support, in the form of loans.

of the SCT budget was proposed to come from donors (Siachiwena, 2017, p.21). Other items such as vehicles were also provided by donors for the programme (British High Commission, 2016). However, GRZ was no longer able to secure this funding after a further corruption scandal in 2018 (Africa Confidential, 2018).

In September 2018, donors withheld SCT aid after allegations that $4.3m had been misappropriated (Lusaka Times, 2018b; Simutanyi and Hinfelaar, 2018a, p.18). GRZ reacted by initially denying embezzlement, and the sacking the Minister responsible (Guardian, 2018). Nonetheless this did not appease donors and GRZ was no longer able to secure this funding. One donor declared that it was "much too risky for us to get back into working through government" (interview DAC30), despite the aid effectiveness agenda and the commitments made in Paris, Accra and Busan. Similarly the Head of DFID told Zambian radio that:

> "There are certain areas like the Social Cash Transfer Programme which we have supported for many years but the last couple of years, we did stop funding directly to the government and now there is a kind of change in nature of the relationship and Zambia's own resources. We stopped funding directly to the government… So we are now providing technical assistance, this is about strengthening systems" (Steven Beel, quoted in NewsDiggers, 2020b).

Social cash transfer programmes were continued, but donors did not go through the government (World Bank, 2021). GRZ had lost its ability to secure donor

funding and – as debt mounted – to secure its objectives vis-à-vis the social sectors (section 8.3.3).

However, national policy space contracted as a Zambia debt mounted, and it was neither able to secure its objectives vis-à-vis DAC donor funding or funding the social sectors (section 8.3.3). Thus, as the Zambian fiscal position became more pressing, DAC aid became more desirable; with a SIDA official arguing that "interest in donor collaboration has increased" (interview DAC29; see also interview GRZ14). However, the ability of GRZ to secure this funding had reduced and was difficult to re-establish without an IMF deal (section 5.3) – a strategy GRZ was unwilling to undertake (section 8.2.3). As has been seen, GRZ had a very poor reputation with DAC donors by this point, who had lost confidence in their ability to secure their objectives by working with GRZ.

Zambia's growing debt under Lungu further added to DAC donor perceptions that the government was unlikely to use aid well (interview DAC15). Interviewees from a range of positions (TT4, TT6, C8, MP24, MP25, DAC30) saw the only way for GRZ to regain donor support was through an IMF deal. An IMF deal would give GRZ "credibility" (interview TT4); it would mean that "people will overlook a few things" (interview MP25). This is a perception rooted in historical relations with DAC donors. Chapter four demonstrated that on several occasions (1987, 1991, 2003) DAC donors followed the example of the IMF in suspending aid to GRZ, coordinating to better secure their policy objectives. The signalling power of an

IMF deal to get DAC donors back on board in Zambia has also been noted by Gaynor (2005, p.76) and Kragelund (2009b, p.490). However, GRZ was reluctant to implement an IMF programme (section 8.2.3) because of the policies associated with one, including both its perception that domestic political conditions made a deal undesirable, and a continuing objective of securing infrastructure.

This section has demonstrated how Zambia's ability to meet its objective of securing funding through DAC donors declined. However, GRZ was increasingly able to bring in revenue through other sources. National policy space expanded, despite decreasing aid, as GRZ was no longer aid dependent and therefore other objectives (chapter eight) could be secured. However, as debt mounted GRZ's inability to secure DAC aid would contribute to a contraction of national policy space after 2018: its objectives vis-à-vis, particularly, the social sectors could no longer be secured and other sources of funding did not compensate for lost DAC donor revenues. The next section will look at these alternative international sources that were increasingly available to GRZ and initially expanded national policy space by providing GRZ with the ability to secure a greater range of its policy objectives.

7.3 Securing international funding: "We will not look east or west – we will look forward and go with whoever wants to go with us" (President Lungu, 2018)

The second means for GRZ to achieve its objective of raising revenue was to look internationally – additional to that of DAC donors or the IFIs. As was demonstrated in section 6.2, international economic conditions increasingly provided GRZ with more 'choices' for securing revenue. This section will examine GRZ strategies to secure finance from the international money markets and from China and other (non-Western) G20 countries. The GRZ strategy – economic diplomacy - centred on actively seeking all sources of international funding, and it was largely successful in securing money through these means. This expanded overall national policy space, as GRZ could secure more of its objectives – particularly in areas GRZ perceived to be poorly funded by DAC donors such as infrastructure (section 8.3.1). Nonetheless, it also had consequences for GRZ's budget and chapter eight will further explore GRZ's declining fiscal position and consequent contraction of national policy space.

A key source of additional finance, which was actively pursued by GRZ, was commercial borrowing on the international markets. This was a strategy that was also undertaken by a number of other African states including South Africa (1995), Ghana (2007), Kenya (2014) and Angola (2015). In March 2011, international credit rating companies gave GRZ good ratings (Fitch: B+ (The Economist, 2011); Standard

and Poor: B+ (Lusaka Times, 2011)), based on its overall economic performance and low international debt. These paved the way for Zambia to issue Eurobonds for US$750m (2012), US$1bn (2014) and US$1.25bn (2015) (Smith et al, 2016, p.8). On the launching of the first Eurobond, GRZ Finance Minister, Chikwanda, spoke of the speed at which the money would come through and the projects the money would be spent on, including energy, transport, and health infrastructure (Times of Zambia, 2012d). This finance was entirely controlled by GRZ and thus expanded national policy space as it allowed GRZ to secure both revenue and other policy objectives.

Initially this additional finance did not reduce GRZ's ability to secure DAC donor aid – allowing GRZ to further expand national policy space. Eurobonds were, at first, a strategy that DAC donors and the IFIs publicly raised little disagreement with[61], despite – as section 5.3.1 argued – fiscal expansion being in conflict with their objectives. The IMF agreed that "fiscal policy should aim at prioritizing growth enhancing expenditures and mobilizing revenues to create the space needed to achieve the fiscal objectives" (IMF, 2012a). They "congratulate[d] the authorities on the successful launch of Zambia's first Eurobond" (IMF, 2012b). Other donors publicly said little. But a consultant working in Zambia at the time argued that the initial Eurobond was welcomed by the donors. The first, particularly, was seen as "actually quite good. They got, as I recall, a better interest

[61] Although by Sata's death the World Bank beginning to raise concerns about how GRZ was spending the proceeds of borrowing (Times of Zambia, 2013e).

rate than Spain. Because, well they had very low levels of debt at that point. And it looked like it was being sort of reasonably well managed" (interview C3). However, this strategy exacerbated DAC donor perceptions (section 5.3.2) that working through GRZ was less likely to result in the securing of their objectives, particularly vis-à-vis fiscal neutrality. Nonetheless, national policy space initially expanded as GRZ could secure more of its objectives.

GRZ also perceived that international economic and political conditions were improving and that revenues could also be sought from G20 countries to support Zambian development (section 5.2.1). To achieve this objective, GRZ actively engaged in "economic diplomacy" (GRZ, 2006a, p.255; GRZ, 2011a, p.16; GRZ, 2017a, p.71). The Sixth National Development Plan proclaimed that GRZ would focus on "facilitating cooperation and investment in infrastructure and human development through improved foreign relations. Government will, therefore, have a deliberate strategy to ensure that bilateral, regional and multilateral cooperation arrangements have a leaning towards infrastructure and human development" (GRZ, 2011a, p.16; see also interview TT1). Thus, GRZ publicly strategized to increase its national policy space by drawing in funds from a wide variety of other countries, and framed it as part of its international diplomacy.

The China-GRZ relationship was a key emerging source of funding which all Presidents actively sought to nurture through economic diplomacy. The centrality of this source of international funding to expanding national policy space was

demonstrated by Sata's actions after assuming the Presidency. Section 5.2.1 detailed the steps that China took to maintain the relationship. In return, Sata's first official appointment after his election was with the Chinese ambassador (Mwewa, 2019, p.79; Reuters, 2011). Shortly after his election, Sata also hosted a luncheon for the Chinese community in Zambia (Times of Zambia, 2011a, 2011b), and dispatched former-President Kaunda to China (Times of Zambia, 2011a, 2011b, 2011c; Mwewa, 2019, p.79). Sata's tone had changed considerably since 2006: Kaunda was sent "as our special envoy to China to renew our acquaintances and to go and say thank you to the Chinese" (Times of Zambia, 2011e). Similarly, the luncheon was to "renew the long-standing relations between Zambia and China from pre-independence days" (Times of Zambia, 2011b), and he called China "an all-weather friend to Africa and Zambia in particular" (Times of Zambia, 2011f). At a dinner for Chinese investors the following year Sata argued that "the investment has benefited both Zambia and China. Therefore every expansion in investment should be for the mutual benefit of the two countries and its people" (Times of Zambia, 2012f). Finance Minister Chikwanda similarly praised China, calling it "the most reliable and consistent ally of Zambia" (PRC, 2011) and "all-weather friends with our relations going back before the [sic] Zambia's liberation" (PRC, 2011).

Sata's previous criticisms of China were relegated to having been about the MMD leadership and how they dealt with the Chinese: "the destination of any nation depends on the leadership and the policy of that party. When there was Kaunda, he knew what to present to the Chinese, the Chinese were willing to come and

work" (Times of Zambia, 2011e). As a result, a number of Chinese loans were contracted under Sata: totalling US$577m in 2011, US$110m in 2012, US$851m in 2013 and US$205m in 2014 (Boston University, 2023). This demonstrates how GRZ, and Sata, actively courted a source of considerable funding to secure both funding and other policy objectives, particularly infrastructure spending (section 8.3.1).

Presidents throughout the period also actively pursued economic diplomatic relationships with other G20 countries (section 5.2.1 demonstrated that this was reciprocated and contributed to GRZ perceptions of the alternatives to aid dependency). Rhetorically, all Presidents welcomed the expansion in possibilities that they perceived from G20 countries – although, given domestic conditions around the 2006 election (section 6.5), this was particularly pronounced after Mwanawasa's passing. President Banda stressed the need to "welcome foreign investors to Zambia - all foreign investors" (Times of Zambia, 2008c). Banda argued that "not only am I keen to attract finance but also expertise. I am keen for Zambia to engage in a knowledge swap process as we have more to gain in the long term" (Times of Zambia, 2008c). Sata similarly stated that "foreign policy is aimed at repositioning our country so that it derives maximum benefits from international relations" (Lusaka Times, 2013b). Lungu argued that Zambia "will not look east or west – we will look forward and go with whoever wants to go with us" (quoted in the East African, 2018). His administration appealed to a variety of non-Western G20 countries for development support, including Saudi Arabia (Zambia Reports,

2020), Turkey (NewsDiggers, 2018a), Russia (Interfax, 2020), India (interview G20-34), Brazil (GRZ, 2017a; Lusaka Times, 2017b) and Israel (Luska Times, 2017c).

A large number of visits were also made by GRZ's senior politicians as part of the strategy of economic diplomacy. Mwanawasa visited China in 2003 (Magande, 2018, pp.385-7) and in September 2005 Finance Minister Magande led a delegation to India. Banda visited China, Turkey, and South Africa (Lusaka Times, 2010). Lungu made a state visit to Israel in February 2017 (Luska Times, 2017c) and India in 2019 (Luska Times, 2019). Furthermore, GRZ opened a number of embassies and consulates over the time period, including in Turkey in 2013 (interview 14; Daily Sabah, 2022), Saudi Arabia in 2013 (Daily Mail, 2021b), Israel in 2015 (Zambian Watchdog, 2015a), South Korea in 2016 (Daily Mail, 2020), Japan in 2018 (Government of Japan, 2018), and Morocco in 2020 (Daily Mail, 2021c). This strategy expanded national policy space as GRZ secured finance that was "demand driven" (interview G20-34) and thus also secured other policy objectives (section 8.3).

Nonetheless, these sources of funding were of limited help to GRZ securing its short-term objectives. Economic diplomacy focused not only on GRZ revenues but private sector investment more broadly. Furthermore, while there were an increasing number of relationships being built with non-Western states, for GRZ this did not always result in new finance in the short term. One bureaucrat argued that while non-DAC donors would sign a Memorandum of Understanding, this

would often not result in money being given (interview GRZ17). Similarly, while Turkey and Saudi Arabia were discussed as options for refinancing the Eurobonds (interview C2), this did not occur in practice. Thus these smaller G20 actors were not adequate alternatives to DAC donor funding and when GRZ's financial situation deteriorated national policy space contracted despite the relationships GRZ was developing.

This section has argued that GRZ increased its ability to secure non-DAC international funding between 2005 and 2021. GRZ economic diplomacy strategies to build relationships with G20 countries and thus bring in revenue were relatively successful. The relationship with China was key; other states provided GRZ less ability to secure its objectives as they were not as substantial as DAC donor funding. National policy space was greatest between 2011 and 2018 when GRZ was able to secure both DAC donor and other sources of international finance. As debt accumulated and DAC donors retreated however, the emerging development cooperation landscape did not provide GRZ with sufficient 'choices' to secure its objectives and national policy space contracted.

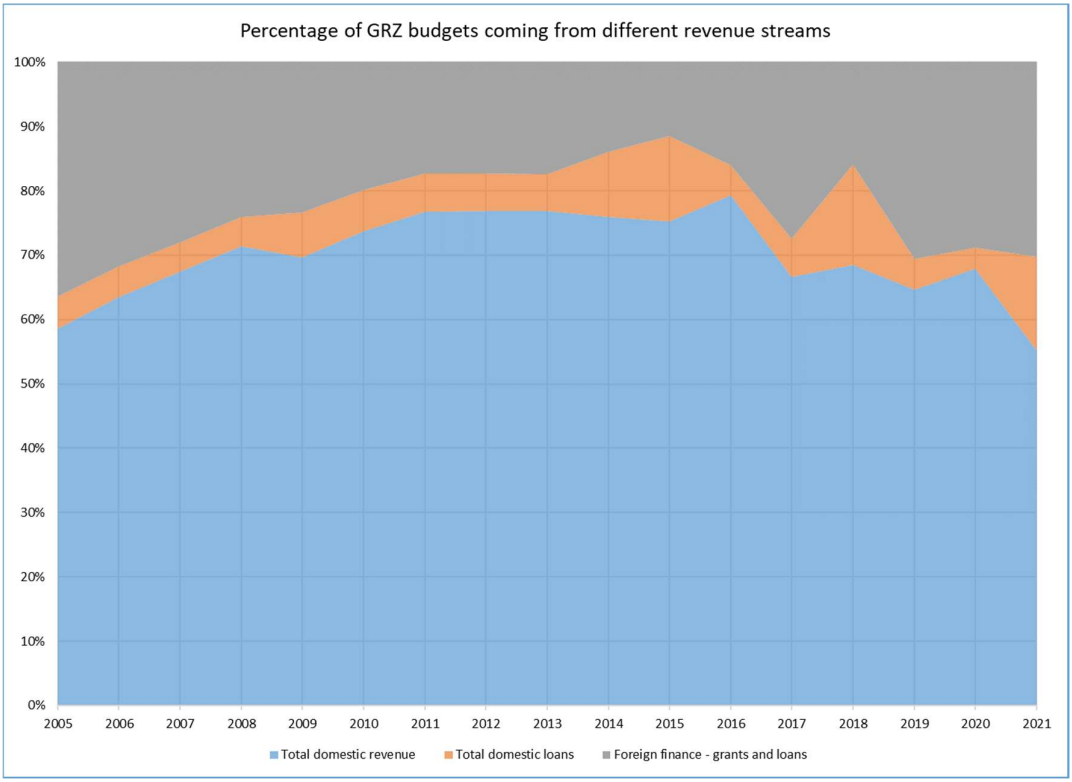
7.4 Securing domestic funding: "Asking for a fair share of our resources" (President Mwanawasa, 2008)

The final source that GRZ could consider as a means to achieve its goal of securing revenue for the Treasury, was domestic. Securing domestic revenues were key to national policy space because they provided both funding and the ability for GRZ

to achieve its policy objectives. This section will first argue that GRZ's ability to strategize to increase this source of funding was limited by domestic conditions; GRZ perceived taxation on the general population to be politically risky (section 5.2.1). The section will then discuss GRZ's ability to secure funding from copper, Zambia's major export (section 5.5). The improving international copper price resulted in more domestic revenues being collected, and between 2005 and 2016 these were an increasing share of the GRZ budget (figure 10). Furthermore, Presidents Mwanawasa and Sata would seek to increase taxation from this source, although Presidents Banda and Lungu would reverse these moves. However, GRZ's ability to secure funding from domestic sources was curtailed from 2016, with international sources becoming an increasing share of the budget.

Figure 10: Percentage of GRZ budgets coming from different revenue streams, 2005-2021

Source: GRZ budget speeches 2005-2021[62]



GRZ's ability to secure a growth in domestic revenues through general taxation was, and remained, limited. Despite economic growth, a large proportion of the population remained poor[63] and raising taxes was perceived, by an insecure elite, as politically unpopular (section 6.2.1). International funding, and revenues from

[62] Note: the figures for the budgets for years 2006, 2010, 2012 and 2014 were not available. The graph lines have been smoothed over these years.

[63] In 2015 (most recent data), 61.4% of the population were living on less than US$2.15 per day (World Bank, 2023d).

copper, were increasingly available to secure key objectives, and thus this strategy was not perceived by GRZ to be a priority.

Indeed, under President Sata taxation on the general population was reduced as GRZ looked to secure its revenue objectives through other available means. In 2011, the newly elected PF government were keen to emphasise that they were following through on their election promises. Presenting his 2012 budget, the Minister of Finance Chikwanda stated:

> "Mr. Speaker, during the run up to the election, the PF Government made a promise to the people of Zambia that it will streamline the tax system, lower tax rates and promote tax compliance. One of the commitments we made was to put more money in people's pockets. I wish to assure this august House that we remain as committed to this cause as we were then" (Chikwanda, 2011, quoted in Rakner, 2017, p.532).

Thus, corporation tax was cut by abolishing the 40% upper corporate tax rate for commercial banks, at a cost of K65bn to the GRZ Treasury (Times of Zambia, 2011g). PAYE taxes were cut by doubling the exempt threshold (Rakner, 2017, p.532; Times of Zambia, 2011h, 2011i). In 2012 the income tax threshold was then increased, against the recommendations of donors (Jepson and Henderson, 2016, p.20).

As the ability of GRZ to secure revenue through other means was curtailed, and GRZ's debt rose, Lungu did seek to undertake measures to improve revenue collection from the general population. In 2017 changes to VAT collection methods

were announced (Nalishebo and Banda-Muleya, 2017, p.6). VAT raised was expected to increase from 4.1% of GDP in 2017 to 4.5% in the 2018 budget (ZIPAR, 2017a, p.4). Indeed, "the proposed [2018] Budget place[d] a very heavy burden on domestic revenue to perform" (ZIPAR 2017a, p.6). Nonetheless, this strategy was not sufficient to improve GRZ's ability to secure this objective – particularly after economic shocks at the end of Lungu's term.

Domestic revenue collection was further limited at the end of Lungu's term, when he was facing not only a tight general election, but the domestic impacts of the COVID-19 pandemic. The economic shock of the pandemic reduced the ability of GRZ to collect domestic revenues. By the 2020 Budget a proposed Sales Tax had been abandoned (ZIPAR, 2019a, p.ii). The 2021 budget saw GRZ reduce taxes and duties on the tourism industry, in a bid to "resuscitate" it (PMRC, 2020, p.26). Furthermore, the PAYE income tax threshold rise from K3,300 per month to K4,000 (PMRC, 2020, p.23). Thus, the impact of international economic shocks curtailed the ability of GRZ to secure domestic revenues – and in the 2021 budget a smaller share of income was being collected through domestic revenue than it had been in 2005 (figure 10) – when Zambia begun to transition away from aid dependency. Thus, GRZ had returned to being dependent on international sources of finance, supported by domestic borrowing, to fund its development and tackle debts. However, this was not only the result of a failure to raise taxation on the general population. Another key source of GRZ's ability to secure domestic revenue was taxation of Zambia's major export – copper.

Rising international copper prices were key to expanding Zambian national policy space as revenues were attained which could secure domestic priorities without reference to the objectives of donors or other international actors. Furthermore, greater revenues could potentially be secured if levels of taxation were to rise – further expanding national policy space. Thus in 2005, with rising international prices, increasing copper taxation was perceived to be a source of domestic revenue – certainly by workers on the Copperbelt and the opposition PF, led by Sata (section 5.5). President Mwanawasa too, even before the 2006 election, announced that he wanted to renegotiate the mines' taxation regime (Fraser, 2010, p.19; section 6.2.1). Action was not immediately taken, but in January 2008 a new taxation regime was announced and subsequently the Mines and Minerals Development Act annulled the Development Agreements (DAs) with the mining companies and increased royalties to 3%. Additionally, the Income Tax (Amendment) Act increased corporate tax and set a windfall tax (Rakner, 2017, p.531; for an overview of the 2008 tax changes see Manley, 2013, pp.33-4). Mining companies were not pleased: they had signed DAs with GRZ, under the guidance of the World Bank, which are generally seen as highly favourable; Rakner has called the terms "secret, generous" (2017, p.527).

Mwanawasa's strategy for securing tax increases on the mining companies demonstrates his continuing need, as Zambia transitioned away from aid dependency, to continue to secure DAC donor funding. These changes could have

attracted the ire of the IFIs and these donors. GRZ had broken international contracts: each DA contained a clause that the mining tax regime could not be adversely altered, for the period ranging from 15 to 20 years (Manley, 2013, p.31). However, GRZ had strategised to secure increased revenue from copper taxation while also securing its objective of securing donor funding. Thus, in June 2008, when the IMF approved a three-year US$79.2m Poverty Reduction and Growth Facility in June 2008 (IMF, 2008b), they argued that:

> "The Zambian authorities are to be commended for implementing prudent macroeconomic policies… The new tax regime for the mining sector will provide substantial resources to accommodate an increase in high-priority infrastructure and social spending that is compatible with macroeconomic stability and Zambia's absorptive capacity" (IMF, 2008b).

GRZ's key strategy for securing both a change in its regime taxation regime, and donor acquiescence to this, was involving donors in this policymaking process. Additionally, GRZ's strategies did not undermine the broad confidence that donors held for Mwanawasa's administration and demonstrated GRZ's competence.

Involving donors in the mining taxation policymaking process was key to their confidence and thus securing aid while also aiming to increase domestic revenues. GRZ engaged the IFIs and donors in policy dialogue about mining taxation prior to the introduction of the windfall tax. In November 2005 GRZ had engaged the Fiscal Affairs Department of the IMF to provide technical support on the fiscal

regime for copper mining (IMF, 2008c, p.41). GRZ also signed an MoU with Norway, the World Bank, UK, EU and IMF to analyse the DAs and look at their possible renegotiation (Lundstol and Isaksen, 2018, p.11). There were meetings between GRZ and the Mining companies from 2007. In particular, GRZ sought to persuade donors that both the original, donor-recommended, privatisation had been unfair to GRZ, and that GRZ needed to increase its domestic revenues to pay for development.

GRZ also focused its discussions with the IMF on how it could find 'fiscal space' to increase development spending. This involvement of the Fund in policymaking manoeuvred it into arguing that the government should collect more in taxation to pay for development. After discussions with GRZ, the IMF argued that GRZ needed to focus on "creating fiscal space for increased spending on infrastructure and the social sectors" (2008c, p.8). They suggested that GRZ "improve revenue collection by strengthening administration and broadening the tax base, restraining nonpriority spending, and making spending more efficient" (IMF, 2008c, p.11). Similarly, an issues paper argued that "if the government is to implement its development strategy, more fiscal space is needed" (IMF, 2008a, p.3) and that "revenue mobilization is a favoured sources of fiscal space because it avoids many of the difficulties with aid and borrowing" (IMF, 2008a, p.5). Thus, by involving donors and the IMF in this policymaking process, GRZ curtailed the grounds on which they could argue against the windfall tax or reduce their own funding to GRZ.

Furthermore, the ability of GRZ under Mwanawasa to both secure donor funding and the new windfall tax was increased by the government capacity GRZ demonstrated in introducing it. This demonstration to donors of GRZ's domestic capacity and competence, again, made it more difficult for them to argue against the tax or to withhold funding. Lundstol and Isaksen argue that GRZ was in a strong position in negotiations:

> "The fiscal benchmarking on the government side and the legal advice did not differ significantly from that of the IMF, as presented in several reports to government from 2005-07. One difference in approach was, however, that the government fiscal model was run with actual audited mine level data and different rates of tax burdens. Consequently, results were not purely illustrative model simulations but real time illustrations of the actual mine and company level economics and profitability. This enabled a stronger position for negotiations and suggestions for possible changes to the fiscal regimes" (2018, p.12).

By involving DAC donors and the IMF in this policy process, GRZ had increased its ability to secure both this objective and aid revenues.

The tax was announced in January 2008 and implemented from April 2008. Of the existing tax regime, Mwanawasa argued that "clearly, Zambia's fiscal mining regime is extremely generous and provides the lowest revenues to the government" (Mining Weekly, 2008). Thus, Mwanawasa argued, the windfall tax represented

"asking for a fair share of our resources" (Reuters, 2008a). Additionally, the international context allowed Mwanawasa to repeatedly refer to the new taxation regime as being a "level of taxes [that] was now neither the highest nor the lowest in the world" (Times of Zambia, 2008d) and to argue that Zambia's mining taxes were still low as compared with other countries whose taxes were between 40 and 53 per cent (Times of Zambia, 2008e). When the mining companies protested, Mwanawasa restated: "This level of taxes (is) now neither the highest nor the lowest in the world. To that extent therefore, this level of taxation (is) not negotiable" (Reuters, 2008b).

However, while Mwanawasa had increased GRZ's ability to secure this objective and maintain donor funding, international mining companies took a confrontational stance. The windfall tax was not formally recognized by many companies; it was only in 2010 that arrears on 2008 taxes would be paid (Manley, 2013, p.29). The companies threatened to take the government to court, although they also told a parliamentary committee that "their doors were still open for re-negotiating the DAs to ensure that both parties got the best out of them" (Times of Zambia, 2008d). The mining companies argued that the government had made technical errors in the design of the tax. At high enough profit levels, the marginal tax rate would exceed 100% (Lundstol and Isaksen, 2018, p.7; Manley, 2013, pp.34-5). Thus while GRZ had strategized to maintain the support of donors during the implementation of this policy, the attitude of international mining companies was also important to GRZ securing increased revenues from copper.

The bold move by GRZ to secure increased domestic revenues from the copper industry was unfortunately timed. Mwanawasa passed away in August of that year, resulting in Banda's ascent to the Presidency at the end of October. Banda, as has been noted (section 6.2.1), was both in a more insecure domestic political position and ideologically less disposed to mining taxation. Furthermore, when the global financial crisis hit, the mining firms began cutting jobs (Times of Zambia, 2008f), and copper revenues into the Treasury fell. Some mines ceased production and were operating on a care-and-maintenance basis (Lundstol and Isaksen, 2018, p.2). GRZ's objective of securing domestic revenue through mining taxation receded. In January 2009 Banda announced he was considering cutting mining taxes because "We must ensure that we do not kill the goose that lays the golden egg. There is little point in taking in a few million dollars in tax if thousands of jobs are lost as a result" (Banda, quoted in Reuters, 2009a). Within months, Banda had scrapped the windfall tax (Reuters, 2009b)[64].

As Zambia moved out of the transition period and became not aid dependent, there was a reduced focus on involving donors in taxation policymaking processes. Furthermore, while Sata's objectives included increasing domestic revenues from the copper mines, this did not involve breaking contracts. Sata's primary means of

[64] Comparing the 2009 regime, the 2008 regime, and that outlined in the development agreement signed at privatisation (Manley, 2013, p.29), there was a permanent increase in company income taxes and a variable profit tax outlasting the windfall tax. Furthermore, the length of time losses could be carried forward was reduced.

securing increasing domestic revenues was to increase taxation on mining royalties to 6% in the 2012 budget (Rakner, 2017, p.532). Thus GRZ was able to secure revenues which did not conflict with the attainment of other revenues – at the same time, as has been seen in previous sections, as retaining donor funding and increasing revenues from other international sources.

Under President Lungu, as it had under Banda, the priority of securing domestic revenues through copper taxation receded. Lungu's political insecurity and need to win two elections in short succession, made him dependent on the influence of former-MMD barons, who opposed mining taxation (section 5.2.1). Lungu announced shortly into his first term (March 2015) that the mineral royalties increased under Sata would be revisited and revoked (Ng'ambi, 2015, p.12). However, GRZ's worsening fiscal position would soon make increasing GRZ revenues more desirable. In 2017 Lungu announced a new ministerial committee to develop reforms on tax regulation in the mining sector (ZIPAR, 2017, p.5). In the 2020 budget, further measures were announced, particularly regarding the VAT regime mining firms adhered to (ZIPAR, 2019, pp.10-11). Furthermore, seeking other means of generating domestic revenues, GRZ allocated resources to the exploration of non-traditional minerals (ZIPAR, 2019, p.11). Nonetheless, as was seen in figure 10, the ability of these strategies to secure GRZ significant domestic revenues was limited. The budget share of domestic revenues was falling, as the economy contracted. The international copper price remained key to the

performance of the Zambian economy and GRZ's ability to secure domestic revenues.

This section has demonstrated that improvements in GRZ's ability to secure domestic revenues were driven by the international copper price. There was limited will in GRZ to increase taxation levels – either on copper mining or on the general population – as a result of domestic conditions. This section has highlighted the attempts of two Presidents – Mwanawasa and Sata – to increase the revenues secured from the mining sector. GRZ under Mwanawasa, in particular, exerted considerable energy to both levy a windfall tax on mining and maintain the support of donors and the IFIs – who, despite GRZ's move away from aid dependency – remained a significant source of funds. However, both Presidents Banda and Lungu reversed their predecessors' taxation initiatives as a result of how they ascended to the Presidency.

7.5 National policy space and securing revenue - concluding remarks

In 2006 21% of the GRZ budget came from DAC donors; this had fallen to 11% by 2011 (Mokoro, 2012, p.45). By 2020 most DAC donors perceived that it was "much too risky for us to get back into working through government" (interview DAC30), and minimal aid was received by GRZ. Nonetheless, as the ability of GRZ to secure aid revenues decreased, the international development cooperation landscape provided alternative sources of finance and an improved international copper price

increased domestic revenue. More 'choices' provided GRZ with the opportunity both to secure revenues and other policy objectives.

This chapter has argued that national policy space was most expansive in the years following 2011 when GRZ had greatest success balancing DAC donors and revenue from other international sources. However, these donors withdrew from funding the government due to both international changes and their perceptions that they would not secure their objectives, primarily poverty reduction, by working with GRZ. The chapter has demonstrated that GRZ had a decreasing ability to secure domestic revenues as Lungu's term progressed. Furthermore, the Zambian economy weakened as the international copper price fell and GRZ's debts rose. GRZ looked internationally to fill these gaps: China and other G20 actors allowed GRZ to secure some of its objectives, particularly regarding infrastructure spending. Nonetheless, these sources could not compensate for GRZ's reducing ability to secure other sources of finance – particularly when expenditure on debt-repayment was increasing (section 8.2.3).

This thesis contends that GRZ fundamentally saw securing DAC donor funding as a trade-off with securing other policy objectives. The next chapter (eight) will therefore explore the extent to which GRZ was able to increase its ability to secure other policy objectives as a result of the changing revenue sources that have been demonstrated in this chapter, and thus expand national policy space.

Chapter eight:

To what extent was GRZ able to expand its national policy space and secure its objectives in other key areas of development policymaking, and to reduce the influence of DAC donors?

8.1 Introduction

As well as having the objective to bring money in, GRZ also sought to have control over policy decision making, and to reduce DAC donor influence in government. These objectives were viewed by GRZ as being fundamentally trade-offs. This chapter will explore the extent to which GRZ was able to expand its national policy space by securing its policy objectives, alongside that of securing revenues (chapter seven). The next three sections (8.2-4) will examine three policy objectives to consider the extent to which GRZ was able to secure them – and the short- and medium-term impacts of its strategies on national policy space.

Firstly, in section 8.2, GRZ's ability to secure its objectives vis-à-vis fiscal policy and will be examined. It will be argued that following HIPC debt relief in 2005, GRZ was largely able to secure these objectives. Initially, the objectives of MMD leaders coincided with those of DAC donors, aiming at fiscal neutrality. This was supported by a lack of options for contracting debt and increasing copper revenues which could be used to increase spending, and thus meet domestic political demands. 2011 was a turning point: GRZ's objectives changed to being fiscally

expansionary as PF entered power, and LMIC status gave it access to commercial borrowing on the international money markets. Ultimately this debt would accumulate, and GRZ's space to tackle it was limited. A deal with the IMF was seen as politically risky and would relinquish policy space vis-à-vis control of policymaking. Securing short-term objectives in this second area was prioritised, despite worsening international conditions and the COVID-19 pandemic. GRZ would default on some of its debt in November 2020.

Secondly, the chapter will look at Zambian national policy space vis-à-vis sectoral allocations. It will be argued that this was limited under MMD Presidents. Their objectives did not align with those of DAC donors, and there were limited other options to finance their priorities. National policy space expanded under Sata as he prioritised the social sectors, which could be funded by DAC donors, and infrastructure, which was funded through commercial borrowing and from G20 countries. Lungu was also able to secure his objectives vis-à-vis infrastructure, but GRZ's ability to fund the social sectors contracted. Debt consumed the GRZ budget and donors largely stopped funding GRZ. Furthermore, lacking the funds, Lungu was unable to make a politically-acceptable switch between agricultural subsidies and social cash transfers – which contributed to his inability to tackle debt through an IMF deal. Thus, as a result of debt and not having the ability to secure DAC donor funding, Lungu saw national policy space contract in some areas.

Finally, the chapter will examine GRZ's ability to secure its objective of increasing day-to-day control of policymaking and realign its relationship with DAC donors onto a more political footing. It will contend that this was limited under budget support, with these donors becoming an established part of the policymaking process. Nonetheless, this was an acceptable exchange to GRZ as both the funding and the modality were perceived by GRZ as important. The objective of day-to-day control of policymaking was increasingly secured as GRZ became less reliant on such funding. However, GRZ efforts to realign the relationship with DAC donors faltered. GRZ was empowered by changing international conditions to critique DAC donors, and argue that donors should maintain a more 'diplomatic' public stance. However, this did not change the behaviour of these donors because, as section 5.3.1 demonstrated, they prioritised securing their objectives vis-à-vis poverty reduction and thus the primacy of the donor-recipient relationship. Furthermore, by the end of Lungu's term, mounting debts and the COVID-19 pandemic resulted in this GRZ objective receding, as GRZ sought to secure DAC donor revenues.

8.2 Securing GRZ objectives vis-à-vis fiscal stance

Section 6.2.3 argued that under MMD Presidents, between 2005 and 2011, the objective of GRZ was to be fiscally neutral. There was a radical change in GRZ objectives under PF Presidents, from 2011, as its new leadership was more fiscally expansionary. This section (8.2) will examine GRZ's ability to secure its changing objectives vis-à-vis fiscal stance. The importance of international economic

conditions to securing this objective under all administrations will be particularly highlighted, as will the role of debt and domestic conditions in national policy space contracting towards 2021.

Section 8.2.1 will argue that under Presidents Mwanawasa and Banda, and during a period of transition away from aid dependence, fiscal objectives were secured by limiting spending and obtaining DAC donor revenues, including budget support (see section 7.2). Furthermore, international conditions resulted in GRZ securing increasing copper revenues, which could be used to satisfy domestic demands for spending, while also providing GRZ limited means of acquiring debt.

Section 8.2.2 will demonstrate that under Presidents Sata and Lungu, GRZ contracted significant debts as international economic conditions changed to provide access to both borrowing on both the international financial markets and from G20 countries, particularly China. As debt accumulated, section 8.2.3 will show that Lungu sought to tackle the situation while also maintaining his ability to secure other objectives – which were conditioned by his perceptions of domestic conditions. However, Lungu was unable to secure his objective of tackling Zambia's debt. GRZ would default on Eurobond repayments in November 2020 and joined the G20 Common Framework for Debt Treatment in 2021.

8.2.1 "Prudent fiscal management" (MMD manifesto, 2006)

As Zambia emerged from aid dependence and following HIPC debt relief, GRZ retained the objective of limiting debt. In 2005 it pledged that,

> "The Government shall keep debt to manageable and sustainable levels. In this respect, any new borrowing shall be aligned to the country's capacity to repay and on terms that would not unduly expose the country to preventable risk of defaulting. The Government shall, therefore, target concessional finance and will negotiate only those loans with a 35 percent minimum grant element" (GRZ, 2005b, pp.15-16).

This objective was largely secured. Under Presidents Mwanawasa and Banda, government borrowing was limited. The fiscal deficit fell from 7.3% of GDP in 2004 to 2.4% in 2011 (Smith et al, 2016, p.3). GRZ was able to secure this objective for two key reasons. Firstly, this objective coincided with that of DAC donors, and the budget support that these donors supplied allowed the Ministry of Finance greater control over departmental spending. Secondly, international conditions provided GRZ with new funding which could be used to satisfy domestic demands for spending, while not yet providing GRZ the ability to borrow significant amounts.

GRZ and DAC donor fiscal objectives met between 2005 and 2011. Fiscal neutrality, and GRZ's broader positive reputation (section 7.2), enabled it to secure money from donors, particularly in the form of budget support. Budget support, supplied

by a number of key DAC donors[65], aimed to improve "fiscal discipline and macroeconomic management" (de Kemp et al, 2012, p.38). It was an important tool to both GRZ and these donors in securing their shared fiscal objective. Budget support provided Ministry of Finance bureaucrats with leverage over other departments, and this allowed the Ministry to control budget execution and reduce overspending. For example, the 2007 Budget Speech announced that "on account of shortfalls in revenue, expenditures were below target by 13.3 percent" (Magande, 2007, p.8), demonstrating that GRZ was making spending adjustments to achieve fiscal neutrality. Budget support also helped prevent fiscal expansion after the 2008 international financial crisis, funding 7.4% of public expenditure in 2008 and 9.1% in 2009 (De Kemp et al, 2012, p.101). This helped further build DAC donor confidence in GRZ, thus also supported the government to secure its revenue objectives and meet domestic spending demands (section 7.2).

International economic conditions also supported GRZ in attaining its fiscal objectives during the transition from aid dependence. Firstly, the improving copper price provided GRZ with increasing revenues which could be used to satisfy domestic demands for spending – for example in agriculture (section 8.3.2). Furthermore, international conditions provided GRZ with limited opportunities to pursue a more fiscally expansionary course. As a lower-income country, borrowing on the international markets was not possible. Similarly, while a small amount of

[65] Budget support donors to GRZ: Finland, Germany, the Netherlands, Norway, Sweden, the UK, the EC, AfDB and the World Bank (de Kemp et al, 2012, p.63). This group does not include a number of substantial donors to Zambia, including Japan and the USA.

debt was contracted from China, this was relatively low – between 2005 and 2010 it totalled US$695m (Boston University, 2023) – while in 2011 alone it totalled US$529m (Boston University, 2023). Thus, during a period when Zambia was transitioning away from aid dependence and in the wake of HIPC debt relief, GRZ was able to both secure this objective and DAC donor aid. However, MMD lost power in 2011 to the more fiscally expansionary PF, under Michael Sata's leadership.

8.2.2 "If you want to develop a country you need to borrow" (PF MP)

In 2011 the objectives of GRZ vis-à-vis its fiscal stance fundamentally altered. The newly elected President Sata was ideologically ill-disposed to fiscal neutrality (section 5.2.3) and increased spending, lowered some domestic taxes, and contracted borrowing on the international money markets and from G20 countries. The GRZ deficit thus rose quickly under Sata. In 2011 it stood at 2.4% of GDP; it increased to 8.7% in 2013 and 9.6% in 2015 (Smith et al, 2016, p.3). Fiscal expansion was turbocharged under Sata's PF successor Lungu, with GRZ's external debt stock rising from US$6.3bn at the end-August 2015 (Chikwanda, 2015, p.5) to US$11.97bn at end-June 2020 (Ng'andu, 2020, p.5)[66]. To pursue this course, PF Presidents actively sought the finance that was emerging in changing international economic conditions (see section 7.3). Furthermore, both Sata and Lungu made

[66] These are the figures declared in budget speeches by the relevant Ministers of Finance. They represent minimum figures: the IMF and World Bank would question the clarity and accuracy of GRZ figures. Following Lungu's election defeat in 2021, GRZ revised their debt figures upwards by US$2bn (Africa News, 2021). Nonetheless, the contemporary figures demonstrate the rapidly increasing debt stock GRZ was accumulating.

changes to the machinery of GRZ to subordinate Zambia's technocratic ideological stand (section 6.5) and ensure their fiscal policies were implemented. However, this bureaucratic politicisation would have longer term impacts on GRZ's ability to manage its fiscal position (see following section 8.2.3).

To secure borrowing, both Presidents Sata and Lungu actively sought finance on the international markets. As was noted in section 7.3, GRZ issued Eurobonds for US$750m (2012) and US$1bn (2014) under Sata and a third, for US$1.25bn (2015), under Lungu (Smith et al, 2016, p.8). The bond contracted by GRZ under Lungu came at considerably higher cost than its two predecessors (8.97%) (World Bank, 2016, p.17). This debt would later play a key role in GRZ's declining national policy space.

Sata and Lungu also actively procured finance from China and other G20 countries (see section 7.3). International conditions (section 6.2) evolved to allow both PF Presidents to secure greater funding than had been available under Mwanawasa or Banda. In particular, Lungu's borrowing increased sharply after 2015, partly as a result of FOCAC[67] (Cheelo, 2018, p.17; Cheelo and Nakamba-Kabaso, 2018b, p.4) (figure 11). Of the US$10.1bn in Chinese loans that are recorded by Boston University since 2000, over half was acquired in three years: 2016 (US$2.2bn), 2017 (US$2.1bn) and 2018 (US$1.4bn) (Boston University, 2023). Projects including Ndola

[67] At the 2015 FOCAC in Johannesburg, China made a number of funding pledges including over "US$35 billion of loans of concessional nature" (FOCAC, 2015).

Airport, roads, a milling plant, a (Chinsali) hospital, and water projects (Simumba, 2018a, p.21; Boston University, 2023). In 2016, 50% of all new loans contracted (US$1.7bn) were lent by Chinese sources (Simumba, 2018, p.5). The ability of GRZ to contract this debt – acquired after the IMF had raised concerns about its fiscal position – was grounded in China's different ideological views on debt sustainability and the necessity of infrastructure for development (section 6.3). Thus, both changing international economic and ideological conditions allowed GRZ to secure its objective of spending more on infrastructure by sustaining GRZ's ability to secure this finance.

Figure 11: Chinese loans to Zambia between 2005 and 2019

Source: Boston University, 2023



Furthermore, both Presidents Sata and Lungu made changes to the GRZ bureaucratic machinery to secure the implementation of these fiscally expansionary policies. To bypass parts of the bureaucratic apparatus that Sata perceived to be more technocratic and favour fiscal neutrality (section 6.5), Sata appointed a politically powerful Minister of Finance, Alexander Chikwanda, who held similar views to him. Chikwanda had also held the position under President Kaunda (between 1975 and 1978) and was keen to reverse the previous administration's fiscal conservativism (Hinfelaar and Sichone, 2019, p.18). To tackle Sata's frustration "with slow bureaucratic processes that threatened to deter PF's implementation of its progressive policies" (Hinfelaar and Sichone, 2019, p.17; see also Scott, 2019, p.151), there was also a high turnover of civil servants. This was heightened by PF implementing the retirement age (55) on coming into government (interview TT19). These actions had repercussions for DAC donor perceptions of GRZ having a politicised bureaucracy (section 5.3.2). However, as GRZ was no longer aid dependent, it could prioritise securing objectives other than that of donor finance.

To increase the ease with which GRZ could borrow, and despite increases in non-concessional funding, GRZ under Sata did not put in place systems to capture loans from disparate sources (Cheelo and Nakamba-Kabaso, 2016, p.26; see also Brautigam, 2022, p.1349). Furthermore, in September 2015, Lungu split the Ministry of Finance and National Planning (Times of Zambia, 2015). Delinking these

Ministries would support the maximisation of revenues by preventing financial considerations being the driver of planning, a tactic De Renzio and Hanlon (2009, p.263) have also observed in Mozambique. Thus, PF Presidents engineered the GRZ bureaucracy to assist the securing of their objective of fiscal expansion. However, this would have consequences for GRZ's ability to manage that debt and contribute to declining donor perceptions of GRZ and thus its ability to secure donor funding.

8.2.3 Tackling debt: "All solutions will be determined by us Zambians" (Finance Minister Felix Mutati, 2016)

As GRZ debts rose, DAC donors and the IFIs began to believe that Zambia would be unable to repay them (section 6.2)[68]. GRZ's initial objective was to manage these debts and to avoid defaulting on its Eurobonds. However, it also prioritised doing this on its own terms and maintaining its ability to control policy making (see section 8.4). Thus, through this period GRZ continually attempted to engage the IMF, but to resist the policy solutions being imposed – both with regards to its ongoing borrowing and with regard to domestic policies such as agricultural subsidies.

GRZ secured its objective of resisting IMF conditionality but at the cost of not securing its objective of tackling Zambia's debts, indicating limited national policy

[68] While donor anticipated an IMF deal from 2014 (Orth et al, 2018, pp.67-8), and GRZ began contemplating an IMF 'bailout' in later 2015 (Cheelo, 2018, p.1), the Presidential elections of 2015 and 2016 meant this would not be properly considered until after Lungu had secured election for a full term.

space. GRZ and the IMF did not reach agreement; GRZ would default on its Eurobond debt in November 2020, after failing to make a US$42.5m interest payment. Domestically, the poor state of the GRZ finances would result in delayed payments including local authority workers and ministries going without pay (interview 32). In February 2021 Zambia joined the G20 Common Framework for Debt Treatment. GRZ had not resolved its debt issues when Lungu was voted out of office in August 2021.

This section will indicate two time periods in GRZ's attempts to tackle its increasing debts under Lungu. Firstly, the period following the 2016 election until August 2018, when GRZ asked the IMF's country representative to leave Zambia. This was characterised by GRZ attempting to secure an IMF deal on politically acceptable terms and was not successful. Secondly, the period following this and extending to the August 2021 election. During this period GRZ made sporadic attempts to address debt but had little ability to secure this objective. Relations with the IFIs and donors were very poor and GRZ had little leverage in negotiations, prior to the elections. Furthermore, domestic conditions made it undesirable for GRZ to accede to donor's policy prescriptions.

GRZ's initial strategy to tackle its debt was to engage the IMF, while maximising its leverage in these negotiations. To do this, GRZ positioned itself as willing to tackle its debts. Opening the National Assembly after his re-election, Lungu promised that "my government will continue to undertake austerity measures to

stabilise the macroeconomic situation" (Lungu, 2016, p.7) and argued that he would prioritise "ensur[ing] that the public debt remains sustainable in order to increase the fiscal space and create room for development financing" (Lungu, 2016, p.8).

GRZ also initiated a "home-made IMF programme" (interview C3; see also interview TT6) to secure leverage in negotiations. In October 2016 the Economic Stablization and Growth Programme (ESGP) 2017-2019 ('Zambia Plus') was launched by Finance Minister Mutati (Cheelo, 2018, p.2). Zambia Plus was based on five pillars: firstly, increasing domestic resource mobilisation; secondly, shielding the vulnerable by scaling up social protection; thirdly improving economic and fiscal governance; fourthly, restoring the credibility of the budget; finally, ensuring greater economic stability, growth and job creation (PMRC, 2016, p.4). The following month Mutati secured Cabinet approval to engage the IMF (Cheelo, 2018, p.2). GRZ also launched the 2017-19 Medium Term Debt Strategy focused on increasing the levels of domestic debt compared with external debt (aiming at moving from 45% domestic to 60%) (GRZ, 2017b, p.2). It included the intention to implement a sinking fund to redeem Eurobond debt (GRZ, 2017b, p.5). Thus GRZ tried to demonstrate its willingness to the IMF to prioritise managing its fiscal position.

These plans were accompanied by GRZ rhetoric to stress its negotiating position. Upon launching 'Zambia Plus', Finance Minister Mutati emphasised that its name

meant "that all solutions will be determined by us Zambians while external partners will form the plus as we engage them to assist in this Zambian process. This includes the IMF" (Lusaka Times, 2016a). Mutati went on to say that the

> "Government has not yet hosted any detailed programme discussions with the IMF and there are no IMF preconditions. Our engagement with the IMF has changed considerably over the past decade. And thankfully the days of prescriptions from Washington, without due regard for country peculiarities, have made way and evolved into a better technical and collaborative partnership… We should not turn away from financial and technical assistance and instead take charge and utilize the support" (Lusaka Times, 2016a).

This echoed the language Sata had used about China upon his election[69], and Lungu's emphasis on sovereignty (interview C8) and Zambian leadership in development cooperation relationships[70]. Lungu's desire, in a period when Zambia was not aid dependent, to change the dynamics of the GRZ relationship with DAC donors and the IFIs will be further discussed in section 8.4.

However, the GRZ strategy of securing an IMF deal, on its own terms, and thus tackling GRZ debt, was not successful. Firstly, GRZ did not have sufficient leverage

[69] See section 7.3 which discusses how Sata moved from hostility towards China to welcoming their investment, thus opening up the policy space for a more expansionary fiscal stance. Sata argued in 2011 that the Chinese must obey Zambian laws and that "we welcome your investment, but as we welcome your investment, your investment should benefit Zambians and not the Chinese" (Reuters, 2011).

[70] Speaking about the relationship with China, Lungu argued that the alignment of the Belt and Road initiative with the SDGs, the AU Agenda 2063, and individual countries' development plans meant that "African countries are positioned to negotiate the most beneficial trade and economic deals in alignment with their individual development paths and plans" (Lungu, 2019).

in these negotiations to secure a politically acceptable deal. Secondly, the political will to implement Zambia Plus and austerity measures, and thus to subordinate other policy objectives to that of tackling debt, declined as the 2021 election approached, reflecting Lungu's political insecurity and his assessment of domestic conditions.

Relations with the IMF and DAC donors deteriorated, and GRZ was not able to increase its leverage to secure a politically acceptable deal. The IMF positioned itself as in alignment with GRZ: in March 2017 it argued that between itself and GRZ "there is broad agreement on key objectives, targets and policies, most of which are drawn from the Government's Economic Program" (IMF, 2017b). However, the IMF's prescriptions fell in-line with existing DAC donor concerns about GRZ expenditure, discussed in section 5.3 – including eliminating agricultural subsidies - as well as cautioning against accumulating further debts[71]. In September 2017 the IMF urged GRZ to implement:

> "(i) the streamlining of the Farmer Input Support Program and full migration to the e-voucher system; (ii) keeping Food Reserve Agency (FRA) operations in line with its core mandate (in contrast to a large role in the marketing of maize in some recent years); and (iii) cost-reflective pricing of petroleum products and electricity" (IMF, 2017a, p.5).

[71] The IMF argued that "higher capital expenditure along with higher interest payments will limit the authorities' consolidation efforts" (IMF, 2017a, p.5).

GRZ's poor reputation with DAC donors also provided it little leverage to secure better terms. These donors, who placed little strategic political significance on their relationship with GRZ, supported the IMF's position, through which they could secure their own policy objectives vis-à-vis poverty reduction and reducing subsidies.

Furthermore, DAC donors and the IMFs saw the deal as inevitable. Finland contended, in 2016, that "because of its significant fiscal deficit, Zambia will most likely have to implement an IMF programme" (Government of Finland, 2016, p.9). The World Bank similarly argued that "an IMF program would help restore confidence, reduce the cost of borrowing, and increase international reservices as an important fiscal buffer" (World Bank, 2017, p.18). As a result, the IMF did not feel forced to make concessions to secure an agreement, donors did not push for the IMF to make concessions, and this reduced GRZ's leverage to secure its objectives in the negotiations.

As the 2021 election approached, GRZ's relationship with the IFIs and DAC donors remained very poor and GRZ had little leverage in negotiations with the IMF. The IFIs did not change their stance, and critiqued GRZ plans to deal with debt outside an IMF deal. A 2019 joint World Bank-IMF Debt Sustainability Analysis judged Zambia to be at high risk of debt distress (IDA and IMF, 2019). A deterioration from 2017 was attributed to "large fiscal deficits as the authorities made use of available financing to boost infrastructure spending, weaker growth and exchange rates, and

a worsened external environment (terms of trade and financial conditions)" (IDA and IMF, 2019, p.1). There was also an understanding among interviewees in 2020 that a deal with the IMF could not be concluded until after the 2021 general election (interview TT7; C11), and that donors had similar attitudes (interview C11). Thus, the IMF had little incentive to make concessions and agree a more politically acceptable deal with GRZ. Nor did DAC donors seek to convince the IMF to moderate its terms. The IMF, and donors, perceived that in this matter GRZ did not have 'choices' or national policy space: eventually, they believed, GRZ would be forced to trade securing finance for the ability of DAC donors to secure their own objectives in policymaking.

Secondly, the GRZ objective of tackling its debt was subordinated to other policy objectives. While negotiating an IMF package, GRZ wanted to continue borrowing from China and other lenders, who would continue to supply it finance (see sections 7.3 and 8.2.2 and figure 11). The consequence of this was that in August 2017 the IMF "put on hold [discussions]… after the authorities unveiling large borrowing plans that we believe threatened that sustainability" (IMF, 2017c; see also Cheelo, 2018, p.2). Talks with the IMF were suspended again in February 2018 for similar reasons: GRZ's borrowing plans were perceived to be too ambitious (Cheelo, 2018, p.1; IMF, 2018a). While DAC donors and the IFIs were pleased when GRZ passed the Public Finance Management Act 2018 (interview TT13) in April, negotiations nonetheless deteriorated. In July 2018, talks were suspended when the IMF discovered GRZ's pipeline debt, and that the position stated omitted major

debts (interview TT6, MP25). The IMF's country representative in Zambia, Alfredo Baldini, left the country in August 2018 as a "result of the Zambian government asking" (interview TT6).

As the 2021 election drew closer, the objective of tackling debt further receded from GRZ's priorities. Infrastructure building continued, with Chinese projects exempt from a cull of existing loans (Mwenda, 2018; interview TT6). While the 2020 Economic Recovery Plan described its objectives as "to restore macroeconomic stability, attain fiscal and debt sustainability, restore growth, dismantle domestic arrears and safeguard social sector spending" (GRZ, 2020b, p.10), there was little evidence of this in government policy. Fiscal consolidation and austerity were not highlighted in Finance Minister Ng'andu's 2020 budget speech, with GRZ expenditure and borrowing both planned to increase (ZIPAR, 2019a, p.1; see also Ng'andu, 2019). Thus, domestic conditions remained an important determinant of GRZ's fiscal position – and its failure, in this period, to tackle its debt.

In the period between August 2018 and the August 2021 election, GRZ did not secure an agreement with the IMF. Domestic conditions made it undesirable for GRZ to accede to the policy prescriptions of the IMF and DAC donors. Lungu prioritised his objective of maintaining domestic control over policymaking, particularly in areas he perceived to be politically important such as infrastructure and agricultural subsidies, and pursuing electoral support at the 2021 election. His response to the failure of IMF negotiations was to "talk about sovereignty"

(interview C8) and to look for other actors who could help GRZ tackle its debt problems (for example, Turkey or Saudi Arabia – interview C2). This produced modest results. For example, in October 2020 the China Development Bank provided a deferment of principal and interest, followed by a similar suspension by the China Eximbank in November (Brautigam, 2022, p.1357). However, this strategy did not tackle Zambia's Eurobond debts, the first payments of which were due in November 2020 amid the COVID-19 pandemic. GRZ would default on this, becoming Africa's first COVID-era default.

8.2.4 Concluding remarks on GRZ's ability to secure its objectives vis-à-vis fiscal stance

This section has demonstrated that after 2005, GRZ was largely able to secure its objectives vis-à-vis fiscal stance and that international economic conditions were key to this ability. MMD Presidents, during a period of transition away from aid dependence, secured fiscal neutrality by limiting GRZ spending and securing both donor and increasing copper revenues, which could be used to satisfy domestic demands for spending. In contrast, under PF Presidents, GRZ contracted significant debts as international economic conditions changed to provide access to both borrowing on both the international financial markets and from G20 countries, particularly China. As debt accumulated, President Lungu sought to tackle the situation while also maintaining his ability to secure other objectives – which were conditioned by his perceptions of domestic conditions. He was unable to achieve this. The following section (particularly section 8.3.3) will demonstrate

that this was in part because Lungu elevated his objective of securing infrastructure over that of managing GRZ's debts. This failure to secure multiple objectives will demonstrate GRZ's limited national policy space at this time.

8.3 Securing GRZ objectives vis-à-vis sectoral allocations

This section will look at GRZ's changing ability to secure its objectives vis-à-vis sectoral allocations. It will be argued that this was limited while Zambia was transitioning away from aid dependency (2005-2011). Where the objectives of Presidents Mwanawasa and Banda did not align with those of DAC donors, for example infrastructure, there were limited other options to finance their priorities. The ability of GRZ to secure more of its policy objectives increased as international economic conditions were transformed, and Zambia became no longer dependent on aid (2011-2018). Under President Sata, GRZ could balance different sources of revenue to fund different priorities. At this time, national policy space was most expansive. As debt accumulated and donors withdrew, however, Lungu's ability to fund his priorities became more limited. International conditions allowed GRZ to keep funding infrastructure, but the ability to secure social sector funding had diminished.

8.3.1 Transition from DAC aid dependence: "The ministers can have the passion, but the donors set the agenda"

This section will look at Zambian national policy space vis-à-vis sectoral allocations. Section 5.2.4 argued that under MMD Presidents there were objectives to increase spending on infrastructure and the productive sectors. It will now be demonstrated that GRZ's ability to achieve this was limited while Zambia was transitioning away from aid dependency. Where the objectives of Presidents Mwanawasa and Banda did not align with those of DAC donors there were limited other options to finance their priorities. Furthermore, despite Mwanawasa's strategy of building the confidence of these donors (section 7.2), GRZ found it difficult to persuade them to fund infrastructure or to move from their preferred social sectors. Where GRZ was able to secure its objectives in the short term – for example, agricultural subsidies – in the medium term this resulted in a loss of DAC donor funding in these areas.

GRZ found it difficult to secure its objective of funding infrastructure in the period of transition away from aid dependence (2005-2011). GRZ had limited means of securing funding for infrastructure, international economic conditions did not yet provide substantial amounts for the sector, there was pressure from DAC donors to spend more in the social sectors, and a GRZ objective of being fiscally neutral. GRZ did look to the IFIs for the financing of potential infrastructure projects. The World Bank noted that in 2008 that GRZ wanted it to fund infrastructure, not the social sectors: "the government [GRZ] indicated that it would prefer to use scarce

International Development Association (IDA) resources for financing infrastructure, and would finance social sector interventions either through its own resources or through grant financing" (2015b, p.56). However, this did not yield sufficient results. GRZ spending on infrastructure thus fell as a share of the budget from 12.5% in 2006 to 9.2% in 2010 (IMF, 2008a, p.11).

GRZ looked to a wider range of countries to fund infrastructure, although most – as was demonstrated in section 5.3.1 – were focused in other sectors. Limited funding was available, particularly from Japan and the emerging G20 countries. For example, Mwanawasa seized on Japanese help to build the Kazungula Bridge (Magande, 2018, p.458). Furthermore, Chinese loans to Zambia for infrastructure grew between 2006 and 2011. Having received nothing in 2005 and $68m in 2006, this grew to $659m in 2010 and $577m in 2011 (Boston University, 2023). A long-sought bridge at Chembe (Magande, 2018, p.458) was financed through government revenues and built by Chinese contractors in 2006 (Times of Zambia, 2006d). In 2009 a US$53m loan for nine mobile hospitals was agreed with the Chinese Exim Bank by President Banda (Akapelwa, 2014, p.16). India also provided funds consistently through the period, although the overall amounts were smaller. For example, in 2008, Zambia applied for a US$80m soft loan from the Exim Bank of India for the upgrading of the Itezhi-Tezhi hydropower station (Times of Zambia, 2008h). Nonetheless, these sources were limited. GRZ failed to substantively secure its infrastructure objective as international conditions

provided it with limited 'choices', and donor attention was focused on the social sectors.

GRZ also found it difficult to secure its sectoral objectives because it was unable to move DAC donors away from funding the social sectors. Furthermore, budget support provided these donors with a way to achieve their objectives of greater social sector spending not only by providing aid in these areas but by driving the whole GRZ budget towards these ends.

Despite GRZ transitioning away from aid dependency, the GRZ objective of securing greater DAC donor funding – particularly in the form of budget support – was prioritised over where that money was spent. Thus, donor funding was difficult to turn down even when it was not directed towards activities that GRZ would prioritise (Fraser, 2007, p.34; Hooper et al, 2008, p.25). Furthermore, GRZ attempts to change the sectors DAC donors were working in were of limited success. When GRZ attempted to reorganise the division of labour, in line with Paris Declaration principles, donors were reluctant to move – particularly from health and education (Leiderer, 2013, p.13; OPM, 2010, p.41). This is a tendency that been found in a number of recipient countries. For example, Humphrey and Michaelowa (2019, pp.22-3) found in Malawi, Ethiopia and Tanzania that these governments found it difficult to change the sectors DAC donors worked in. As a result, GRZ was unable to secure its objective of funding the productive sectors, and donor funding continued to primarily go into the social sectors.

Furthermore, other GRZ revenues also were directed into these non-priority sectors, as DAC donors persuaded GRZ to allocate more to these sectors. Despite the Paris Agreement, the "requirements of bilateral donors still dictate[d] many actions" (OPM, 2010, p.8). IMF documents demonstrate this, with the share of the budget spend on health increasing from 10.7% in 2006 to 14.0% in 2010. Education also grew between 2006 and 2010, from 16.1% to 20.3% of GRZ's total budget (IMF, 2008a, p.11).

GRZ's objective of securing aid in the modality of budget support aided donors in securing their objectives vis-à-vis sectoral allocation. Budget support was accompanied by policy dialogue, and DAC donor influence in day-to-day policymaking (see section 8.4). Thus, a donor evaluation noted that "budget support resources… can be argued to have facilitated significant increases in social sector spending. There is evidence that in these sectors budget support did not crowd out (but rather crowded in) domestic resources" (Leiderer and Faust, 2012, p.142). Similarly, Orth et al argued that "because of donor pressure or control, the GRZ increased public expenditure in social sectors" (2018, p.71) in the budget support era. Thus, in a period when GRZ was moving away from aid dependency, international institutional conditions, specifically the Paris Agreement and the 'ownership' agenda, were utilised by donors to secure their objective vis-à-vis sectoral allocations, despite contrary GRZ objectives. This has also been seen in a number of other aid-dependent countries such as Ghana (Whitfield and Jones,

2009, p.212), where it was argued that Paris had not helped the government secure greater control of its policy agenda.

Nonetheless, GRZ was able to secure its objectives in the agricultural sector in the short-term, obtaining budget support resources while funding agricultural subsidies. This was driven by greater resources: both domestic and from DAC donors. Agricultural spending by GRZ grew from 5.7% to 9.2% of the budget, between 2006 and 2010 (IMF, 2008a, p.11). Furthermore, as donor evaluations noted, "in the agriculture sector, GRZ contributions grew by 75% between 2005 and 2009, yet CP [cooperating partner] contributions grew even more" (Leiderer and Faust, 2012, p.148; see also Chiwele et al, 2010, pp.24-5).

In the agriculture sector GRZ was able to secure its objectives in the short term. Donors provided budget support in the agricultural sector, on the basis of GRZ's commitment to "fight poverty, including through a pattern of public expenditure consistent with poverty reduction priorities as identified in the National Development Plan" (quoted in the MoU in Leiderer and Faust, 2011, p.7). However, as was demonstrated in chapter five, DAC donors and GRZ had opposing objectives vis-à-vis agricultural subsidies, with domestic conditions playing a key role in GRZ's position. DAC donors strategized to influence this policy, frequently raising their belief that the subsidies should be reformed or abolished. The IMF argued, reflecting their views, that "reforming agricultural policy should be a priority. Donors have heavily criticized the food strategic reserve and fertilizer support

programs, which should end as planned starting with the 2009 budget" (IMF, 2008a, p.12). Furthermore, in policy dialogue, donors sought to utilise GRZ's own plans against it, arguing that agricultural subsidies had been low priorities in the Fifth National Development Plan and therefore accusing GRZ of spending money in a manner not aligned with this plan (GRZ, 2011b, p.23; Chiwele et al, 2010). However, GRZ refused to reduce agricultural spending or to remove the subsidies while insisting that they wished to refine the program (Times of Zambia, 2009a) – demonstrating some limited Zambian room-for-manoeuvre despite the importance of securing DAC donor funding. Increasing domestic revenues increased national policy space and thus allowed domestic conditions and the ideological positions of the GRZ leadership to prevail in agricultural policymaking.

Thus, GRZ was able to secure its objectives of increasing agricultural spending and spending on subsidies during a period of transition away from aid dependence. However, in the medium term the inability of DAC donors to secure their objectives would precipitate GRZ's reduced ability to secure their funds. Donors increasingly perceived that they were unable to influence agriculture policy. A donor evaluation argued that "there is no evidence to show that the more regular and open dialogue has had any greater impact on GRZ's actions [in the agriculture sector] than had been the case before such policy dialogue became more formalised under the GBS process. In particular, despite the CPs being increasingly critical of the FSP, they have not been able to stop its rapid expansion in recent years" (Chiwele et al, 2010, p.iv). As a result, budget support to agriculture would

end in 2011. This also occurred with projects: when "GRZ was strong on insisting that there would be no new stand alone projects, many donors simply held on to their funds" (GRZ, 2011b, p.xiii). Nonetheless, from 2011 a new leadership – which did not prioritise agriculture – led GRZ. In an era of more 'choices' for funding, this new government would be able secure more of its sectoral objectives.

8.3.2 Balancing revenues to fund different priorities: "The world has become a global village" (President Lungu, 2015)

From 2011, as international economic conditions transformed, and GRZ reduced its dependent on DAC aid, it was able to secure a greater number of its objectives vis-à-vis funding different sectors. As a country perceived by DAC donors to have little political importance, aid could increasingly be secured only in areas where GRZ and donor objectives coincided. However, other sources of funding were becoming available to secure Zambian objectives where they did not coincide with those of donors. Thus national policy space was most expansive between 2011 and 2018, as GRZ was able to both secure DAC donor funding in the social sectors, and to use G20 finance and commercial borrowing on the international markets to secure infrastructure funding.

GRZ's objective, after 2011, of funding for the social sectors was secured both through increasing domestic revenues and GRZ's ability to sustain DAC aid coming into this area. There was a change in GRZ objectives under PF Presidents, particularly Sata. As section 5.2.4 demonstrated, he was ideologically more

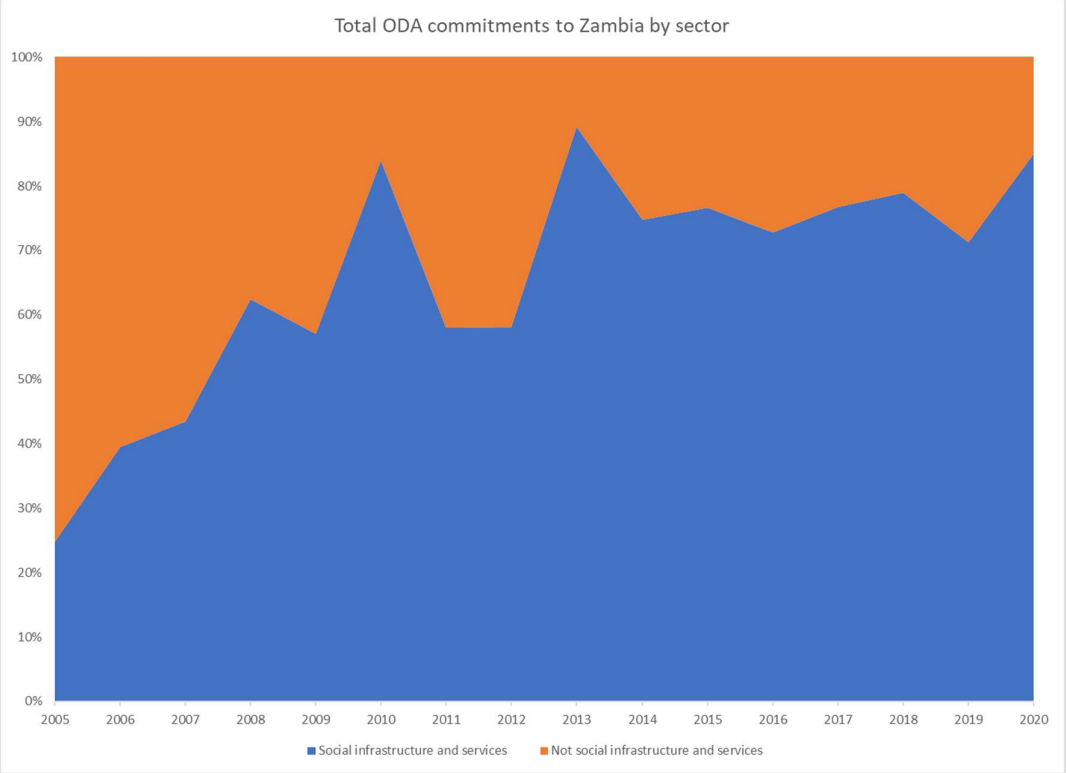
favourable to the social sectors, and tackling poverty in this way. As a result, GRZ under Sata held a number of objectives which aligned with the priorities of DAC donors: securing greater funding for health, education and SCTs. Thus, by 2014, education's share of the GRZ budget had reached 20% and rose in real terms every year 2011-2015 (UNICEF, 2016a, p.2). SCTs, which had been resisted previously, were boosted. Similarly, the GRZ health budget rose in real terms every year 2011-15, although its share of the budget peaked in 2013 (11.3%) (UNICEF, 2016b, p.2).

GRZ's objective to expand social sector funding was achieved for two key reasons. Firstly, DAC donors were disposed to provide increasing shares of their support to the social sectors (see Mawdsley, 2015, p.343). In Zambia, where these donors perceived the greatest likelihood of securing their objectives in this sector, the amount funnelled to this area rose as GRZ's aid dependency receded, and was consistently over 70% from 2013 (figure 12)[72]. Thus, for example, while agriculture budget support was ended in 2011, UK budget support in the education sector continued until 2018 (UK Government, 2023).

[72] These figures show all ODA to Zambia; they do not reflect the decreasing amounts going to GRZ.

Figure 12: Total ODA commitments to Zambia by sector 2005-2020

Source: OECD (2022)



Secondly, GRZ highlighted its poverty reduction credentials and allowed DAC donors influence in areas they were funding. For example, GRZ indicated its support for reforming both agricultural and other subsidies, opposed by donors. In 2013 the government announced the removal of fuel subsidies, on the basis of their high cost and a lack of benefit to the poor (CUTS and ZIPAR, 2017, p.13). GRZ argued that the money saved would be used for other social programmes (CUTS and ZIPAR, 2017, p.13). Donors expressed their satisfaction at this move, alongside reductions in subsidies on fertiliser and maize. Thus, despite reform slowing and an e-voucher not being introduced under Sata (Resnick et al, 2018, p.110), a World

Bank report described the agriculture sector between 2011 and 2015 as "an example of substantial [donor] collaboration" (World Bank, 2015b, p.5). This exchange of DAC donor funding for their influence, in areas where objectives coincided, can also be seen in the case of social cash transfers.

Social cash transfers were a priority for a number of DAC donors, who had limited ability to secure this objective under MMD Presidents (Pruce and Hickey, 2017, p.12). However, under President Sata this policy was enthusiastically supported. This alignment of objectives secured this source of funding to GRZ. In October 2013, Finance Minister Chikwanda announced a 700% increase in SCT spending and the expansion of the scheme to an additional 31 districts (Siachiwena, 2017, p.5). By 2016 SCTs accounted for 2.4% of the total budget (UNICEF, 2016c, p.1). SCTs were funded by a range of donors including Finland, Sweden, DFID and IrishAid. This expansion continued under Lungu, who was initially able to secure donor funding for this objective. In 2015 the budget for SCTs was K222,125,041 (K110,500,000 (50%) from GRZ) and in 2017 it was K551,324,046 (K353,299,374 (64%) funded by GRZ) – an increase of 248% (PMRC, 2020, p.10; UNICEF and ZIPAR, 2017, p.2). Thus, coinciding objectives allowed GRZ to secure DAC donor funding, even as the overall relationship deteriorated as donors perceived a reducing ability to secure their objectives.

Furthermore, Lungu seized upon this policy as part of his Zambia Plus (section 8.2.3) strategy. Given the initial perceived necessity of reform to reaching an

agreement with the IMF, and thus potentially removing agricultural subsidies, Lungu "identified social cash transfers as the best means of providing a social safety net for the poorest as his government moved to implement austerity measures as part of negotiations" (Siachiwena, 2017, p.1). Finance Minister Mutati argued in 2016 that "the removal of subsidies can harm the poor, as they are least able to adjust. To ensure the poor are better protected, Government… will see an increased budgetary allocation to social protection including addressing the plight of pensioners" (Mutati, 2016, p.5). Thus, Lungu pursued a policy sought by donors, securing donor funding for SCTs – and in the hope of improving his negotiating position with the IMF. Fuel subsidies were eliminated in October 2016 and electricity subsidies were reduced in May and September 2017 (Cheelo, 2018, p.7). In the 2017 budget the removal of electricity subsidies, and their replacement by cost-reflective tariffs, was announced (PMRC, 2017, p.6). However, despite this visible commitment to a number of DAC donor objectives, GRZ's ability to secure either an IMF deal (section 8.2.3) or donor finance to fund SCTs reduced. This will be further discussed in the following section 8.3.3.

GRZ was also able to utilise the changing development cooperation landscape to fund infrastructure – which, as section 5.2.4 demonstrated, was a priority under Presidents Sata and Lungu. To do this, GRZ pursued revenue from a range of international sources – both G20 countries and the Eurobonds - as well as domestic revenues. Road commitments increased significantly in 2011 and 2012, more than doubling between 2010 and 2011 (Raballand et al, 2014, p.7). In 2011 the government

adopted The Accelerated Program of Road Construction, increasing the target for paved roads from 5,000km to 8,000km (World Bank, 2015b, p.37). Thus, GRZ spending on non-financial assets (mainly roads) increased from 3.4% of GDP in 2011 to 6.7% in 2013 (Nalishebo and Banda-Muleya, 2017, p.2).

GRZ could use Chinese funding to secure its infrastructure objectives, including for large projects. For example, in 2014 loans were secured from the China Exim Bank to pay for the Kenneth Kaunda International Airport (US$349,060,000) and Kariba North Bank dam (US$54,000,000) (Simumba, 2018a, p.21). As was argued in 8.2.2, under Lungu GRZ's borrowing from China increased and this was focused on securing infrastructure. Table 2 shows the extent to which this increased under Lungu, who was able to borrow significant amounts from China to fund infrastructure, particularly in the transport, power and defence sectors.

Table 2: Chinese loans to Zambia, 2005-2019 and 2015-2019

Source: Boston University, 2023

	2005-2019		2015-2019	
Transport	23 loans	$2.9B	9 loans	$1.4B
Power	14 loans	$2.7B	8 loans	$1.8B
Defense	13 loans	$2.1B	7 loans	$1.1B
ICT	8 loans	$958M	3 loans	$501M
Water	3 loans	$630M	3 loans	$630M
Education	1 loan	$191M	1 loan	$191M
Health	2 loans	$183M	1 loan	$136M
Industry	1 loan	$170M	1 loan	$170M
Other social	3 loans	$162M		
Trade	1 loan	$46M		
Banking	1 loan	$30M		
Government	1 loan	$25M		
Unallocated	1 loan	$21M		
Agriculture	1 loan	$12M		

GRZ could also secure its infrastructure objectives by turning to a wider array of G20 countries. India financed infrastructure under Lungu. Modi announced the Gandhi Convention Centre in Lusaka in 2017 (interview G20-34) and India subsequently provided funding for the Lusaka Decongestion Project and rural health posts (interview G20-34; Zambian Watchdog, 2015b). Lungu and GRZ also turned to Russia for support developing nuclear energy (Times of Zambia, 2016, CIO Africa, 2018), to Saudi Arabia for oil (Lusaka Times, 2016b; Zambia Reports, 2016), and Israel for agriculture and technology (Lusaka Times, 2018c, Lusaka Times, 2021b). Thus, GRZ was increasingly able to meet its infrastructure objective by exploiting a wider range of international relationships, as a result of changing political and economic international conditions.

Furthermore, PF Presidents also manipulated the GRZ bureaucracy to secure their infrastructure objectives. For example, the Roads Development Agency (RDA) was left without a board by Sata, instead reporting directly to the Permanent Secretary (Raballand et al, 2014, p.8). Furthermore, it was physically "moved directly under [Sata's] office for ease of shouting" (Scott, 2019, p.151), to remove bureaucratic impediments to securing this objective. Such bureaucratic manipulation to ensure the securing of an objective was also demonstrated by Sata and Lungu in section 8.2.2 vis-à-vis securing borrowing. However, how GRZ secured these objectives had consequences: for its debt levels, and for its relationship with the DAC donors funding the social sectors, who perceived GRZ to be increasingly corrupt and to have a politicised bureaucracy (section 5.3.2).

8.3.3 Debt and DAC donor retreat: "Only 10% of the budget is available for development"

This section will argue that as debt accumulated and DAC donors withdrew, particularly after 2018, Lungu's ability to fund his priorities became more limited and national policy space began to contract. International economic conditions allowed GRZ to keep funding infrastructure, but the ability to secure social sector funding diminished. GRZ's reliance on international funding, inability to balance providers, and increasing amounts spent on debt repayments, resulted in a reduced ability to decide sectoral allocations. Zambian national policy space contracted from 2018, as a result of these factors.

As debt mounted, GRZ's ability to fund infrastructure did not reduce as China and other G20 countries - who had different ideas about fiscal sustainability to DAC donors and the IFIs - were willing to provide funding in these areas. Some infrastructure projects appeared for the first time in the 2018 Estimates of Revenue and Expenditure (Nalishebo and Banda-Muleya, 2017, p.9). Furthermore, after announcing that they would not be embarking on new projects, GRZ agreed a K861m FTJ University construction project (ZIPAR, 2019a, p.7). The 2020 Budget proposed to continue the road tolling programme (ZIPAR, 2019a, p.4). Projects linking agriculture and industrialisation included the Zambia Aquaculture Enterprise Development Project and an intended tomato and fruit processing plant (PMRC, 2020, p.10). The 2021 budget saw a sharp increase in the amount allocated to the Rural Electrification Fund (85% on 2020) (PMRC, 2020, p.16). Securing this infrastructure objective did reduce the ability of GRZ to secure an acceptable deal with the IMF (section 8.2.3). Nonetheless it was prioritised, as a result of Lungu's insecurity and his perceptions about domestic political conditions.

Nonetheless, there were some signs of GRZ's reducing ability to secure even its infrastructure objectives towards the end of Lungu's tenure. For example, the Lusaka/ Ndola Dual Carriageway project was commissioned in late 2017 – costing US$1.2bn (Cheelo, 2018, p.13). However, construction was halted in June 2021, with "works on the Lusaka/ Ndola… only commenc[ing] once the debt situation improves in the country or when other funds are sourced for the project" (Lusaka

Times, 2021a). Nonetheless, this was five years after the IMF had described Zambia at being at risk of debt default (section 8.2), followed the COVID-19 pandemic and a default on Eurobond debt in November 2020. Changes in international economic and political conditions had sustained the ability of GRZ to secure its infrastructure objectives. It was GRZ's fiscal position, and the need to spend more of the budget of debt repayments, that eventually reduced its ability to secure this objective.

Further contracting national policy space, and in contrast with other international sources of finance, DAC donor finance was not sustained as GRZ's financial position worsened – even where objectives were aligned. Donor perceptions of GRZ being corrupt, and the bureaucracy being politicised and poor at implementation, instead came to the fore and prevented both parties from securing their policy objectives vis-à-vis social cash transfers. The program was littered with implementation problems. There were problems in paying SCT beneficiaries in 2015 and 2016, with the Ministry of Finance not distributing funds to the Ministry on time (Siachiwena, 2017, p.13). The social cash transfer budget was similarly underspent by 47% in 2016, 41% in 2017 and 37% in 2018 (ZIPAR, 2019a, p.17). In part this was because, as noted in section 7.4, GRZ was collecting marginally less revenue in 2015 compared with 2005, despite economic growth (World Bank, 2016, p.24). Debt repayments were also consuming an increasing share of revenues.

Furthermore, domestic conditions – and Lungu's insecurity - made transferring funds from other areas difficult. Despite not budgeting for them, GRZ spent K1.6bn

on fuel subsidies in 2013 (Nalishebo and Banda-Muleya, 2017, p.2); they would not be fully removed until 2016. Similarly, despite Lungu's support for reforming agricultural subsidies, in 2016 GRZ overspent on agriculture subsidies (releasing 190% of the budgeted amount - Cheelo, 2018, p.14). As a result, GRZ lost its ability to secure DAC donor funding for SCTs. As was charted in section 7.2, social protection funding from donors went "belly up" (interview DAC30) with donors quickly withdrawing from the sector after the 2018 corruption scandal (Reuters, 2018b; Times of Zambia, 2019a; section 7.2). Despite apparently coinciding objectives, GRZ was thus unable to secure finance for this area from these donors. Furthermore, as debt increased, domestic revenues decreased, and G20 countries did not provide Zambia with 'choices' for funding in this policy area, GRZ's objective was increasingly not secured. National policy space was contracted as a result of both debt and a reducing ability to secure DAC revenues.

A reduced ability to secure both domestic and DAC donor funding, and increasing expenditure on debt, also resulted in funding for other social services beginning to decline. The health sector budget declined from 9.3% to 8.8% between 2009 and 2020 (ZIPAR, 2019b, p.7). While experiencing real terms increases, the education budget fell from 20.2% of the budget in 2015 to 16.1% in 2018 (UNICEF and ZIPAR, 2017, p.4). And between 2019 and 2020 it fell in real terms from K13.2bn (15% of total budget) to K13.1bn (12% of total budget) (UNICEF and ZIPAR, 2019, p.2). These areas lost concessional funding (section 7.2) as DAC donors perceived an inability to secure their objectives by working through GRZ. Furthermore, fiscal constraints

"affected social sector spending more than any other function of government" (UNICEF and ZIPAR, 2019, p.3). A number of interviewees noted the GRZ mantra that only 10% of the budget was available for 'development' (interview TT1, TT7). Thus, as GRZ became more indebted, and donors moved away from it, international conditions did not provide 'choices' through which GRZ could secure its social sector objectives.

Thus, international economic conditions, and a range of G20 financiers, allowed GRZ to keep funding infrastructure, but its ability to fund the social sectors diminished. This was conditioned by Lungu's prioritisation of infrastructure, as a result of domestic political conditions, which exacerbated his inability to secure other objectives and thus constricted national policy space. As a result, there was a decline in DAC donor funding and an increasing need to spend a greater share of the budget servicing GRZ's debt. GRZ's ability to control the sectoral allocation of finance declined, and national policy space contracted.

8.3.4 Concluding remarks on GRZ's ability to secure its objectives vis-à-vis sectoral allocations

This section has demonstrated the extent to which different GRZ governments could secure their objectives vis-à-vis allocating finance to different sectors. It has argued that in 2005, and during a period of transition away from aid dependency, GRZ had limited ability to decide which sectors it financed. Having limited revenues, and DAC donors with strong opinions about what their aid should fund,

sectoral allocations were driven by donor objectives and GRZ found it difficult to secure funding for its priorities. National policy space expanded from 2011 for two key reasons. Firstly, international economic conditions increasingly allowed GRZ to secure its objective of increasing infrastructure spending. Secondly, PF governments were more aligned with DAC donor objectives on social sector spending and were able, under Sata, to fund these areas from both donor funding and domestic revenues. Thus, national policy space was expanded by GRZ's ability to secure multiple sources of funding which could be utilised for different priorities.

This national policy space contracted under Lungu, particularly after 2018, as GRZ's ability to secure its priorities vis-à-vis sectoral allocations reduced, with debt building up and revenues – both domestic and DAC donor – reducing. GRZ could no longer balance multiple sources of funding, G20 funding was predominantly directed towards infrastructure and thus, while this objective could be secured, the ability to fund the social sectors receded. Domestic conditions conditioned this response: infrastructure was prioritised as a result of Lungu's political insecurity, despite the outcoming being the decline of GRZ's ability to secure its social sector priorities.

8.4 Securing GRZ objectives vis-à-vis a realignment of the relationship with DAC donors: "Let us stop the façade that our governments enjoy 'warm and cordial' relations" (American Ambassador, 2019)

The final objective which this chapter considers is GRZ's objective of realigning its relationship with DAC donors as aid funding receded (section 5.2.5). As has been demonstrated, GRZ held the perception that there was a trade-off between securing donor revenues and its ability to secure other objectives – including the dynamics of its relationship with these donors. This section will assess GRZ's ability to secure its objectives both of gaining greater control of day-to-day policymaking, and in changing the dynamic of its relationship with DAC donors towards a more diplomatic footing. It will argue that even as funding to GRZ receded, these donors were reluctant to dispense with this identity. Donors perceived their primary role in Zambia to be poverty reduction, as section 5.3.1 demonstrated, and therefore GRZ found it difficult to realign this relationship. Furthermore, as Zambian indebtedness increased, the COVID-19 pandemic hit, and its budget became tighter, GRZ once more prioritised attempting to secure IFI and DAC donor funding and thus deprioritised this objective: Zambian national policy space contracted from 2018.

This section will first examine Zambian influence over day-to-day policymaking, both vis-à-vis aid and, under budget support, wider policymaking. It will be argued

that under budget support, this GRZ objective was subordinated to that of bringing in DAC aid revenues. As a result, these donors had considerable access to GRZ policymaking processes on a day-to-day basis, influencing both aid spending and wider policy making, as demonstrated in section 8.3. Furthermore, GRZ – throughout the time period – had little control over other aid funding. Even as GRZ had more 'choices' about funding, it had little leverage in its aid relationships as a result of the continuing perceptions of a trade-off between donor influence and finance.

Since the 1990s, Zambia's dependence on aid, and objective of securing HIPC debt relief, had resulted in DAC donors gaining entrance into day-to-day policymaking (sections 4.4 and 4.5). After 2005 the ability of GRZ to secure greater control of day-to-day policymaking was limited, as these donors continued to access, and influence, policymaking. This objective was achieved by DAC donors through the provision of significant funding, and the modality of budget support. Perceiving DAC donor finance to be trade-off with influence, and itself as having little leverage, GRZ prioritised securing aid and its preferred modality – as section 7.2 demonstrated. Thus, while GRZ sought greater control of policymaking, it was largely accepted by GRZ that DAC donors would play a significant role.

DAC donors had day-to-day involvement in GRZ policymaking through budget support. It was accompanied by both policy dialogue and a performance framework that contained a wide range of indicators – driven by donor and not

GRZ objectives. Having limited confidence in GRZ, "the donors set up so many conditions… With the result that every meeting they had, they were discussing whether this had been done, whether that had been done, and so forth… And instead of strengthening those systems it just got in the way" (interview C3). The indicators, from the Ministry perspective "continually changed" (de Kemp and Ndakala, 2011, p.38). Many were "unrealistic indicators… [that] were pushed through by CPs, and Zambia said yes, because we wanted to see the money flow" (quoted in Gerster and Chikwekwe, 2007, p.16). Budget support, despite being a modality that was designed to privilege recipient leadership, thus made it difficult for GRZ to expand its day-to-day control of policymaking. Furthermore, it fed into GRZ perceptions that DAC donors were controlling, and that the relationship was hierarchical and controlling (section 6.2.2).

DAC donors also utilised international institutional conditions to support securing their objectives in GRZ policymaking. Motivated by the MDGs, the percentage of the budget spent on basic education rose from 57% in 2005 to 61% in 2010 (de Kemp and Ndakala, 2011, p.40). Similarly, Evans (2012, p.8) found that the MDGs, and potential embarrassment for the country, motivated budget allocations to maternal and child health. However, of greater impact was the prominence DAC donors gave to it: "The ministers can have the passion, but the donors set the agenda" (quoted in Evans, 2012, p.7). Thus, these donors were able to secure their objectives through utilisation of international institutions, limiting GRZ's ability to

secure influence in day-to-day policymaking; although, as section 6.3 argued, the MDGs did secure donor funding for GRZ, in return for these policy concessions.

From 2011, GRZ was slowly able to secure its objective of removing DAC donors from day-to-day policymaking involving its own resources, as its national policy space expanded. GRZ was increasingly less willing to allow DAC donors influence as budget support reduced and it could achieve its objective of securing funding through other sources (section 7.3). In 2012, an IrishAid evaluation commented that "senior management is reportedly less accessible, and dialogue and interaction has become constrained" (Mokoro, 2012, p.45) in the education sector. This was based on – as was argued with regard to the agriculture sector in section 8.3.2 – GRZ's perception of changing international economic conditions and ability to source finance from other sources. However, the fundamental trade-off between DAC donor funding and influence had not diminished: donors remained unwilling to fund GRZ when they perceived they could not secure their objectives.

Projects run by DAC donors continued to feature a similar level of donor involvement in implementation, limiting the ability of GRZ to gain control of day-to-day policymaking vis-à-vis aid funded projects – even as GRZ was no longer aid dependent. In 2011 USAID argued that their programs and projects would be "subject to increased emphasis and rigor in performance monitoring and evaluation" (2011, p.6). GRZ accepted this as the objective of influence over policymaking was subordinated to that of securing finance; GRZ perceived itself to

have no other leverage to secure this funding. Evans (2012, pp.5-6) notes Ministry of Health resistance to a 2012 World Bank Results-based Financing programme. She found that "several senior managers were unpersuaded by the necessity of performance-related pay, yet still supported the programme in order to procure additional resources for safe motherhood" (Evans, 2012, p.6). Similarly, in 2020, a recently retired GRZ bureaucrat argued that in project management DAC donors were one-track minded, had a focus on indicators, and "of late it has become worse. The donors have tended to be even micromanaging" (interview GRZ10). Thus, GRZ had a limited ability to secure its objective of control over day-to-day policymaking in areas funded by DAC aid – even as the development landscape evolved and GRZ was no longer dependent on this support. GRZ had limited national policy space: it had little leverage in its DAC aid relationships and the trade-off between donor influence and finance remained.

The section now considers the GRZ objective to realign its relationship with DAC donors to a more diplomatic one. As these donors became a less important source of funding for GRZ, and especially after 2011 and the change in GRZ leadership, GRZ sought to change the dynamic of their interactions. GRZ wanted to realign the relationship away from the donor-recipient dynamic, which it perceived to be hierarchical and prescriptive, and to move towards a more equal relationship with fewer conditionalities (interview DAC30). In 2011, the GRZ Secretary to the Treasury argued that,

> "Given that Zambia has been reclassified by the World Bank as a lower middle-income country, the government focus will be to realign the relationship between Zambia and its cooperating partners from that of donor-recipient to one based on mutual partnership and cooperation" (Times of Zambia, 2011c).

However, it will be argued that GRZ's strategy for achieving such a realignment did not secure change in the behaviour of DAC donors, and the relationship remained one of donor-recipient. National policy space remained limited; furthermore, as the 2021 election approached the objective faded as GRZ reprioritised securing DAC donor funding.

GRZ's primary method of realigning its relationship with DAC donors was to argue that they were equal to all other partners, and to act accordingly. GRZ was keen to promote a discourse that it worked with many countries; an interviewee with links to GRZ arguing that "the Government sees everybody as an important partner" (interview TT5). Furthermore, that other countries did not see GRZ as just an aid recipient: they were "not just supporting the country for the sake of supporting it" (interview TT1). GRZ also tried to treat aid as other forms of international funding and refused to privilege it in policymaking. Managing DAC donors to keep funds flowing fell down the list of GRZ priorities. Government documents vis-à-vis aid went un-updated: a permanent secretary 'brushed aside' an updated aid management strategy (around 2010) (interview C3). Instead of publishing a new strategy to deal with its donors, in view of changing circumstances, the issue went

officially ignored and old documents (from 2005) remained officially in place (interview GRZ14).

GRZ was initially able to secure this objective better in its relationship with the IFIs. As a result of Zambia's changing international position, the IFIs began to change their behaviour in their relationship with GRZ. The World Bank's strategy began to focus on "build[ing] trust with the government" (World Bank, 2015b, p.75). The World Bank recognised that "in the past [the Bank] tended to focus exclusively on preventing the country from doing the wrong things… The Bank should [instead] work with the government to suggest where such investments can have the highest pay-off" (World Bank, 2015b, p.xxiv). Sectors suggested were transport, power and health. GRZ recognised this, with interviewees arguing that multilateral institutions, such as the World Bank and African Development Bank, were better than DAC country donors in allowing GRZ control over funding (interview GRZ12). However, as debts mounted – as section 8.2 demonstrated – these relationships reverted to a more prescriptive and hierarchical dynamic.

With DAC country donors – providing primarily grants and not loans – it was always more difficult for GRZ to realign the relationship. These donors prized their identity as donors and diplomatic political actors. They, unlike other states, worked primarily with the Ministry of Finance and other implementing Ministries (interview GRZ14); others worked through the Ministry of Foreign Affairs (interview G20-34). Similarly, as section 5.3.1 demonstrated, their primary objective

remained poverty reduction. Thus, as section 7.3 demonstrated, for many of these donors, GRZ becoming a LMIC country, and less dependent on aid, resulted in them either leaving Zambia, or reassessing how they could secure their poverty reduction objectives while having less influence over GRZ.

DAC donors, perceiving both that they had less leverage in their relationship with GRZ, and with reducing access to policymaking, changed some of their methods of securing their poverty reduction objectives. Donors more frequently turned to the press to critique the government. For example, in response to the 2013 public sector wage increases, they publicly asked the government to use it to "leverage higher performance and improve service delivery" (Times of Zambia, 2013f). However, this was an unpopular strategy with GRZ, contributing to a deteriorating relationship. When the British envoy made remarks on twitter (suggesting that the director of the Financial Intelligence Center should be removed) in 2018, the GRZ responded,

> "I think that, in any situation, whenever we believe that, our very dear partners, particularly diplomats, and particularly the British relations that we have, if our colleagues observe any issue that they wish to comment on, there are channels through the Ministry of Foreign Affairs where observations or grievances can be expressed" (Chief government spokesperson Dora Siliya quoted in Newsdiggers, 2018c).

Thus, as the relationship between DAC donors and GRZ involved less day-to-day contact, exchanges and donor attempts to secure their objectives became increasingly public; GRZ responded likewise.

As international conditions were perceived by GRZ to be becoming more favourable, and GRZ was no longer aid dependent, it also became more assertive with DAC donors. This reflected both Zambia's reducing reliance on these donors, and that GRZ had not been able to increase its leverage in these relationships. For example, in 2014 GRZ publicly questioned why 60% of health aid was channelled outside the government (Lusaka Times, 2014a). Such assertiveness was also observed by Kragelund in Zambia in 2015: GRZ critiquing donors, and "asking them to 'pack their bags and go' if they keep interfering in internal affairs" (Kragelund, 2015, p.252; see also Kragelund, 2014, p.156). It has also been seen in a number of other recipient states as their dependence on the West lessened. For example, by Sato et al (2011, p.2099; see also Hasselskog, 2019, p.102) in Cambodia, who similarly attributed government assertiveness to the availability of finance from emerging donors.

However, these strategies failed to realign the relationship with DAC donors. Even with minimal funding going into government, GRZ perceived that the relationship had not moved away from the donor-recipient dynamic. As GRZ accumulated greater debt the relationship became "strained" (interview C11, TT13), with "misunderstandings" (interview MP22). To GRZ, donors were "always the same" (interview 18) and their relationship had "not really changed" (interview MP27). The GRZ-donor relationship under Lungu was epitomised by an exchange between US Ambassador Foote and GRZ. Foote argued in 2019 that he was not getting access

to GRZ policymaking in return for the large amounts of aid the USA was providing to Zambia (interview C2). He publicly stated that:

> "In my two years, I have strived to improve the U.S.-Zambia partnership, with minimal success. Let us stop the facade that our governments enjoy "warm and cordial" relations. The current government of Zambia wants foreign diplomats to be compliant, with open pocketbooks and closed mouths. Minister Malanji reminded me that I have "always been granted audience to the Ministry and the Government of Zambia." That is not the case. With few exceptions, the U.S. president's personal representative to Zambia—me—has been relegated to meeting with the Ministry of Foreign Affairs at the permanent secretary level.
>
> "Despite $500 million in annual American, debt-free support to the Zambian people, I have been granted exclusive bilateral audience with the president only five times in two years, usually with delays of months upon my request, and little action of mutual interest has been taken by State House. Last week, we rearranged my schedule—and I'm somewhat busy administering a half-a-billion dollars in annual programs here—to meet with the president on Friday. On Friday, State House told me to come Saturday, a day already filled with rescheduled meetings. That's not mutual respect. Both the American taxpayers and Zambian citizens deserve a privileged, two-way

> partnership, not a one-way donation that works out to $200 million per meeting with the head of state." (OpenZambia, 2019).

GRZ did not respond favourably to this. The GRZ response was: "You cannot ask a government to make a decision at gun point - 'because we are giving you aid, we want you to do this' - you can't" (BBC, 2019). Similarly, an MP argued that GRZ had had to stand up for its sovereignty in the matter, and that donors "must respect the diplomatic etiquette" (interview MP28). This demonstrates that GRZ had not been able to change the dynamics of its relationship with the US, or other DAC donors. These donors did not want to change their behaviour, despite changing circumstances. The relationship had not moved onto a more diplomatic footing, or away from the donor-recipient dynamic.

Furthermore, this GRZ objective receded towards the end of Lungu's term. As debts increased there was an increased need for GRZ to engage DAC donors; needing to secure finance it could not "continue to isolate traditional partners" (interview DAC30). The COVID-19 pandemic added to Zambia's need for international support. Thus, there was no hostile reaction from GRZ when the German Ambassador stated (upon supplying a COVID response package),

> "For Zambia's fight with COVID-19, including the German contribution to be most effective, we urge the Government of Zambia to: re-prioritize government expenditures to safeguard the needs of the poor and vulnerable parts of the population; uphold human rights and highest

> accountability standards in the response and step up anti-corruption measures; actively address the debt crisis to prevent the breakdown of public finances through speeding up reforms and negotiations with the IMF; take the necessary steps to make best use of existing and potential new multilateral support as well as the G-20 debt suspension initiative" (Achim Burkart quoted in Newsdiggers, 2020c).

Instead, GRZ thanked the German government, welcomed their views on corruption, and,

> "Reaffirmed that Zambia will continue to engage development partners, including the IMF, to exchange information on policy options that are being pursued by Zambia in dealing with fiscal challenges, public debt, and other macro-economic governance issues – key to the country's economic stabilisation and recovery, post Covid-19" (quoted in Newsdiggers, 2020c).

Thus, debt and the pandemic contributed to deprioritization of GRZ's aim to move away from a donor-recipient relationship. National policy space was contracting; GRZ was anticipating once more returning to a dynamic of exchanging DAC donor finance for their policy influence.

This section has demonstrated that GRZ did not secure a realignment of its relationship with DAC donors between 2005 and 2021, despite moving away from aid dependency and the 'choices' offered by the changing international development cooperation landscape. While GRZ successfully removed DAC

donors from its day-to-day policymaking processes, this was the result of diminishing donor funding. GRZ did not secure leverage in negotiations over DAC aid, nor did it change the relationship away from donor-recipient dynamics towards a more diplomatic footing.

Thus, while in some countries, the response of DAC donors to competition has been to alter their own practices (Tekdal, 2022; Zeitz, 2021; Kilama, 2016), this has largely not occurred in Zambia. Failing to change the behaviour of DAC donors, the relationship between GRZ and these donors deteriorated until GRZ had accumulated substantial debt and had endured the COVID-19 pandemic. At this stage, GRZ was forced to try to reengage DAC donors on a similar donor-recipient dynamic to that which had existed previously, and thus secure necessary DAC donor funding.

8.5 Concluding remarks

This chapter has demonstrated that GRZ was able to secure different priorities under different conditions between 2005 and 2021. It has argued that a changing international development cooperation landscape was key to providing GRZ more 'choices' which allowed it to secure multiple objectives and thus expand national policy space. However, both the debt acquired by GRZ in this changing landscape, and domestic conditions, also curtailed GRZ's ability to secure multiple objectives in the medium term, and resulted in a contraction of national policy space towards 2021.

National policy space was limited under Presidents Mwanawasa and Banda. Reliant on DAC donor funding, GRZ was largely unable to open the space up to either decide which sectors finance was allocated to, or to have day-to-day control of policymaking. Where efforts were made to secure preferences – for example, in funding agricultural subsidies – in the medium term this resulted in GRZ losing donor funding. Furthermore, GRZ secured its fiscal objectives – which aligned with those of donors – through donor funding, particularly the modality of budget support, and increasing international funding, which could meet domestic demands, in a limited way.

National policy space expanded as GRZ's dependency on DAC aid reduced as a result of changing international economic conditions. It was greatest under President Sata, from 2011. He was able to secure his objectives vis-à-vis fiscal expansion, as a result of a changing international cooperation landscape and improving economic conditions. GRZ was also able to fund his priority sectors, as it maintained DAC donor funding in the social sectors while also securing revenue from the international money markets and G20 countries to fund infrastructure. Furthermore, he was increasingly able to envisage a new relationship with DAC donors where they contributed less to policymaking and – like other countries – interacted with the government on a political level. However, these donors – not perceiving any reason to engage with GRZ other than poverty reduction and aid – did not fundamentally switch away from this identity.

President Lungu was able to maintain national policy space, although this would contract in some areas as GRZ debts mounted. The politically insecure Lungu prioritised keeping DAC donors away from policymaking, and funding infrastructure and agricultural subsidies, as a result of his perceptions of domestic conditions, and this reduced his ability to secure an acceptable IMF deal, or to otherwise address GRZ's debt levels. Furthermore, Lungu oversaw a contraction in his ability to allocate money to his preferred sectors as the social sectors both lost donor funding, and the spending was increasingly diverted to debt repayment. Finally, Lungu failed to realign the relationship with DAC donors to his preferred mode; indeed, by the end of his term the relationship was returning to the mode of donor-recipient, in which GRZ would exchange donor finance for their policy influence.

This chapter has demonstrated that international economic conditions and a changing development cooperation landscape were key to opening up Zambian national policy space between 2005 and 2021. Nonetheless, contractions have been seen in some areas. GRZ's lack of strategic importance to DAC donors, and increasing donor perceptions that they could not secure their objectives by working with it, contributed to a decreasing ability to secure donor funding. Furthermore, the DAC donor presumption that eventually GRZ would agree an IMF deal reduced GRZ's leverage and made that deal more difficult to achieve given domestic political conditions in Zambia.

Finally, domestic political conditions and politically vulnerability shaped GRZ objectives and the manner in which it engaged with international actors. Presidents consistently prioritised increasing infrastructure spending, which contributed to both GRZ's indebtedness and its inability, under Lungu, to deal with existing debts. Furthermore, the perceived domestic consequences of eliminating agricultural subsidies – particularly when funding for SCTs was limited – and other austerity measures made it difficult to agree an IMF deal to tackled GRZ's debts. Additionally, to secure these objectives Presidents Sata and Lungu manipulated the GRZ bureaucracy and contributed to bureaucratic decline. This contributed both to poor DAC donor perceptions of GRZ, and GRZ's increasing difficulty in managing debts from a variety of sources.

Chapter nine:

Conclusions - The limits of the changing development landscape in expanding Zambia's national policy space

9.1 The argument

This thesis opened by contending that both scholars and policymakers are interested in how African government policymaking, and national policy space, is changing in the context of a rapidly shifting development cooperation landscape – and whether more 'donors' means more 'choices' for recipient governments. It set out reasons for exploring this using the case of Zambia: GRZ being a government which has been considered, since the 1980s, to have limited national policy space by a number of scholars (Abrahamsen, 2000; Chisala, 2006; Fraser, 2009). Furthermore, it noted that Zambia had seen considerable change in its circumstances, and thus presented a good opportunity to study the changing development landscape and how it impacted on national policy space.

This thesis has argued that the Zambian government expanded its overall national policy space between 2005 and 2021 as it was empowered by alternative methods of financing development and changing international political conditions. More 'donors' did indeed result in more 'choices'. GRZ was increasingly able to both secure its objective of bringing in revenue, particularly between 2011 and 2018, while also securing other objectives – in particular vis-à-vis fiscal policy, sectoral

allocations, and reducing DAC donor influence in day-to-day policymaking. However, it was unable to secure a change in the dynamics of its relationship with DAC donor countries, which remained primarily one of donor-recipient. Furthermore, there was a contraction of national policy space after 2018, as GRZ's debts increased and it had a reduced ability to secure its revenue and expenditure objectives.

Beginning in the 1980s, GRZ's relationship with the external world was primarily defined by DAC donors in terms of its debt and status as an aid recipient. Lacking other means of securing funding, and having limited leverage in aid negotiations, GRZ perceived a trade-off between securing DAC donor revenue and its objectives in other policy areas. Thus, while tactics could be utilised to secure its objectives in the short term, the objectives of these donors could be secured in the medium term by withholding funding or - leading up to 2005 – deferring HIPC debt relief.

Between 2005 and 2021 the thesis has demonstrated that GRZ maintained this perception that to secure DAC donor funding required these donors to perceive that they would be able to secure (some of) their objectives in Zambia. As a result, between 2005 and 2011 - in a period when GRZ was moving away from aid dependence, but DAC donors remained significant funders - GRZ had limited, but expanding, national policy space. As sections 5.2.1 and 7.2 have demonstrated, it remained important for GRZ to secure donor funding. At this time, GRZ struggled to secure its objectives vis-à-vis sectoral allocations or realigning its relationship

with these donors. The provision of aid, particularly in the form of budget support, assisted DAC donors in securing their own objectives of poverty reduction, control over aid, and influence over broader GRZ policymaking (section 5.3). Donors were also assisted at this time, by international ideological and institutional conditions (section 6.3), in securing these objectives.

That is not to say that GRZ was entirely unable to secure its other policy objectives during this period of transition away from aid dependence. Under MMD leaders (2005-2011), and in a context of limited international options, GRZ shared the objective of fiscal neutrality with DAC donors. As section 8.2.1 underlined, the ability of both parties to secure this objective was assisted by improving international economic conditions – specifically the copper price – which increased GRZ revenues, and the provision of budget support, which gave the Ministry of Finance greater control over government spending. Furthermore, GRZ was able to both introduce a windfall tax in the mining sectors in 2008 without donor push-back (section 7.4), and to increase spending in the agriculture sector, particularly on subsidies (sections 5.2.4 and 8.3.1).

An increasing number of alternatives to DAC donor funding became available as international economic conditions changed (sections 6.2 and 7.3). From 2011 GRZ gained access to commercial borrowing and issued three Eurobonds – totalling US$3bn – between 2012 and 2015. Furthermore, increasing amounts of finance were available from, primarily, China but increasingly also from a wider range of G20

countries, including India, Russia, Turkey and Brazil – which GRZ actively pursued through 'economic diplomacy'. GRZ was also able to secure DAC donor funding - albeit in decreasing amounts, with donors increasingly favouring securing their objectives without working with GRZ. This was key to GRZ securing both its objective of obtaining revenues and other policy objectives (section 5.2.2) after 2011.

GRZ was able to expand its national policy space, particularly after 2011, as increasing non-donor revenues gave it more 'choices': they could be utilised to fund objectives that had, while moving away from aid dependency, not been secured by GRZ. From 2011 GRZ was able to decide its fiscal stance, pursuing an expansionary policy in opposition to the course traditionally supported by DAC donors and the IFIs (sections 5.2.3-5 and 8.2.2). GRZ could also increasingly secure its ability to fund infrastructure and, by balancing multiple sources of funding, the social sectors (section 8.3.2).

As GRZ debts mounted, from 2016, President Lungu found it increasingly difficult to secure multiple objectives: both a politically acceptable agreement with the IMF to secure GRZ's fiscal position (section 8.2.3) and to utilise the international funding which was available for infrastructure. In 2018 GRZ's IMF negotiations failed, and national policy space contracted. Domestic conditions were key to how GRZ sought to secure its objectives at this time. An insecure Lungu perceived both infrastructure and agricultural subsidies to be important to securing re-election,

being domestically popular – particularly with rural voters. These policies were both incompatible with an IMF agreement. His objective to replace agricultural subsidies with social cash transfers, which would help facilitate an IMF deal and could be supported by DAC donors, was hindered both by domestic capacity, domestic political conditions (section 6.5), and the withdrawal of donors from the sector in 2018 (section 8.3.3).

Furthermore, while GRZ was briefly empowered to critique DAC donors and court G20 countries by changing international economic and political conditions (section 6.2 and 6.4), debt contracted this space – and its ability to secure its objectives regarding sectoral funding. From 2018, both reductions in DAC donor funding and a need to spend more revenues on servicing debt reduced the ability of GRZ to spend money in the social sectors such as on health and education (section 8.3.3). This was conditioned by domestic conditions, which had given rise to an insecure elite with short-term horizons (section 6.5) and prioritised GRZ objectives which politicians perceived to have greatest electoral benefits.

Contributing to the contraction of GRZ's national policy space under Lungu was GRZ's failure to secure a realignment of its relationship with DAC donors. In a relationship that GRZ perceived to be characterised by hierarchy and prescription, there was a desire to shift towards a mode of "mutual partnership and cooperation" (Times of Zambia, 2011g) (section 5.2.5). However, to these donors Zambia held little strategic political significance; their primary objective in Zambia was poverty

reduction (sections 6.4 and 5.3). To DAC donors, GRZ remained an aid recipient, despite providing it little funding between 2018 and 2021. As a result, they did not change their behaviour and 'compete' with other sources of funding (section 8.4): while these donors had lost leverage in the relationship, this did not result in a commensurate increase in GRZ leverage.

The continuities, highlighted in chapter four, between Zambia's situation in the 1980s and those emerging through Lungu's Presidency offer a particular opportunity to reflect on the role of the changing development landscape in determining GRZ's national policy space. Firstly, in an undiversified economy (section 6.5) the international price of copper continued to be a major influence. The privatisation of the mines did not alter this. Furthermore, as Presidents Mwanawasa and Banda found, the political influence of the industry on policymaking was strong. Both the people living on the Copperbelt (although their organisation through unions has declined), and the (international) owners of mines, had a shared interest in ongoing production and investment in the sector.

Secondly, particularly under Lungu, the relationship between GRZ and donors deteriorated in a manner that recalled Kaunda's disagreements of the 1980s. Just as Kaunda in 1987 cancelled Zambia's IMF agreement and replaced it with an Interim New Economy Recovery Programme in a bid to assert domestic control over austerity, so President Lungu in 2016 would launch an Economic Stabilization and Growth Programme and then expel the IMF's country representative. The

language used by GRZ politicians under both Kaunda and Lungu also become increasingly assertive, emphasising GRZ's sovereignty. And, as in the 1980s, this was an unsuccessful strategy and donor behaviour did not change as a result: in both cases donors perceived that GRZ required their support, and therefore waiting was a viable strategy.

Finally, agricultural subsidies play an ongoing important role, both in domestic Zambian politics and in, consequently, in GRZ's relationship with its DAC donors. Donor objectives have little changed. Their desire to reduce agricultural subsidies, seen in negotiations about structural adjustment in the 1980s and 1990s, reappeared after 2005 and again in Lungu's IMF negotiations. Similarly, GRZ leaders continue to perceive subsidies to be a vital tool for winning rural support and reforms to be politically risky. As a result, negotiations between GRZ and DAC donors continue to be hindered by the issue, reducing GRZ's ability to achieve other objectives.

The ongoing question for long-term national policy space is whether the crucial differences between Zambia's conditions now compared with the 1980s will allow GRZ to change the outcome. Certainly, President Lungu in 2016 appeared to believe that the emerging multipolar world would provide him with options to tackle GRZ's debt – or, at least, more leverage with DAC donors. Donors and the IMF, in contrast, were willing to wait, believing that GRZ would eventually succumb to their demands. As a result of his loss in the 2021 elections, the outcome of the

strategy will never be known. The new President Hakainde Hichilema was welcomed by DAC donors and the IFIs and has taken a more conciliatory approach to the relationship.

Nonetheless, as has been demonstrated in this thesis, the fundamental trade-off between DAC donor finance and Zambian national policy space remains. International political conditions have not changed Zambia's position in the global hierarchy. Unless these donors become convinced of Zambia's strategic political importance to themselves (either by GRZ or the wider conflict between the West and China over influence in Africa), this is unlikely to change. Debt will remain a constraint on Zambian national policy space even as the development cooperation landscape evolves.

9.2 Contribution

This thesis contributes to the existing literature through its examination of the impact of the changing development landscape on national policy space in Zambia between 2005-2021. Zambia is a 'typical' African case, vis-à-vis its relationship with DAC donors. It has been perceived by these donors to have little strategic political significance since the 1980s, and as a result of high levels of both debt and aid came to be identified by scholars "as an emblematic case of a country dominated by its donors" (Fraser, 2009, p.299). In the 2005 to 2021 period, it experienced many more options – economic, ideological and political – as international conditions changed. Thus, it provides the opportunity to explore these issues and gain insight

into national policy space in aid-recipient African states who are perceived by their donors to have little strategic political importance.

This thesis demonstrates how changes in the development landscape will indeed expand national policy space for African countries who are not perceived by DAC donors to have strategic political significance: more 'donors' will provide governments with more 'choices' in the short term. African governments will have the opportunity to fund sectors largely ignored by DAC donors. Furthermore, if African governments perceive themselves to be moving away from a position of 'dependence' on DAC donors – which will not always be the case - then national policy space will expand as the leverage of these donors reduces in these relationships on issues such as fiscal policy or donor involvement in day-to-day policymaking.

However, there are limits to the ability of African states to maintain this national policy space in the medium to long term. Maintaining 'choices' will be dependent on both successfully managing debt – which may arise from governments securing their objectives in the short term via lending - and how the relationship with donors is managed. If the position of the recipient government deteriorates and it once again perceives itself to require aid, then re-engaging with DAC donors will depend on the pre-existing relationship and donor perceptions of the government. Despite the changing development cooperation landscape, this relationship is unlikely to be re-established on different terms.

Furthermore, DAC donors will not necessarily 'compete' with new sources of funding in a changing development cooperation landscape. Unless they can change donor perceptions of themselves and their political significance, African governments will not necessarily be able to secure greater leverage in these relationships and any expansion of national policy space will be dependent on not needing significant donor funding. For while donor leverage in aid negotiations may decrease in the short term as a result of the changing development landscape, there will not necessarily be a commensurate increase in recipient leverage if donors are not willing to 'compete' with new sources of funding.

9.3 Policy implications

For DAC donor-country policymakers, the thesis suggests, firstly, that the disillusionment of recipient countries with aid noted by Woods in 2008 (p.1217) has only been exacerbated by a changing development cooperation landscape. That is not to say aid is not perceived as useful, or that donor objectives will never coincide with recipient government objectives. Furthermore, recipient countries do not expect to be given a 'blank cheque'. However, the manner in which many DAC donors have operated has prioritised securing short-term objectives over positive long-term relationships with recipient states. As a result, their relationships with DAC donors have often come to be seen by recipients as hierarchical and prescriptive.

In an increasingly competitive global landscape, with development cooperation evolving and actors (re-)emerging, and in the context of a decline in the cohesiveness of the global development agenda (section 6.3), DAC donors will find it difficult to secure their goals – be they poverty reduction, or wider liberal, democratic values – in the long-term with partners who are disillusioned with their support. Some donors, in these circumstances, may focus their development efforts outside of governments while prioritising the diplomatic relationship with states. In contrast, for donors who believe development cannot occur without governments, beginning to change the dynamics of these relationships will be crucial. It will be important to forge positive relationships and shared agendas with recipient governments so that mutual objectives can be realised, and so that DAC donors can be more influential in areas where objectives do not align.

For recipient-government policymakers, similarly, while managing the relationship with DAC donor states will be less crucial in a changing development landscape nonetheless the ability to attract concessional finance will remain important. This is a form of finance that will not contribute to debt levels and can be used to meet government objectives. It will therefore be valuable to maintain relationships with DAC donors to secure funding to meet shared objectives, and thus maintain national policy space, particularly in sectors that are currently underserved by source sources of finance.

To lessen the impact of international economic conditions on their national policy space, resource-rich recipient countries, like Zambia, should focus their growth strategies on domestic economic diversification and raising domestic revenues from natural resources. Furthermore, given that external finance will be necessary for economic growth, developing the capacity within government to manage multiple sources of international finance will be vital to both maintaining these relationships and avoiding uncontrollable debt – which may curtail national policy space in the longer term.

9.4 Future research

Open questions from this thesis suggest several areas for future scholarship. The thesis has identified the importance of the 'donor' and 'recipient' identities to the relationship between DAC donor countries and recipient states. It has identified that if recipients perceive that they lack strategic political importance to donors, they are likely to conceive of securing donor finance as a trade-off with permitting donor influence. Furthermore, if DAC states construct their primary identity to be that of aid donor and not political actor then it will be difficult for recipients to shift the dynamics of the donor-recipient relationship.

Further constructivist research would therefore be valuable. This was limited during this research as a result of the curtailed length of data collection, due to the COVID-19 pandemic. Understanding more on how different recipient governments perceive their relationships with donors would shed light on the

different strategies that are chosen to navigate a changing development cooperation landscape. Furthermore, understanding donor identities and the extent to which they vary across recipient states would provide insight into the extent to which recipient governments can increase their leverage in DAC aid negotiations. Furthermore, identifying if or how donor ideologies and perceptions vary across recipient countries will therefore shed light on the range of outcomes of recipient strategies to increase national policy space, in a changing development landscape.

Donor state identities have been examined by some scholars (for example Baaz, 2005). Furthermore, while there is some literature on recipient state identities, this largely in the context of former recipients who have become donors in their own right (for example Mawdsley, 2012b). Research may wish to further explore how recipient state identities are altering (or not) in a changing development cooperation landscape. Furthermore, it would be particularly useful to examine how the increasing centralisation of many donor operations in their home-countries is impacting the donor identity. These could be illuminating lines-of-inquiry as state identities will shape how donor countries navigate a changing development cooperation landscape – and the broader emerging multi-polar world – and thus their future relationships with recipient states. It would be particularly pertinent to re-examine GRZ's identity under President Hakainde Hichilema and in light of Zambia being reclassified as low-income country (Lusaka Times, 2022).

Furthermore, research could also explore how China and the G20 are building links with non-State actors in Africa. During data collection in Lusaka, it was evident that some Zambian thank tanks were building links with China. One interviewee (TT6) spoke of vising China on a study visit, and that the Chinese had "a deep-rooted cultural perspective to whatever they do" (interview TT6). He also had completed an exchange visit to India, who were "not at [the] same level of selling [their] agenda" (interview TT6). Interviewee TT13 spoke of the China-Africa thinktanks forum and having a good working relationship with the Chinese embassy in Lusaka. This attention by China on civil society is particularly interesting given the tendency see it as focusing on state-state relationships, and the perception held by many in the donor community of the lack of influence that Zambian civil society has on policymaking. Thus, how and why G20 countries, particularly China, are engaging non-State actors in recipient countries, and how this influences both policymaking and broader perceptions of these states, would shed light on how these G20 countries conceive of their future engagement on the African continent.

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Appendix 1: Interview key

Interview 1 18 February 2020	Isaac Mwaipopo Executive Director, Centre for Trade Policy and Development
Interview 2 19 February 2020	Development consultant
Interview 3 20 February 2020	Robert Liebenthal Consultant
Interview 4 24 February 2020	Dennis Chiwele Country Manager, International Growth Centre
Interview 5 24 February 2020	Lubinda Haabazoka Director, Graduate School of Business, University of Zambia President, Economics Association of Zambia
Interview 6 25 February 2020	Caesar Cheelo Senior Research Fellow, ZIPAR
Interview 7 25 February 2020	Trevor Hambayi Senior Partner, Development Finance Associates
Interview 8 26 February 2020	Prof Oliver Saasa CEO Premier Consult
Interview 9 27 February 2020	Two officials from the European Union delegation to Zambia
Interview 10 28 February 2020	David Mundia Director, Marketing Department, Ministry of Fisheries and Livestock (retired)
Interview 11 28 February 2020	Trevor Simumba International Business Consultant, SSCG US Consulting
Interview 12 28 February 2020	Official from the Ministry of Trade

Interview 13 2 March 2020	Albert Kasoma Senior Researcher, Policy Monitoring & Research
Interview 14 3 March 2020	Chasiya Kazembe Coordinator/ Deputy National Authorising Officer Ministry of Finance - National Authorizing Office of the European Development Fund
Interview 15 3 March 2020	Official from OECD-DAC partner
Interview 16 4 March 2020	Lazarous Mwelwa Acting Assistant Director, Budget Office, Ministry of Finance
Interview 17 4 March 2020	Official from the Ministry of General Education
Interview 18 4 March 20202	Anonymous
Interview 19 5 March 2020	Think tank official
Interview 22 6 March 2020	Member of Parliament
Interview 23 7 March 2020	Kalalwe Mukosa MP (PF)
Interview 24 9 March 2020	Lloyd Mulenga Kaziya MP (PF) Former Minister (Water Development, Sanitation and Environmental Protection)
Interview 25 9 March 2020	Hon Astley Kapelwa Mbangweta MP (UNDP)
Interview 26 10 March 2020	Elijah Julaki Muchima MP (MMD)
Interview 27 10 March 2020	Newton Samakayi MP (UPND) and Teddy J Kasonso MP (UPND)

Interview 28 10 March 2020	Prof Geoffrey Lungwangwa MP (UPND)
Interview 29 11 March 2020	Official from SIDA
Interview 30 11 March 2020	Pronch Murray, Head of Development Makani Mzyece, Political & Economic Analyst Embassy of Ireland
Interview 31 11 March 2020	Hon Attractor Chisangano MP (UPND)
Interview 32 11 March 2020	Anonymous
Interview 33 12 March 2020	Elizabeth Ndhlovu Advisor, Embassy of Finland
Interview 34 13 March 2020	High Commission of India
Interview 35 13 March 2020	Ponde Chunga Mecha MP (PF)
Interview 36 17 March 2020	Official from the World Bank
Interview 37 17 March 2020	Enoch P Kavindele Former Vice President

Appendix 2: Interview protocol – interview questions

DAC Development Partners

General

- Name, job title, length of time working in Zambia
- Overall how would you characterise the relationship between the government and traditional [DAC] development partners?
    - Has this changed over the time you have been working in Zambia?
    - Why do you think that's happened?
- What are your organisation's priorities in its relations with the Zambian government?
    - What sectors are you prioritising?
- What do you believe are the Zambian government's priorities in its relationship with your organisation?
    - What do you base that on? [Official announcements/ individual interactions?]
    - Does this vary across the government? Is there a divide between politicians and bureaucrats, or between departments?
- Do you think the Zambian government prioritises extending its international relationships beyond its traditional development partners?
- Do you think these relationships effect your organisation?
- Any other comments? Is there anyone else you think I should be speaking with?

Specific

- What has been your experience of discussing aid packages with the Zambian government?
    - What are the main elements of a discussion?
- How would you characterise discussions with the government – cooperation or conflictual? Does this vary through the process?
- What were your priorities entering the negotiation? Did these change?
- What do you think the Zambian priorities were?
- Did you coordinate with other traditional development partners?
- Which departments within the Zambian government took part these aid negotiations? At which stages?
- Do you find that different parts of the Zambian government have different priorities in aid negotiations?
    - Can you give examples?
    - When you're negotiating, does the language that officials use align with the public discourse?
- In negotiations, do Zambian officials raise the possibility of other sources of financing state priorities?

- During aid negotiations, do Zambian officials try to revise how programs are to be implemented, or what is funded?
    - Are they often successful?
- Are you concerned about corruption in this area, and did you raise preventing corruption with Zambian officials?
- Any other comments? Is there anyone else you think I should be speaking with?

Zambian Government Officials

General

- Name, job title, length of government service
- What are the government's foreign policy priorities?
- What are the Zambian government's development priorities?
    - How does that relate to your department/ position?
- What are the Zambian government's priorities in its relations with traditional (DAC) development partners?
    - Does your department have additional priorities?
    - What about different development partners?
- What do you believe are the priorities of these countries in their relationship with the Zambian government?
    - Is this reflective of official announcements or your interactions with individuals?
    - Does this vary across development partners?
- Overall how would you characterise the relationship between the government and traditional development partners?
    - Has this changed over time?
- What are the advantages for Zambian in working with Southern development partners?
    - How does this vary across development partners?
    - Disadvantages?
- Are there any countries that provide guidance for Zambia in how it might become a prosperous middle-income country and achieve its development goals?
- Are there other non-financial ways that you think these countries help Zambia's development?
- What are your observations about the relationship between different development partners in Zambia?
    - Particularly DAC and non-DAC
- Any other comments? Is there anyone else you think I should be speaking with?

Specific

- What has been your experience of negotiating aid packages with DAC development partners?
    - What negotiation – time period, sector, etc.
    - What were the main elements of a discussion?
    - What issues did the development partners raise during the discussions, e.g. corruption?
    - Did you encounter instances of traditional development partners coordinating – and what impact did this have on the negotiation?
    - Do you spend a lot of time liaising with other government departments or politicians? How are priorities agreed within government?
- How would you overall characterise discussions with these countries?
- What were your priorities entering the negotiation? Did these change?
- What do you think the priorities of the development partner were?
- What was the greatest challenge you faced in the negotiations?
- What has been your experience working with Southern Development Partners?
    - Are there differences between Southern Development Partners?
    - Do you think they provide a good alternative to traditional funding sources?
    - Are their funding priorities more closely aligned with the Zambian government's priorities than traditional development partners?
- At the time did the increasing presence of Southern Development Partners provide an alternative for the government, relevant to the negotiations?
- Any other comments? Is there anyone else you think I should be speaking with?

Non-DAC Development Partners

- Name, job title, length of time working in Zambia
- Overall how would you characterise the relationship between the Zambian government and your government?
    - Has this changed over the time you have been working in Zambia?
- What are your organisation's priorities in its relations with the Zambian government?
    - What sectors or projects are you prioritising?
    - Is the relationship long standing?
- What do you believe are the Zambian government's priorities in its relationship with you?
    - What do you base that on?
- How would you characterise individual project discussions with the government? Does this vary through the duration of a project?
    - What were the main elements of a discussion?
- Are you involved in development partner coordination at all?

- What are your main observations about the relationship between the Zambian government and its DAC development partners?
- Do you think you provide the Zambian government with a good alternative to its traditional development partners?
    - Why?
- Do you think traditional development partners have a good understanding of your work with the Zambian government?
    - Are you involved in any forums with other international actors in Zambia?
- Any other comments? Is there anyone else you think I should be speaking with?

Civil Society

- Name, job title, work history/ have you ever worked in government
- What do you see as the Zambian government's development priorities?
    - How have these changed over time?
- What do you see as the Zambian government's priorities in their international relationships?
    - How have these changed over time?
    - Non-financial aspects?
- How would you characterise the relationship between the Zambian government and its traditional development partners?
    - How has this varied over time?
    - Which issues seem to dominate the relationship?
- Which Southern countries do you think the Zambian government has important relationships with?
    - How would you characterise these relationships?
    - How have these varied over time?
- What do you see as the priorities of the different development partners in their relationships with the Zambian government?
- How does civil society and domestic politics influence Zambia's international relationships?
- Any other comments? Is there anyone else you think I should be speaking with?

Appendix 3: Participant information sheet and consent form



UNIVERSITY OF BIRMINGHAM

More Donors, More Choice? Zambia and its development partners since 2005

PARTICIPANT INFORMATION SHEET

What the research is about:

You are invited to participate in a research study which seeks to explore how African governments negotiate aid with their Western partners. In particular, it looks at the rise of new development partners in Zambia and if this has changed government discussions with Western partners. As part of this study, officials who work, or have worked, for the Zambian government and for OECD-DAC governments will be interviewed. Officials working for non-OECD-DAC governments and members of civil society will also be interviewed.

You are invited to an interview that will last approximately one hour, at a public location agreed between yourself and the interviewer. Questions will focus on the Zambian government's development priorities and its international relationships. They will ask you to consider the relationships between the Zambian government and its different development partners, as well as about any more specific knowledge you have on individual discussions.

About the researcher and funder:

This research is being conducted by Nicola Heaton [redacted] – a PhD student in the International Development Department at the University of Birmingham, UK. She is supervised by Dr Jonathan Fisher ([redacted] and Dr Danielle Beswick [redacted] both also in the International Development Department at the University of Birmingham. In Lusaka, she is affiliated to the Southern African Institute for Policy and Research (SAIPAR).

This research has been approved by the University of Birmingham's Ethical Review Committee. The research is funded by the UK's Economic and Social Research Council (ESRC).

Consent protocols:

With your permission, notes from this interview will be stored either electronically or in hard copy notebooks in a secure location at the University known only to the research

team. Storage will be in accordance with the University of Birmingham's Code of Practice for Research, which requires storage for a minimum of 10 years. This information will be used to inform the results of the research study which will be published in a PhD thesis and in academic conferences and journals. The information will be retained by the University of Birmingham and will only be used for the purpose of research, and statistical and audit purposes. By supplying this information, you are consenting to the University storing your information for the purposes stated above. The information will be processed by the University of Birmingham in accordance with the provisions of the Data Protection/GDPR Act 2018. No identifiable personal data will be published.

More Donors, More Choice? Zambia and its development partners since 2005

INFORMATION AND CONSENT FORM

What the research is about:

You are invited to participate in a research study which seeks to explore how African governments negotiate aid with their Western development partners. In particular, it looks at the rise of new development partners in Zambia and if this has changed government discussions with Western partners. As part of this study, officials who work, or have worked, for the Zambian government and for OECD-DAC governments will be interviewed. Officials working for non-OECD-DAC governments and members of civil society will also be interviewed.

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be processed by the University of Birmingham in accordance with the provisions of the Data Protection/GDPR Act 2018. No identifiable personal data will be published.

It is up to you what name or designation we store and cite your interview data under. Please indicate to the interviewer, and below, how you would like to be cited.

By signing below, you are:

- Confirming that you have read and understood the participant information sheet for this study and that you have had the opportunity to ask questions if necessary and have had these answered satisfactorily.
- Confirming that you understand that your participation is voluntary and that you are free to withdraw during the interview and for six months after the date of this agreement, without giving any reason. If you choose to withdraw you will contact the researcher by email [redacted] quoting your name and the date of the interview. If you withdraw during this period, your data will be removed from the study and will be destroyed. It is not, unfortunately, possible to withdraw after this time.
- You understand that your personal data will be processed for the purposes detailed above, in accordance with the Data Protection/GDPR Act 2018.
- You understand that your words may be quoted directly.
- For the purposes of this study, please indicate what personal identifiers you would be willing to be cited by:

Name	
Job Title	
Department (if applicable)	
Organisation	
None of the above	

- Based upon the above, you agree to take part in this study.

I understand and agree.

Signature …… Date ……..

Signature of researcher …….. Date ……..

If you would like to be kept informed of how the research progresses – including receiving information on publications from it – then please indicate ☐ or email

Appendix 4: Interview transcripts

Interview 1

N: So we've done the introductions and the consent form. So I've got a few questions. Tell me what you want to tell me, really.

I: That's fine.

N: I was actually going to ask just to give – for my information and to help contextualise – just a little bit about the Centre and yourself. To start with, if that was okay.

I: That's fine. So the Centre for Trade Policy and Development is a local economic think tank that works with likeminded civil society organisations to advance for the use of trade and investment.

So… we have been in existence since 1999 and in terms of staff complement, we have 18 members of staff. And some of the work we have been doing in the recent past can be broken down into 3 things. 1 conducting research. 2^{ndly} conducting advocacy and lastly capacity building and trainings. So in terms of research we have a bias towards mining, looking at public finance management and also looking at trade and development. And in terms of advocacy there also connected to the themes I have just mentioned.

N: And yourself? How long have you been at the…

I: I have been working for the Centre. This is my sixth year.

N: Sixth year? And where were you before?

I: Straight from the University

N: What do you see as the government's main development priorities?

I: In terms of development priorities currently, government seems to be more focused towards infrastructure development. There's a huge drive to construct roads, buildings, hospitals, schools, but predominantly it's road infrastructure. And this has been a drive for the past 5 to 6 years. It's being driven by the current government. Of course even the other governments were doing some road construction, but massively we have seen a lot of this being done by the current government.

N: Thank you.

How has it changed over time?

I: There's more infrastructure which has is to some extent trying to help connect the country to a number of places. Almost everywhere you go around Lusaka I think you find construction going on. But besides that in terms of the other infrastructure developments that have been going on have been happening within the private sector. We've seen massive construction of shopping malls within the country almost every corner we country to find that there is shopping mall.

N: And what about 10 years ago, what were the priorities then?

I: 10 years ago I think this wasn't the priority. I think there was more of a consultative approach in terms of and that taking such development initiatives. And even when you look at the numbers, the numbers seem to suggest that the government was more preoccupied towards things such as investing in education and investing in health, and ensuring that is a number of improvements that are done to improve access to service delivery and things like that.

N: What do you think the government's relationships are like/ their priorities are in their international relationships. Both with Western countries and with places like Russia China India?

I: Okay. So in terms of their relationships, there is a shift actually in terms of who the government is relating more with. There is a growing relationship between Zambia and countries like China. There is more for policy to look more there is. Of course it could be informed by several factors. Factors such as China has increasingly been providing support to a number of countries in Africa. Be it in Western countries. And it's like the conditions under which the support that is given is different compared to the conditions that apply is one seeks support from, let's say, Western countries. And this seems to be something that a number of African governments are appreciating about China. The second thing is that the support that is coming through from China seems to be something that a number of African countries can visibly point at.

So they can easily point at a hospital indicating that this has been brought by the Chinese. They can point at a road indicating that this has been built with the help of the Chinese. They can point at railways indicating that these have been brought by the Chinese. On the other side a number of African countries seem to struggle to really pinpoint how the support they have received from Western countries has helped them. Not necessarily that they haven't been helped. It could be the format or the method for which the support has been given. And we have also seen an increased inflow of investment coming through from China itself into a number of African countries, Zambia inclusive. This investment is going into things such as the construction sector, seeing a lot of inflow of resources into the health facilities and many other forms.

N: And do you think what Zambia wants from its international partners has changed over time?

I: Well. The other things that have happened over time is that.. despite the change Zambia still enjoys cordial relations with a number of Western countries. They still have a lot of support that comes through to Zambian government. If you cite example such as… countries like the United States they still play a critical role in terms of supporting Zambia's social sectors, such as social cash transfer. There are a number of other cooperating partners with… Swedes, that are still providing some form of support. Some of the support that it receives are not monetary in nature. It's technical support. Be it to develop policies that are targeting a specific sector. To develop, it could be to think through some options. Like currently the big conversation is around debt that the country has accumulated. The result of the support coming through from countries like China. And because of this debt it is causing us serious threat and challenge on the ability of the government to meet other obligations that it has, such as providing resources for the

health sector. The result of that is that multilateral institutions, which are heavily supported by the Western countries, like the International Monetary Fund, are coming on board to provide some technical support and help for the country to maybe get through the current challenges it's facing.

N: So you would characterise the relationship between the Zambian government and most of its partners are quite positive? Or? How would you characterise the relationship?

I: It is quite positive with most of the countries, although I would say that there is more of a growing bigger relationship with countries like China, yeah.

N: So with the non-Western countries, which do you think are the most important? You've mentioned China.

I: The United Kingdom. There is Norway. There is United States of America. And several others. Turkey is one of the countries that is cooperating with the Zambian government. Those are some of the countries I can mention that are highly pronounced.

N: Yeah. So, yeah, obviously Turkey's a non-Western country. China...

In terms of those partners … how do they vary in what they want in Zambia?

I: In terms of the countries I think, all the countries including China. They're not just supporting the country for the sake of supporting it. This country also has mineral resources. Mineral resources that they are all interested to feed their industries as well. In terms of supporting the industries. This country has got gold. This country has got uranium. This country has got copper. This country has got coal. And most of these resources are resources that are critical in the industries that are highly developed in these countries. So besides providing technical support to our country. Besides providing support through aid. We also know that these countries are interested in the resources that this country has. And some of their companies have actually invested in this country through the countries like Canada that has got mines. You have a number of... who… other investments that are not only centred in the mining sector but also in the agriculture sector. You have foreign companies that have invested in those areas.

N: So you just mentioned agriculture. Do you see different countries as prioritising different sectors?

I: Predominantly we have countries that are interested in the mining sector. The agriculture sector in our country is one of those sectors that does not receive much investments. If it did it would actually be performing better than it is performing currently. Predominantly in terms of investment inflows with regard to foreign direct investment we see more of that coming through to the mining sector.

N: Okay. Are any countries operating very much in the agricultural sector?

I: Not that many.

Some of the countries that are operating are not coming from Western countries. They are actually African countries like South Africans, like the farmers that were from Zimbabwe that were displaced, they came to settle in Zambia.

N: So has that shifted over time? Traditionally many of the Western countries have been focused in the social sectors like health and education. Have you noticed them shifting at all into things like infrastructure?

I: Not that much but we are seeing that there is a growing conversation around an opening up conversation with African countries. We've seen Britain indicating intentions to engage African countries probably because of its intentions to, which they have left now, the European Union.

Probably they'll be looking for new trading partners and the opportunities that African countries can offer. But we're also seeing the United States like currently the President is proposing an increase to the fund that is meant to target African countries in terms of investments. We've also seen Russia hosting forums to engage African countries. To us that means that most of them are beginning a process to open up and begin re-engaging African countries under new terms and it is an issue of, thinking through in terms of how African countries can potentially or mutually benefit from such openings.

N: And when the government is negotiating with its international partners, what sort of leverage do you think it has? What can it bring to the table and say I don't just want you to do what you want to do, I want you to do a little bit of what I want to do as well. Are there ways that they can do that?

I: I think the landscape is changing, though painfully slow. I think a number of African countries are not getting a good deal from the negotiations, be it with China, be it with the Western countries. That is in my view, which can also be interpreted as an institutional view.

In the sense that… there is still a lot of work that needs to be done by African countries to ensure that they position themselves to benefit from these trade relations. One example that I have. Although we have minerals as countries, most of us do not have geological information that gives us adequate information in terms of the amount of minerals that we have, the grade, the quality. So that in itself, you find that if we are to engage in a conversation or in negotiation, you are negotiating with someone that had invested their resources to come and do the geological mapping. They are the ones that have got the best of information such that you are not… you are on the receiving end. They basically decide whether to give you the full information. So there's a lot that needs to be done by African countries to invest in information generation. There's also a lot that needs to be done by African countries to also build stronger systems that promote accountability, that enhance the investment landscape, such that the quality of investment you attract, or the type of investment that you attract, is of good quality. That which is not exploitative in nature.

N: Do you think there are things that the Zambian government know that their international partners don't? Even if it's just that there's other people interested in taking up some of the opportunities?

I: Well, there's a lot that still remains untapped in our country and we have for a long time depended on the extractive sector. But there's tourism that is untapped in this country. There are opportunities within the agricultural sector which is untapped. There

are also several opportunities with the service industry or sector, to which if we were to put our house in order we can actually get to benefit, create the decent job opportunities that we need. And help to contribute to the agenda of reducing poverty.

N: And are there different parts of the government that are… is it mainly the State House or Ministry of Finance that looks out for opportunities for Zambia?

I: So there are several…

N: or does each department just work for itself?

I: No there are several. Like we have a functioning system, in that we have the Ministry of Foreign Affair, that recruits diplomats and sends them in foreign service. Their duty is basically to market this country, look for opportunities that they can attract back into this country. But beside that we do have several other wings of government that play a part. Like you have the Zambian Development Agency, that goes out to market this country, take advantage of investment foreigns and ensure that we raise information with regards to Zambia, the opportunities that it has. We have the Ministry of Commerce, Trade and Industry that takes place in various trade negotiations, be it around the continental free trade agreement or outside the continent, like previously when there are a lot of negotiations around the economic partnership agreements. Things like that. So there are several ways through which we market this country.

N: I think that's the end of my questions. Is there anything more you wanted to… is there anything my questions haven't really covered that you think is a big gap?

I: Well, I think that the topic that you are conducting, or the research that you are conducting, is very key. It explores the dynamics that have happened with regards to the relationship between Zambia, but not only Zambia, African countries with the Western countries and also the East in terms of countries like Japan, China. And I think the findings from this research can help to create a conversation around what needs to be done to create mutually beneficial relations. Because even if a number of African countries are now looking up to China, there are certain things that a number of African countries might need to look out for. I think China is being taken as one of those countries where they are seen to grow more closer to, maybe because of less conditions that they might attach in terms of accessing the resources. When I talk of conditions I talk about pre-conditions such as you need to ensure that democracy thrives, you need to ensure that the rule of law, and things that China does not use as a pre-requisite in order to support countries. But there are also growing threats or dangers. Examples include rising public debt, the ability for these African countries to pay back. It also speaks volumes to key issues which a number of Western countries have been helping African countries to address such as ensuring that there is accountability of public funds, if you borrow what do you use the funds for? So because that China can not come back and ask how you use that money does not guarantee that it's their best partner. African countries need to get to a point where they clearly first define what their development agenda is such that if they are engaging either with the Western countries or engaging with the Eastern countries, it is clear from the outset in terms of what they are looking for, what can help to advance its own interests. So it shouldn't always be a situation about who has the money and how the money is to be given.

N: So, in the 7th National Development Plan, just on that last note, obviously the first thing in there is the infrastructure. But then there's lots of other things like social sectors and things. Do you think it's clear enough to the partners what the government wants?

I: Yes it is. Like the 7th National Development Plan there have been several efforts from the Ministry of National Planning to communicate what the 7th National Development Plan is. Of course there's a transition in terms of how it is being implemented compared to the previous Plan, and this is something that the Minister has struggled to communicate in terms of the development approach which they call integrated development approach. So one of the things that has also affected implementation of the 7th National Development Plan is around the resource envelope. Currently we are constrained as a country. Like, close to 90% of domestic resources go towards paying salaries and debt. So it leaves the country with a paltry figure of around 9-10%. So you have the entire cabinet sitting to discuss how they are going to spend 10% of the national budget. So that is a very tricky situation. And when you dig deeper, at the bottom of this is the same conversation getting a lot of loans. Loans from countries like China to finance development simply because of this idea that where the road leads development will follow and things like that.

N: Okay. I think that's all my questions. Thank you very much.

I: Most welcome.

Interview 2

N: How long have you been in Zambia?

I: About 18 months or so. We did have a programme that worked with civil society, think tanks, interest groups. It was all about trying to work with organisations to influence policy. So that was in various forms for about 5 years. That's now come to an end. We're still based here because we have regional work and hopefully we'll get more work in Zambia because we know the place very well. We've done some pretty good stuff. So fingers crossed. But at the moment we're in that kind of… trying to raise money.

N: So, how did KIVU come to Zambia first of all? Because obviously you've got work in a few different places, but…

I: Yes. So, my directors were, they're policy people, New Labour people really. Specifically Brownites. And they, that all came crashing down. And they were looking at new things. Well, they've sort of gone back to think tanks and outside of government, and there was this opportunity to come and work with a thinktank called IPAR in Rwanda. And they did this as part of their work. This was through IPPR. And then that turned into working in Zambia. In a similar programme that just provided core funding to IAPRI and ZIPAR. And that got merged into another programme and we've expanded since then. So, for a year… Since I've been here we've had two people on the ground, before we had someone on the ground for about a year. And so it, the scope of the programme grew, working with more partners. The approach that we took to influencing policy changed quite a lot. And so that's a potted history of KIVU in Zambia. I mean, it's, we've been able to run this component of the programme, which is quite credible for an organisation our size. So been quite lucky as well. I mean, we know from elsewhere how difficult it is to have a similar position in another kind of governance.

N: And obviously you've been doing the civil society work. You've also got work with DFID?

I: Yes, yeah. So we do some work directly to DFID. Usually about how they think about influencing policy. Workshops. Support to them. We've done it in Zambia before, we've got some work in Rwanda. And the other component we have is direct government work. Specifically on education policy. And that is centred around North Africa and the Middle East at the moment.

N: Okay, yeah, that's really interesting.

So I'll launch into my questions, if that's ok.

I: So can you tell me a bit more about your research and how long you've been doing it and what brought you to it?

N: So, I guess my history is that I'm at the University of Birmingham. Which actually I think probably does some similar work to your organisation because it hosts the Developmental Leadership Program. Which does quite a lot of the Thinking and Working Politically work. But I did a part time Masters there because I was sort of transitioning out of work and politics. Did a Masters, started my PhD. And my PhD is sort of based on the

idea of, everyone's really interested in China, and China in Africa, and I guess how the world's changing. But people don't tend to look at what's the African perspective. So actually, focusing on the Africa rather than the China. And then what sort of opportunities or threats does China, and the general changing financial picture globally, present for governments. So is, so obviously there's threats and opportunities but actually what do they do about those and what do they see as really important and how does that then change their relationship with their more traditional partners, who in some countries have enjoyed quite a degree of influence over the last 40 years. And what's that looking like on the ground.

So I'll kick off with, from your perspective what are the government's development priorities? And what do they want for their country and how do they see themselves, how do you think they see themselves going to develop?

I: So the PF as a party… know this, kind of what they stood for. Like a populist party. There to change the, you know from the kind of hegemonic neoliberal view that had been perceived as failing in Zambia, for a number of reasons. Post-structural adjustment programme. Corruption being a massive problem. And, having a very concentrated elite here. And so it was in response to that they kind of came in on this platform. And it was populist. It was standing up for people. It was standing up to China. All these kind of things. But I mean actually what was the development promise there? Well, it. First was the promise was more jobs. More money in your pockets. But actually what was their mechanism for doing this was very unclear. There was no set agenda. I mean, the big one was infrastructure. So, ideas of infrastructure led growth. Roads, and so on. As well as, I do… that is the centre-piece of the kind of PF agenda. And it hasn't delivered. It's become a vehicle for waste. A vehicle for patronage. And it is part of what's brought us to this position that we're in now. You know. Other economic interventions in the mining sector, it'd be quite interesting whether they, what the objective is there in terms of how resource nationalism is going to bring development. There is a sense that actually the revenue to allow funding of services and infrastructure in particular, but whether this came before or after the fiscal quagmire that Zambia is in. I think it did come before, so that's another kind of, I wouldn't say pillar as such, another aspect of the government's approach to development. And I think it speaks to the state having more of a role in kind of allocating resources, through infrastructure spending in particular but also there has been, you know, there's been efforts to improve education and healthcare. That is genuine. And. But it's now become crowded out really by the squeeze on spending. And ultimately when you look at government's priorities and what they really stand for, the thing that keeps, it's where the money keeps going when everything's really squeezed is onto infrastructure spending. You can see that on the budget numbers. You can see it in the announcement that the Finance Minister made last week.

And then on the social protection side of things, the government, this.. you know the latest carnation of this government under Lungu came in. Introduction of the social cash transfer. I think, you know, there was this relationship with donors, this handholding and pushing it, but actually I think they did see an opportunity here to put money into people's pockets. Quite cost-effectively a political dividend. But again that hasn't become embedded. You see it in the numbers. It's not a priority. And then the other big reform

was on the FISP. That has again, you know, had good ambitions to promote diversification. That for reasons of vested interests and of the liquidity crisis has become squeezed and rolled back and you see a kind of reversion to the old model of handing out maize and fertilizer, which was captured along the value chain and by larger farmers. Was known not to lift rural poverty. So again this is where ambitions have become thwarted by finances in particular, but also vested interests. And then finally the other kind of big tenant of their development agenda is improve power supply. One of the first things they came in and pushed through was tariff reform. That again, that got stalled. There is, you know the challenge with the energy reform is that you are making people pay which is against this populist agenda but actually there is this knowledge that, or this desire to improve the power supply. Both in terms of, because I think it drives industrialisation to the extent to which that is happening, but also to reach out to rural communities. The rural electrification programme is genuinely very ambitious. And there has been some diversification away from hydro, there has been some private investment. What there wasn't was the continued kind of incremental increase in tariffs, and we've now got the government back in a hole because they've pushed through tariff increases but fundamentally the power shortage is, you know, huge. Huge issue. So I think those are kind of, those are my thoughts on what the big development priorities are and how they marry up in reality and what's held them back.

N: And what do you think their sort of priorities are in their relationships with international partners?

I: Well I think on the infrastructure side there has been a big Look East. To China. Both in terms of, well in terms of all the infrastructure development. Roads. Airports. Bit power. And it's understandable. A lot. It's quicker. There's often, cheaper because of the, you know, Zambia can't access as much concessional lending from multilateral donors. And they, you know there's more opportunities for them to come out of those. So that's the big, that is the big one. But you do have other players in this, I think it's an oversimplification to just say China. You have Saudi Arabia. You have Turkey. There was talk about Turkey refinancing Zambian Eurobonds. There's been repeated kind of talk about Saudi Arabia and whether you could get access to financing through them and what the terms would.. before my time it was goats, recently it's been sending maids over. And there's all sorts of ways, you know, and actually both Turkey and Saudi Arabia have a presence. Turkey in the construction sector. And Saudi Arabia in the import of oil and petrol. So those are two other players. India as well. There's been quite a lot of Indian financing. But China dominates it. So a third of the external debt is from China. And it's become, it's increasingly, going forward into the pipeline it's more skewed towards China. And this is where the initial IMF talks in 2017 broke down. It was about the opaqueness of the pipeline debt.

And then on the Western side, the US massive in health. The interventions in HIV, as far as I understand, have been a huge success story. A huge amount of money. And you saw from Ambassador Foote and that debacle that it's not buying access. And it's not. And it's the same for DFID and the social cash transfer. They got that turned in their face. I know they struggled to get access to the highest levels of state. And, you know, the Ministers more so. But actually that dynamic between State House and Minsters/ cabinet is, is

pretty dysfunctional and power is centralised around the President. And formal and informal advisors. And actually the Ministers who have been influential traditionally, the number of those has really thinned down. So that's, as a side note, that's important as well. I sometimes get the sense that the donors get kind of, where the access really matters they don't have it. And so, yes, the social cash transfer is a prime case of that. The World Bank and energy is another case of, they stood there ready with 500 million guaranteed USD for Zesco's riz. It's the problem that is hindering that private investment. The fulfilment of that development objective. And actually when push came to shove government wasn't willing to sign up to the terms and conditions. And by the time they actually realised the scale of the problem, that 500 million wouldn't have been sufficient. And if you're not sort of, and so actually wouldn't have solved much anyway. So you kind of have a combination here of, you know, an unwillingness to engage and sign up to the terms and conditions, but also fragmentation within government. A lack of understanding of the problem. And actually by the time you realise it, it is always inevitably too late. You know, power, debt, not that it's a uniform understanding, but even the FISP. But all these kind of things. Those, that, those mechanisms don't work very well. So, those, like, as case studies of where the donors are in their bi-lateral relations. You can definitely, you know, you can see the…. There is more Russian interest here. That's been quite recent. I don't know what it is necessarily. But it's something that's happening across the continent. And the other, I mean, the other dynamic in this I think is important is, actually this is a very liberal economy. So, yes there is for China PLC there is value in infrastructure here. Because this is a lot of what China is doing is trying to export surplus capacity in construction and so on. But actually, you know, the key economic assets have been privatised in the mines, and that creates a different dynamic in terms of the way that China has come in. They, you know, there's been increasing Chinese operation of mines but also on a larger scale entering into this industry through purchases, you know, buying stakes in the big mining multinational corporations. So that's something that, and then on the donor side there is, there is an ambition for UK PLC, European companies to come in. Energy is perceived as being one of those big opportunities. And that's actually why the donors really pushed tariff reform. So that their companies can come in and make money off being private investors. And here you see the difference in the approach, well actually what China offers is state-backed, you know, to construct Kafue Gorge Lower through, and take, on a state-led programme, and that is more appealing to this government and the way that they kind of perceive the role of the state. And also because of the vested interests at work as well.

N: So a lot of what you've talked about is their sort of economic priorities internationally. Do you think there's any sort of ideological or political desire on the international stage to sort of embrace the, either the ideological ways that China's developed itself or other places, sort of taking away from the traditional more neoliberal… and I guess that general rebalancing of world politics in line with where Zambia was 40 years ago in the non-aligned movement.

I: No I think, that's interesting, I mean I do think that…

N: Or yeah, are they just in it for whoever will bring cash?

I: From the donor perspective. I do think it has changed. I think the faith in the trickle-down model, I think both politically and economically, I mean, structural adjustment programme, Zambia was on its knees before it and the privatisation process was mismanaged. Was it the right… but equally there's political lessons there are well. Because it was perceived as being so negative and I think it has turned out pretty negatively for faults on both parties side. So, there has been that recognition on the donor, talking the traditional Western donor side. You know, the narrative is now inclusive growth. I think there is, and to that end social protection has been more of an agenda. Both in terms of new programmes like social cash transfers. But also reorienting existing programmes. I mean, subsidies can do a number of different things. They can be social protection. They can be food security related. They can be economic growth. It's never been clear what it is here. The reality is that it's skewed towards large farmers. But it doesn't really improve productivity because the mechanism is, the wrong fertiliser, all these kinds of things, don't work. But, actually, so the way the donors look at that it's like fine, this is an, you know, you can intervene in this way, and spend money this way, but you know how can we orient it to be more productive, to promote diversification, to promote smallholder resilience, you know all that kind of thing. So, I think in that sense there has been some reorienting. I mean, ultimately does, do donors believe that government can do the work of the private sector here? No. They… And I think that's probably fair. You look at the state of the state-owned enterprises here. And, so, they still, there is still the narrative of private sector led growth. But it has been reoriented to, I think, sectors where there is potential for inclusive growth. And, that would, the agriculture sector is a big one. But a lot of it is let's get government out, to get private sector in. I personally think it's right. And I think it, and I think it's quite obviously right. You look at the result of heavy government intervention in the sector of food security, on policy levels it's just not been successful. You know, one thing that's an interesting case study, that I don't know much about at all but worth looking if you haven't seen. Is the trade market South Africa. And why that got cancelled. And what that says about a changing approach. So, I think, so that's my sense of where you know, some cosmetic some genuine reorienting in their priorities. Not enough to, not enough to be really, not enough to become attractive to government in a way that the hands off approach of, you know it's still got strings attached. Both in terms of how money is used but also in what you use it for. Compared to China which is the, no intervention, all those sorts of things. You know, whether China actually believes in, what's it's been doing is going to support Zambia to kind of break out of its current situation and develop, or whether they're going to be prepared to stand by their intervention. I don't think so. This is the big question at the moment. Will China bail out Zambia? I don't think so. I don't believe they have any interest. I think a lot of what's happened on the ground here is because of actually to look at China as having this hegemonic agenda is absolute nonsense. And being in control of things, is completely broken down with what happens on the ground. It's only recently that they've reformed their, the way in which money is lent out. And, you know, where there is strategic priorities it's not Zambia. And actually what would be strategically important to China, in terms of its natural assets, can't, can only be leveraged to a certain extent through dealing with the state. So I think that's sort of Chinese perspective on whether they're genuinely, kind of, promoting that kind of different model of

development. You also do have some, like, investment, in manufacturing through China that has, I don't know the success of that, I know there's, where is it? Up North there's a big factory – China Textiles I think? That started and then was abandoned?

N: The 1960s one?

I: Yeah, so that goes back ages anyway. So that's the other thing. You've got to take the long view particularly as you've suggested on this, and that's where I don't really know enough to say much more.

N: So I guess we'll move on to development partner priorities. So what do you think, particularly DIFD and the other OECD-DAC Western donors… Are they focusing more in social sectors?

I: I think there is a lot of… It's a good question and it does change. There has been I think, again I couldn't put a time frame on this, there has been more of a social protection focus. I think actually DFID has changed recently. They've been doing a big strategic overview in part because of the response to the social cash transfer scandal. And actually trying not to be a crutch to the government but to be more… support them to deliver for their citizens here. And actually… this is part of, of course, Britain's repositioning post-Brexit and what's going to happen to the development budget and promoting interests for Britain PLC. And actually working through the private sector. And there is a combination of things here. There is a, sort of, economic influencing aspect to that which we are part of. saying to the government these are the things you need to do. For example the sales tax, being a case in point. Then you have the bottom-up nurturing of small- and medium-scale businesses. This is PEP Zambia who do this. and then you have the inward-investment, CDC. There's also a private equity firm that's DFID backed here called Kukula. So they're trying to all the way along the side of the private sector growth. Trying to be intervene there. That is a big focus. And then I think there is a where should on the social protection side. Where should we be intervening? And I think there has been a scaling back from education, there's been something of a scaling back from agriculture except as a source of private sector led growth. But there is also at the same this current humanitarian problem with the drought response. I know that they've have discussions in the office. You know, we've said that government should stand up to these things. Stand up for themselves. But it's all slightly academic at the moment because of the debt situation. You have to take those hard calls on moral hazard here because it is very real. And yes the donors have been stepping back but there is still a genuine sense of moral hazard. So that's my sense of DFID. Beyond that I know where would USAid be, what's the current breakdown in relations going to do for their donor spend. They are a lot more… as ever I think that DFID is genuinely at the forefront of these things. In thinking about their role. I think it reflects very well on them. And I think on this occasion they are right. I mean the challenge now on all of these things is managing the pressures from the centre but also genuinely letting go. And that's what you see play out a little bit in the drought. Because it's really hard. Because it.. you know it's a question of moral hazard and supporting people and where they've got the mandate that they do. And just incredibly difficult. So let's see where they kind of get to on it. And ultimately they are a small player. Both in terms of influence here. Yes these is this tradition of… it has… they didn't get the invite to the big investment conference. Which was another burn. I mean,

it's been a long time since Margaret Thatcher came here. A long time. And they're a small player in terms of budget as well.

N: So just talking about their private sector work, do you think that's… obviously that doesn't go through government. But do you think that the government would tactically support it, are they not really bothered?

I: Good question.

N: Is it just something that's happening?

I: I think it's just something that's happening. The challenge with this sort of thing… and actually it's not going to be anything that drives the structural transformation of the economy. Of course it isn't. How you do that is an incredibly difficult… And this is where, you know, maybe it was to invest in infrastructure and all these kinds of things. What were they thinking as all this was happening? I don't know, I wasn't here. I would love to know actually. Because I do think, going back to your last question, we need to try something different. And actually we need to have… Now the thinking is, well, let's advise on where you're going to do big infrastructure spending. Let's help build the capacity to make better decisions. To invest with more… But ultimately when you saying that, what's the government's demand for that? And it, at the moment, is very low. So, I think it's this thing that happens. I think where it… I don't know, this is my little theory. I think, for example in the energy sector. The way that donors have made this big push towards cost reflective tariffs. I think it's fairly transparent that it is… you know it's quite obvious that the next thing that happens… and I think that this is where sometimes donors and government talk at cross purposes… and they go… we are in this position we are in and the party that we are. Is it incredibly difficult, you know it's difficult anywhere to influence tariffs. And do donors think and work politically enough, and understand limitations and their voice, leverage other voices, build these kind of big coalitions that can… and time when they really put the pressure on right, so that they can have that… I think invariably the answer on energy is no and I think on most issues.

N: And on that final point of donor influence, do you think there are things that the government's doing more to please international partners than because it really want to? I guess please or just let people get on with it.

I: Yes. You get. We've had the narrative of private sector led growth in the agricultural sector. I think that's not necessarily come through donors. It's come through… IAPRI are an interesting… they wrote the PF manifesto. They are … their almost Thatcherite vision for the agricultural sector. And they are backed and established by SIDA and… established by USAid and also have backing from SIDA. And they are a conduit, and they probably one of the more influential because they have that credibility as a Zambian organisation. So, it is an interesting one. And that little case study. But that narrative has never been followed through. When push comes to shove… export bans. Always going to go back to them. FRA commercialisation. It's always been attractive. To take the FRA and to have, the thing is… government is not hegemonic. No government is, obviously. And they're talking at cross purposes. You have on the one hand, you've got, in the case of the agricultural sector, you have… do you know the FRA?

N: …

I: Food Reserve Agency. So you purchase maize, sensibly, for food security, creating markets for underserved farmers with price stability. This ridiculous mandate that's impossible to deliver. It should be there for food security. And actually what they do… they used to purchase a million tonnes, completely distorting the maize market, crowding out the private sector, maize is the food security crop. So it's counter productive, but it's lucrative. Since 2016, pushed by IAPRI who have the kind of neoliberal agenda, supported by donors, but with local credibility. There has, and in the face of liquidity pressures, there has been a scaling back of the FRA. They don't purchase at above market price anymore. They don't purchase… Gain reserves are down to 100,000. It's stated that actually it's much smaller. So, you know, big success. Good influencing story. Good for the health of the market in that sector. The private sector has grown exponentially. The rest of the sector has still continued to struggle in the face of export bans. But you also have, two years and a half ago, a push to commercialise the FRA and introduce it, so it can expand it's functions so it can expand its functions, be a commercial player. Which would completely undo these gains. It's now back again as a proposal. So, this is a case in point where sometimes you have that trajectory but you also have, kind of, working against it. And that's just politics, and that's how governments work and how interests manifest themselves, and all that kind of thing. That is the example of, what does… how do governments indulge donors… well actually it's one where I think donors have been fairly successful.

The social cash transfer is interesting. I think… you know. There was a genuine… these was a period, I think, where they could afford it, popularity, or people were saying it was popular. Telling government it was popular. You can see how it could it would work in terms of development and also being politically attractive. You know there's a big… you're always struggling… but actually that was going quite well. And they were taking some budget responsibility for it. Now, it's gone. That is completely gone. Could come back in the face of liquidity pressures post election. But, you know, as a sense of how they still play the game, they… the budget allocation is still. It's doubled for the social cash transfer in this budget. Ludicrous. And UNICEF stood up there and said 'this is the best budget that's ever been delivered'. Despite the fact that it was completely expansionary and promised more borrowing and all that… and I know UNICEF have a slightly different relationship because they are at the invitation of government and they… it looked very naive and I was sure there was other reasons why, you know there was other reasons why they would go out and make this statement. But at the time it looked ridiculous quite frankly. I mean, the budget's a joke and actually they've been hoodwinked. But, I know it's more than that. So, you know, that continuing narrow talk around budget allocations for social protection are key. You see a lot of promises, you know, the big reform agendas that donors are pushing. The FISP. The energy tariffs. There's always a 'oh we're doing this, we're setting up a review'. The cost of service study that was established and killed before this one in the energy sector, as a case in point. You know, we'll do this and then… there's a FISP review coming up, I don't know how. And again, lots of different dynamics. Technocrats verses politicians. Certain politicians and certain technocrats. You know, all the different interests and donors being part of that. But, yes, in summary there are very obvious and quite see-through attempts. There are some genuine moves, like in the

agricultural sector that do kind of align. But I don't think there's been that, ever been that kind of full commitment. And then, you know, there's people who agreed with these things and they do work on, but, you know, at the highest level there's not. You know, they'll get squashed, they'll get… You know, loads of people think that the FISP is a waste of money. Loads of people think energy tariffs could be more simple. But they don't have the ultimate say over these matters.

N: Finally, civil society and domestic politics. What influence they are having on both international players and the government, more importantly, in terms of policy making?

I: Civil society isn't particularly strong here. I don't think donors do anything much to strengthen that. I think that the way civil society is funded, entraps them in short term projects driven by donor priorities. They don't build up expertise. You look at CGPD and how it's… you know… it has to be because it's pitched to different donors who will give them short term funding and then disappear. And it's the same in organisations like CUTS, consumer unity and trust society. Very good organisation. The head of that is fantastic. And they got into different issues because that's where the funding is. And unfortunately donor judgement is bad. Donor governance people who make these decisions unfortunately is shocking. And actually, it's incredibly hard to be a successful civil society organisation. You have to understand what government wants. You have to meet their needs. Or if you're going, and actually, and I think – if we take a step back – one thing we have here is you have research capacity, advocacy and connection. Do not sit in the same organisation. And you need to bring those together if you're going to have any hope. And you also have pretty low capacity in terms of policy work. Both in government and in civil society. You can't just say what the government is, because it's like what you going to do with that? And, so, that's the other issue we have here. You know, one civil society organisation can't do the… very rarely… ZIPAR, for example, good research capacity, but it's semi-autonomous, it can't really go and change the demand. And that's the thing. If you want to change the demand of government. I mean, I do when it comes to policy. You meet their demands. ZIPAR can do that. They, I can give some examples. IAPRI can do that because they have the close relationship, with certain people in government. They're slightly different. IAPRI is more political. ZIPAR is more at a technical level, but when there's the opportunity they will move, and will have influence. Other civil society organisations don't really have that. Some of them are building it. CUTS is building it. CTPD has it to a certain extent, when they get it right. The role of, of course, is to change demand. To say this is an issue, we need you to address it, and this is difficult because you get a lot of the time traditional civil society organisations have worked in siloed ways. They don't have big media reach, they don't have big social media reach, they don't know how to maximise that a lot of the time. They don't know how to get access. Because you need… public only advocacy very rarely makes anything happen. You need public and private. You need champions in government saying, you know, what these guys outside are saying is right. So that's kind of the default. And then you have donors fragment this further and make more decisions on their commissioning. I think we are, the way we have operated is different. We actually genuinely understand how influencing happens and, you know, the combination of skills sets. How to read demand. How to understand where power lies on issues. We are a small player. We are not currently operating. We had as large as £500,000 grant budget per year. Which is fairly substantial. And we've been

working on some of the big changes that you have seen. You know, FISP, FRA, energy tariffs. And, because we made that issue selection judgement, right from the outset, bringing together, we have a pretty good political understanding. Partners do but don't know how to deploy it. And we bring out, we say 'what's the issue, what's the government issue?' Ok, these are the things. And then, ok cool, what's the research, what's the evidence? And let's not overstate the role of evidence in making anything change. But there's the right evidence and you need to work out what is the base, and I always think of it as base evidence that you need. That is right, it can take many different forms. It can be public opinion evidence. It could be quantitative, it could be qualitative, all these kinds of… right what's the research intervention? How do we now make it go and happen? And a lot of that is then being strategic, it's not enough to do a launch and… how to you build pressure over time? How do you respond to events? How do you build coalitions? And that's, there's where we become quite hands on, in supporting that and brokering those things. And it has lead to some, I think there are examples of where civil society is more joined up now. There is less of a competitive nature between them. I think the issue of debt has brought together a lot of voices. That was something we identified and tried to broker. And it has embedded to a certain extent. You get civil society making public statements, leveraging off each other, being responsive. And actually working a little bit more beyond the usual suspects. You know, who … you know Oliver Saasa? He's in the policy community but not in civil society. And he broke… we were working with him and CUTS on how to broker a closed door discussion, safe spaces rather than shouty spaces, and these things seem very obvious but they are a bit of a step change in the culture here. And to… so these are the improvements as we go into election mode and closing political space. It is incredibly difficult. And actually, I think it happens to donors, to civil society, and they don't access to get to see a Perm Sec, a Director, and these aren't the people who really make the decisions. The top people are very hard to access. And there's very few people who can do it. And. Prof Saasa knows the Finance Minister and he knows people all around. Really political people who make a lot of decisions. And he knows them well. It's really difficult, but that's my assessment of the baseline health of civil society and actually where it's moving and where some good examples are. And I can talk about specific examples of policy change if that's helpful.

N: I was just going to ask, do you get a sense of how the government views civil society? Do they just see them as donor funded and just another voice…

I: I think so, fundamentally. I think they….

N: So they sort of have that baggage before they get in?

I: Yeah… I think they do have that traditionally. I think there is respect for ZIPAR and IAPRI at different levels of government, with different people. And you know there is huge amounts of pressure that come on them because they say things the government doesn't want to hear. And they are more sensitive to it, and they have credibility when they do it. The work they produce is good, their analysis is savvy. But sometimes, you know, when they go public on things it can get quite ugly. You know, there's been ZIPAR once snubbed by the Finance Minister in a budget response. They do the best budget response going in five days. You know, what's in there – what it genuinely means – it's not perfect but it's pretty good. It's not as nicely packaged as the PWC one, but it's better. And they got

snubbed. IAPRI recently on the e-voucher performed – there was an attack on them in the Daily Nation, which is a government mint private paper. So yes, they do come under pressure. They still have their allies in government and they get brought in on things. And this is when there is genuine demand. The Sales Tax. ZIPAR were there on the inside providing the analysis on what was going to happen on jobs. But also feeding it to civil society, so they could talk about it. And, you know, in the business lobby everyone knows the business lobby's going to be against this tax. But civil society entered it and said we're against it because of inflation and jobs and it all linked because ZIPAR's analysis was being used to inform the public say. And then when the opportunity arose they provided the analysis that said, this is what your tweak will do. But actually here is what VAT reform will do to meet your demand. And they had the inside track. The Perm Sec was on board to learn from this. the Minister got it. And he had cover to do it, because actually the previous Minister's position had basically become untenable. We supported them in this and were able to support the analysis and be more strategic in this. I think, it may have happened anyway. But it helped that we were there. Because that's the nature of the capacity here. So, it's… ZIPAR and IAPRI have that kind of relationship with government. It's changed over time. I think it moves with political cycles, and when we are very much in campaign mode anyone who is kind of talking about… we need to sort of navigate this. And really understand where there's demand. Then you have other civil society organisations whose reputation varies. From INGOs, who I think really struggle because they're very much seen as internationally backed. I don't know. Some of them are really issue linked like WaterAid and then you've got your Oxfams, your ActionAids. I don't know. They will have more of an assessment of what they think is… of their influence. Then you have organisations that are perceived to be quite, to be genuinely Zambian. I think everybody knows they get donor funding anyway. Like CTPD and CUTS. And, it's funny, I don't. I mean, CUTS have made strides in terms of getting government to engage with them. Because they've been working on the right issues and raising the right questions when they're doing accountability work. And we're also providing some solutions. There is a… So they get some engagement from Senior Officials. ZESCO on energy, the Ministry of Agriculture. They've got an increasing profile with them. You know, CTPD can force… I think they are the most credible, the biggest voice on, you know as a Zambian NGO. They do… We did a report with them on the national airline and that enlisted a government response. So I would direct you to that. Which is quite rare. And, so, there is skepticism, but I think when they're in the right issue they get something. And they can do, you know they can do the accountability piece. And to some extent they can do some policy work. And it is constructive and helpful. And finally you have your more kind of antagonistic genuine accountability kind of… who have a really tough time of it. The Alliance for Community Action. Recently Laura Miti has been arrested. But they can make a noise. And they're clever, and they're smart in the way they use social media. She's… you know, when we decided we wanted to build a coalition around debt, that was one of the first things we did. We said debt concerns needed a social media pitch. And it enlists direct government responses. Unfortunately it didn't elicit action. But the thing we wanted to do was to change the political salience of an issue. And it did do that. To a certain extent. So it's a spectrum in terms of how government receives all of these organisations. And you can, from that, you can see why the issue selection is really

important. Because you've got to change according to the issue. And also how you build coalitions, with these and others – your business voices, your others – who have different relationships and represent… all this is like smoke and mirrors really. That you're kind of representing a voice of the public, that doesn't really exist but… you respond to things, and when you can build that coalition that says 'this is the clever case for it', 'this is why people are concerned about it', 'this is why this group is concerned about it', and why you personally – Mr or Mrs Minister –should be concerned about it, for your career, your record – then you can kind of can make change happen.

N: If you don't mind, I was just going to have one more question on partners, which was how much do you think they know about each other? I guess the Western ones know a fair amount because they have had a long history together. But do you think there's much knowledge of some of the new players, like China, outside media reports? Or are they in the dark as to what's the government's doing?

I: I don't think so. The people who really know about this, and which donors struggle to access, is the people in the policy community. The Zambians who – a lot of it's gossip, and you've got to sift through that kind of thing. But… and they don't access those people. They don't get out of the donor bubble, and keep talking to each other. And they hypothesise about… and, you know, and they have brilliant researchers in Whitehall, and Universities all across the UK, and they have an office in China that has a team looking at this. but it's all quite macro and hypothetical and… and actually to understand… I don't think anyone really understands how these relationships pan out. But I don't think the donors do. And certainly if it's China, really the others. That is really difficult. And I think that's a little bit because China sucks in all the attention, but also they are still the biggest player out of these new world powers. They don't talk to each other, really. You don't get the Indian Embassy hanging out with the British Embassy, as far as I know. Maybe they would say different. But my understanding is that they don't. There really isn't much… there's a project programme called PIGA, that is about a joint British and Chinese investment, and they operate here. So they have some linkages through that. But beyond that I think it's really quite surface. I think the donors know less than what a lot of… they know less than they could do if they were better at reaching out, moving in the right circles, and asking in the right questions. In my opinion, without… potentially… with all risk of being completely unfair. But that's my… from what… from our engagement.

N: And does that lack of knowledge impact on their decision making at all? So, when they're talking to the government are they thinking in the back of their minds – I don't know much about what's going on but…

I: I think so. I do… They understand why China is feeling, why China is important, all these kinds of things. They don't really understand how it manifests itself on the ground. And I don't think, I don't know whether how much that understanding of just how fragmented everything is… the intricacies of the power dynamics and the lack of coordination and all those kinds of things. And how they really play out in how you engage with China. I certainly don't. but that's the next step in terms of, wanting to get deeper into that understanding and think about it in in how it might influence government decisions. And be able to combat. I think that would be the next stage in thinking. And then you try and get that knowledge to back all of that up. And I think that's what lacking. And I do think

that will influence… I think you get a sense of antagonism. That doesn't… probably doesn't make government that inclined to listen. So you sort of think. Well, yeah I understand why they're doing this. and why it's important to us. Why it's being… geopolitical concerns and fears and that's when you start talking at cross purposes. I think that's kind of what's happened. I think that's how this lack of understanding manifests itself. That would be my hypothesis at least. Without really having enough to back that up.

N: I think that's all my questions. Thank you.

N: Most of your work was about ten years ago? You were doing that work for the government in about 2009?

R: No, that was earlier. That was, I think, 2006. If I'm not mistaken. I'. honestly not sure, I'd have to check the thing I sent you but… It was, well 2009 I actually worked full time for the Ministry of Finance setting up the Millennium Challenge Account programme. Which I left in 2011. I didn't, I just got the unit started and basically left after we'd more or less got the compact prepared. And then my other work here was mainly IGC and sort of a few other things. I was Vice President of the Economics Association for some time. Which has sort of gone downhill. What else have I done? A bit of consulting work here and there. I did some work for the World Bank and some for the IMF actually. And… no, that's pretty much it. So, I mean I'm… because of age I'm not as active as I probably should be. So that's really it. And that piece of work I did for the Ministry of Finance, well we can come to the details. And I don't know how much you need to go into it, but the… it followed… it was around the HIPC time. Well, it was HIPC completion. And there was the… the Ministry of Finance had just put together an aid policy. I don't know, have you seen that? It was the Aid Policy. The Joint Assistance Strategy, I think that came later. I came at the end of the aid policy and the Ministry of Finance wanted, basically, some kind of practical action plan coming out of that. And that's what I worked on. Interesting, what I recommended was completely ignored…

N: I was going to ask, because there was a couple of staffing charts in there.

R: Well, the… it was quite interesting and disappointing. The group I worked with at the time, I mean they had an aid management group. It wasn't called that, it was ETC. What did that stand for? Something Technical Cooperation. Anyway. They were the aid manager group. They weren't called that. They were actually pretty good. I mean they had a strong group of individuals, I thought. And the… even though I was there as a consultant we worked together and what I did was, I think, what they felt was the right thing to do. We had a retreat at which we debated it all and came up with some compromises here and there. It then went to the then Permanent Secretary, who just brushed it aside. I mean they had a completely… and he had, I guess I should have taken it more into account when I was preparing the work. But when I look back on it, it was clear that he was not on board. And had a completely different agenda. And they were livid. I mean, I remember people walking out. It was quite dramatic. Anyway, that was my first and last time to be directly involved. And I haven't sort of refreshed my memory on the analysis and recommendations. But I think that they, they liked the idea of having a more strategic approach. They liked the idea of essentially getting the aid management decisions to emerge from, more clearly from the sort of development planning process so that they essentially located individual donors, and donors generally, in a kind of, you know something where they could say where the comparative advantage lay, what advantages there were from using this donor, what kind of compromises they needed to make. And so forth. And sadly that all went by the wayside. And I didn't really stay in touch after that. I mean one or two of the donors kept me appraised from time to time.

And I think most of them at the time were quite comfortable with the sort of thing I was talking about as well. But that was, I mean, a long time ago. I mean the landscape, I know, has sort of changed totally. It's… I don't know whether it's any use to you.

N: No, I'm definitely interested in up to, let's say, the change of government in 2011. Because my impression is that there was quite a lot of change within government after 2011 and the elections.

R: Yes.

N: And actually that was a bit of a, almost a break point in terms of government and in terms of even the Ministry of Finance, potentially.

R: Yeah. And I'm sure… well, Marja would know. You're talking to people who were involved in that change, are you?

N: Yes I will be. So, before 2011. How would you characterise the relationship with donors and government. Was it…

R: That's a good question. Reasonably good. And I'm not sure I'm going to answer it very systematically. Quite an important aspect at that time was budget support. And that is a story that you should really try to dig in to. Because I'm not sure whether it's really been told. My impression as… I hasten to add, health warning, I've no concrete basis for this at all… was that that was quite fraught. And that part of the reason was, this is my take on it, that the… although budget support… the… Back up a minute. The basic idea of budget support, I thought, was very good. The basic idea as I understood it was you push money through government channels. And in doing that you strengthen those systems. Instead of setting up parallel systems and doing everything in such a way that you can go back to Parliament and say that everything is rosy. So you accept that there will be some compromises and things won't work perfectly. But you are essentially getting things to improve by working through them. And you're also getting the resources to where they are most needed. So priority sectors, social sectors, and that kind of thing. You're helping to finance those in a way that is better. Less fragmented than you were doing it before. In practice what seemed to happen was that the donors set up so many conditions. There were so many, sort of… and in order to get this through their respective bureaucracies and so forth, they set up loads and loads of things that needed to be done. With the result that every meeting they had, they were discussing whether this had been done, whether that had been done, and so forth. And it ended up – I'm repeating myself, this is just my take – actually taking them away from the basic idea. And instead of strengthening those systems it just got in the way. And became a whole new agenda of issues that, I mean not that some of them didn't have merit, but I… and I can't remember any of the details, but my sense was that they were digressing from what was otherwise, you could say, a kind of noble objective. So, that was one thing that I think sort of went by the wayside.

Generally, I mean at the time when I did that work for the Ministry, my impression was that relations were typically quite good. There weren't any, sort of, raging controversies. There wasn't a big corruption problem. I mean, not that there wasn't corruption but it wasn't a sort of… surfacing as a big problem. In part because donors were controlling their funds fairly, you know, well from an accountability viewpoint. And the main problem

I thought was constantly this problem that donors would be pursuing their own agendas. Which were noble and, you know, all this kind of trying to do the right thing. But whether they had really fixed on what was relevant, what was a high priority, what was essentially going to sort of going to meet development objectives from a higher level point was the sort of question I had. Trying to think if there's anything. I don't remember any kind of bust ups. Maybe there were. But it typically seemed to kind of grind along fairly well. And they had, I can't remember what the system was, they had sort of periodic meetings. Well, they had. I don't know whether they had… there was the whole consultative group framework. Which was still operating then. I don't even know whether it's still there now. Is it?

N: There's a Coordinating Group still.

R: Right. Well, by consultative group what I meant was the Paris-based annual group.

N: Something still exists, yes. To a certain extent.

R: Yeah. I mean the, I got the impression that the donors at that time were a bit more focused on coordination. I mean there was an effort being made to work together which eventually turned into the sort of budget support thing. Not that all the donors participated in that. But the… That was fairly high on their agenda. My impression is now that it's much less important. But again, I'm not…

N: I think that's probably fair.

R: As to what happened in 2011, I'd really lost touch with the donors and so forth by then. I mean, the general impression was PF came in. Chikwanda, who was Minister of Finance, went for the Eurobonds and so forth. And that turned out to be a disaster, as you know. You can see what's happened now. But whether it needed to be, my strong view is it need not have been. That the first Eurobond was actually quite good. They got, as I recall, a better interest rate than Spain. Because, well they had very low levels of debt at that point. And it looked like it was being sort of reasonably well managed. Even then, I mean stop me if I'm going off at a tangent, that there was a problem for me… they came up with a list of things that they were going to spend the proceeds on. But that was after the event. And it wasn't, or it didn't seem like it was one of those things where somebody said 'look here we had this package of public investments which have been carefully looked at, prioritised, we have these financing gaps and the sensible way to fill it is to go to the market and deal with it this way. And here's where we see the gaps and here's where we need to go.' Maybe, ex-post they did that, but I would doubt it. I think it's a little bit more of a patchwork. And certainly by the time it came to the second and third Eurobond, it was all going on current spending. There was no system in place at all. And when it came… there was a piece of work I did for the IMF… I was part of the team that did their public investment management assessment. And Zambia got the worst scores on that of almost any country that the Fund looked at, at that time. And the Bank's, the World Bank's work was similar on that. And that to me is, again stop me if I'm rambling, but the, to me the first critical step in any kind of aid management effort or… in fact I object to the word aid management, it's basically finance management of which aid and other financial resources are a part, is to have a clear idea of what you want to do, why you want to do it, how it breaks down in terms of projects, what kind of investment

program you have, what the best way is of financing it. Those are all prior questions. and basically aid should drop out of that. Then of course you have some discussions to get into with the donors, whether it fits their priorities and where they can get things or not. If you have a strong system, and Rwanda, Ethiopia would be the usual examples, that's what you do. And usually the aid donors prefer that. They may not like the way the detail has come out, they may not feel they can support this or that or the other, there may be details they object to. But the fact that they are dealing with a government that is, sort of, fairly clear about where it wants to go and why it wants to go there, is fairly important. Now, I haven't answered your question at all, have I?

N: I'll ask it from a slightly different angle. Over as long a time period as you want to… let's say 2005 which was obviously the end of debt relief, how do you think the donors and the government's priorities have shifted over that time? One at a time.

R: Well, what makes that a hard question to answer is that, and I'm sure this will come up, there's the government rhetoric – what it puts downs in its plans and so forth, and what actually happens. And I would go so far as to say that government rhetoric and planning, including the 7th plan and so forth, is actually pretty good. I mean they lay those things out pretty well. I thought they dealt with the clusters and so forth in the 7th plan was pretty good. They even go so far as to acknowledge very candidly that implementation is a big problem. And it ends there. I mean the implementation, I don't know maybe it's changed a bit or improved a bit now but my impression is that essentially that's all there for, you know, whoever wants to read it. And people like you and me who think that kind of thing is interesting. And donors and financiers and even parliamentarians. But when it comes to actually how you spend the money and what you actually do, it's a completely different set of priorities. And that seems to me to have got worse and worse and worse. I mean, it wasn't great under MMD. It's become much worse, progressively under PF. Corruption obviously is a major factor. But I don't know if it's the only one. Ok now, bring me back.

N: Just to add on to that, do you think that's on purpose, I guess? The gap between rhetoric and implementation. Do you think that's strategic in any way? Or do you think that's just what happens and it's not really anybody's...?

R: Well, I think it may be strategic in the sense that the, it's functional. I mean, if you're running a very corrupt system it's very useful to be able to point to some very high level documents that sound good and make the right noises. I mean, as opposed to making the wrong noises. So in that sense I guess it's functional. But I wouldn't put it any further than that. And again I don't want to overstate the case. I'm sure that in infrastructure, health, education, all the areas where a lot of the sort of mischief is going on, the misapplication of resources, there are certainly people at the technical level and even at the political level, who want to do the right thing. I mean, and there's nothing wrong with wanting better infrastructure, nothing wrong with wanting better schools and so forth. The question is whether you're really setting it up the way it needs to happen. And that's where I think there has been increasing levels of cynicism. And I don't quite know what went wrong with, at the PF level. Are you talking to Guy Scott?

N: Potentially.

R: Well, he's not very well at the moment but… you might get something out of him. Chikwanda's not well at all, I understand. Are you trying to see him?

N: I don't think he's on my list, but I might just make a note.

R: Well, I don't know. By all means try, but he was the Minister of Finance and he… but apparently he's quite unwell. He's been out of Zambia for treatment. And I don't know how much you'd get out of him. But worth a try. And then I don't really know. I mean, the people who are really best placed to sort of comment on that transition are key people in the civil service. And how much they can or would be prepared to say is fairly tricky. And people like Marja are best placed. I mean, they seem to have got very good at getting people to talk about things in a sort of candid manner. Sorry, now come back to the question again because I'm…

N: It was about, sort of, the difference between rhetoric and reality and how much is it on purpose? Is the rhetoric there to please the donors and the reality's there to please… the population a bit more?

R: I'm repeating myself, but I mean it definitely helps donors to have something like the 7th National Development Plan. Even things like the budget statement. I mean, another example would be the… oh what was it called, this programme they came up with, Ministry of Finance… sorry, I'm blanking out. It was basically to… it was the sort of home-made IMF programme. I'm just forgetting what they're calling it. This was put in place about three years ago. Zambia's… Not Zambia First. Do you know what I'm referring to?

N: I think I know what you're referring to but I can't remember what it's called.

R: It'll come back to me. But it was a programme basically put together by the Ministry of Finance where they… it was under… when Mutati was Minister of Finance. Who would be worth talking to, by the way. And, that had various austerity measures, measures to improve public spending control and so forth. All of the kind of things that would have been in an IMF programme. And I thought actually that was very clever because they could essentially put that on the table and the IMF wouldn't have asked for anything else. They might have changed some of the numbers here and there, but essentially, so that they could very easily say we're getting IMF support to do what we wanted to do. Which is perfect. Exactly where you want to be politically. But unfortunately it fell apart. They, again, it was another case of – it's the reason I'm giving it as an example – where they… the rhetoric was there and it was something any donor, any banker… I mean I remember meeting you know people who were coming from the city and so forth to talk about Eurobonds and doing their various updates. And they were all very happy with that sort of programme. So, that, and it also conveyed the sense – which is I think the other point to make – at the technical level Zambia has people who are very good at doing that kind of thing. They can crunch the numbers, they know what the sort of issues are, they've done that kind of analysis. And, so at the technical level they can do that very well. And then it breaks down at the political level for the reasons we've been talking about.

N: I'll slightly shift around, just to talk about some of the… obviously there's the Eurobonds, but there's also other countries I guess that are outside the traditional OECD-DAC mix, be it China, Turkey, India, Brazil. So when you were in government was there

much - when you were working on the Millennium Development Account - was there much talk of the others in government? Potential other sources of…

R: No. not explicitly that I remember. I don't think any of them, even China at that point… I don't think China would feature at all. And I'm trying to remember why, because there was a bit… I mean, there was some private… I mean, i.e. non-state actors from the Chinese side, because that's one way to characterise it. I don't think the Chinese government was doing… I don't think there were any loans or anything of that kind. So, certainly back when I was working on it there was virtually nothing. By 2011 it had started to be an issue. It was even there in the election campaign, because Sata was very anti-Chinese initially. And that was in relation to, I think it was, the main investments were this Chinese coal mine. The Collum Coal Mine in Southern Province. I'm trying to remember what the other key investments were. But certainly, it had nothing approaching the scale of what we have now. And, I have very little… really haven't sort of paid much if any attention to what is going on at the moment. I mean, I have some impressions. And you would know better than I. The predominant impression… I mean the nasty stuff is debt trap diplomacy, and all that kind of thing. I'm not totally convinced by that. And let me put these to you, because I'd be interested in your comment and eventually where you come out on this when you've done your research. But my sense is that the Chinese are faced in some ways same kinds of problems that Western countries face. In that, you have a quote unquote private sector, typically regional companies in the case of China, that are moderately or very rapacious depending on, you know, who they are, what they're doing. But… yeah, okay they may have to meet some different standards. I mean, as China hasn't signed up to Paris Club protocols, and that kind of thing. So they can get away with more. But you have that at one level, where they are essentially looking for profitable investments and they want to make money just like everyone else does. And I don't see that that's qualitatively different from what you get from US finance or anything else. Difference being, investment from the US they have to cope with the Foreign Corrupt Practices Act and various other sorts of constraints of that kind which may not be there in the case of China. But you have that on one side. Then on the other side you have Chinese Banks and the Chinese Government where they, my sense is they haven't necessarily got on top of these issues yet. I mean, they've maybe got in deeper than they intended to. They've been… when I say they've faced the same kind of problems that Western governments have… they proceed case by case with individual investments and projects. That may or may not make sense. They may or may not be exercising the sort of controls that they want. And then they're face with an aggregation of problems that are not quite what they were expecting when they came into it in the first place. Now, maybe I'm being excessively charitable and they are, you know, there are some debt diplomacy and all that kind of thing is what's going on. But just from what I read, and I won't try to follow this… what's her name at Johns Hopkins…?

N: Deborah Brautigam?

R: Yeah. I mean, I read her book a few years ago and I sort of try to follow some of this that's going on. And my sense is at the level of the Chinese government, they are probably just as concerned as everyone else is… But that, again, there are some big policy difference. They do have a different set of concerns about debt. And again I defer to you,

you've studied this more than I have, my sense is that there is a genuine dilemma. Well, actually I was watching – I don't know if you watched it – but there was a Malpass and Kristalina Georgieva did a broadcast on the World Bank website last Monday. Check it out. The Bank just did a study on debt and that's what they were talking about. They had a joint thing. Which is worth watching. They do a good round up. They make the point that, and people forget about this, that the financing means – I mean, I don't care whether it's Zambia or almost any other country – when you look at what's really needed in terms of infrastructure, social spending, even private sector development and so forth. The financing needs are huge. And way beyond what any concessional financing can produce. And so the strategy for any country and for any donor, is to see how you leverage concessional financing so that you get… whether it's debt finance, whether it's equity, whether it's social bonds. You know, there's all kinds of stuff going on like that. You need a strategy to kind of pull all of that together. And to come back to the question about the Chinese, and to a lesser extent about the other countries you mentioned because the scale is much less, it is how do you put all that together. Help meet what is a huge need in such a way that it doesn't produce a systemic failure along the line. And I don't know whether, maybe Ethiopia or Rwanda or some of those other countries have got the right balance, but I think it's a tricky problem everywhere. So, again, sorry I'm being longwinded but I mean coming back to the question you asked, my sense is that I don't think the Chinese are any more or less selfless or selfish than anyone else. But I think they do have a different policy framework. They are facing some of the same issues and constraints. And some of the public rhetoric I've seen, for instance they did this paper on debt sustainability recently, which I think must have been taken straight out of the IMF handbook. I mean, it's almost identical in terms of the way they're approaching it. And so I think at that level, and again I'm looking at it politically. In their Ministry of Finance, my guess is that there are people that are looking at it in exactly the same way that their counterparts in other countries are. And in the Paris Club. And that along the way there are a lot of entities that think it very hard to control. I mean, let me put the question back. I mean, does that make sense to you? Are you…

N: Yes, I mean I was reading something just this morning that made some sense to me, which actually said – why are things like the Eurobonds actually over such shorts amounts of time. When you're financing roads and projects that are potentially going to be – should be – benefitting you for 30 or 40 years. But you're paying for them over ten years. Actually, the short amount of time that you're paying back is actually a real challenge. And I guess I see… I think there's probably potential for more refinancing of Chinese debts than there are for things like Eurobonds which have to be paid back very quickly. So I don't know…

R: Yeah, that's interesting. I mean, well with the Eurobonds, do they give longer terms? Are there Eurobonds that go longer than ten years?

N: I don't think so. And obviously it wasn't just… 2011 wasn't just PF it was middle income status, it was getting credit ratings from a couple of – Moodys, and someone else. So I don't know if it was those things that precipitated it rather than the change of government. Or if MMD had continued if, they'd have done the same thing.

R: Okay, that's an interesting question. I think that MMD would have gone to some extent the same route but would have been a bit more cautious. By the way, one person you should try to talk to is Musokotwane, the last MMD Minister of Finance. Who is now with the opposition… He has his axe to grind, obviously, since he's now with the opposition. But… and he's written. There's been a few articles he's done recently which are worth looking up. If I WhatsApp it to you…

Of all the Finance Ministers he's arguably the best qualified. I mean, he did some technical assistance work for the IMF in a previous guise. He was an advisor to Lesotho. He was very senior at the Bank of Zambia. He's a very good Economist. And so, you know, very much on top of things and… in fact in some ways his problem is he is too much of the technocrat. And so… and now he's with the opposition so he's sort of… obviously has serious axes to grind. But well worth talking to. He would have strong views. And also have a good recollection of… if you can get hold of him, I would strongly recommend talking to him.

So, I got into that by way of saying that my hunch is exactly as you said, good point, middle income status, credit ratings and so forth. MMD would have exploited that. I think they would have been more conservative, but subject to a lot of the same pressures that PF was. I mean, Situmbeko for example, Musokotwane that is, shortly before he left office, they approved this Mongu-Kalabo Road project. Which again you could question that. I mean it's one of those interesting judgement calls because it was, it certainly wouldn't have met traditional criteria for investment. But if you are, you know, looking at things strategically over a long term, maybe it made some sense. He probably approved it for political reasons. And it was a good example of what PF did then subsequently, and a much greater scale. And less competently. I mean, I think there was still so much corruption in what they were doing. But you're dead right that the opportunities that came up when PF came in, coincidently also contributed to it. Ok, so, I'm sorry. I'm rambling too much.

N: The question originally, although you've sort of said not really, was – there's other sources of money out there other than the traditional DAC donors. So – were they ever considered or, I don't know if you would know, if they were being raised when people were talking with DAC donors, I'm going to call them. To sort of try and get a bit more of what they wanted, I guess. If there was any sort of competition or… or even if there wasn't any competition if the idea of competition was being raised by the government.

R: That I really don't know. I mean my impression, and you can treat this as pure hypothesis, is that some of the traditional donors, and I would think this was particularly true of the World Bank, IFC, maybe EIB, maybe Africa Development Bank, I don't know, was that they fairly quickly got on to the… there was an understanding that this issue of leveraging concessional financing was going to be quite important. So PPPs, a lot of those sorts of mechanisms, were starting to appear. At least at the global level. How far they pushed it here, and how far it was part of their discussion here, I just don't know. But I'd be surprised if they weren't. I'm just thinking back, I know… in fact one person you should talk to… Has the name Greg Smith come up? Greg used to be the World Bank Economist here in the country office. He's now in London which is… but easily accessible. Working for… one of the… But in fact, he writes quite a bit these days. On debt and financing

issues. And… I've forgotten the company he's with. It's one of these frontier financing groups based in London. Let me send you his contact details…

Now, what made me think of him was that he… when he was still here he did a, one of these World Bank Country Reports. They do a six monthly or a yearly assessment called How to Borrow Without Sorrow. Which is very good. I mean, it's really worth checking out. Because, it's a bit out of date but it will…

So, now, that was World Bank economic analysis. How far it got into World Bank operations at the time I don't know. And it… one doesn't necessarily apply the other. But he goes into a very good assessment there of the problems with the Eurobonds, the way it was done. And it's done from a vantage point of not sort of saying 'no it's all a load of rubbish, you should never have done it'. It was basically trying to put together a constructive agenda for how to do it well. How to make it successful. And he… he has been... in fact I think he was around, I wasn't here. But I think he visited Zambia in around September or October last year. So he's probably fairly up-to-date. And well plugged in from that point of view. So well worth while talking to. And then there's the current team at the World Bank office and African Development Bank. I'm sure you're talking to all of them as well. Presumably. Have you spoke to them already?

N: No. Mainly been speaking to civil society and think tanks this first week.

R: Ok.

N: They tend to be the people with the quickest turn around.

R: So you've talked to ZIPAR and people like that?

N: ZIPAR I'm talking to on Monday. But I spoke to Caesar Cheelo before Christmas as well. We had a very quick half an hour. He was dashing off to Parliament at the time.

R: Now Caesar would certainly be one of the key people to talk to about this. Much better plugged in than I am on the current situation. Yes, so… where were we?

N: I think I was just asking if the government was able to use this sort of leverage. But obviously there were big political problems with China. And obviously PF as the opposition were using it as their main plank…

R: Oh, we were talking about the Eurobonds and so forth. I'm… Yeah, you were mentioning China and their financing as well. I'm told, and I don't know whether this is true or not, that China's been pretty difficult about refinancing. Not just here. Not that they've never done it, but they're not making it easy is what I'm told. It came up in the context of IMF and World Bank, I would think. And with Eurobonds, were you at this meeting last week when the Minister of Finance gave this presentation…

N: No, I wasn't at the meeting, I think it was just before I got here.

R: So he talked a bit about the refinancing, or whatever you call it, of the Eurobonds and gave the impression that they are, there is some fairly active consideration being given to that. And again, my impression, correct me if I'm wrong, is that it's very difficult if not impossible to directly refinance a Eurobond. What you have to do is to go to the market, get some people. In fact what I think a lot of people feel needs to be done is Zambia go

to the market and buy the bonds because they're so heavily discounted at the moment. And get some help with that. And then you essentially shift… shift it to a different source of financing. My impression is that there's quite a bit that you could do along those lines. And that one of the reasons why they need an IMF programme is that I think that that is precisely the kind of thing that they could do. Not easily, but at least they could make some progress there. And get over some of these humps. And again, correct me if I'm wrong, my impression was that Ghana actually did that quite well. That that sort of worked out fairly well in their case. Following an IMF programme. So, it's basically a comment on what you were saying about Eurobond financing, refinancing, Chinese debt and so forth. Those are not so straight forward. But they seem to be trying to make some progress there. The big problem for me at the moment is even if they do that, the lesson until there's some real seed change in the way they're managing the whole – well, public spending particularly public investment. Well, not particularly but including public investment. Until that all changes, it's going to keep happening. And they're not going to get out of that rut until there's a significant change in how that is all handled. And I don't see much prospect of that at the moment.

N: I guess my final set of questions, I was going to go back to the government before 2011. Because obviously you talked a lot about the Ministry of Finance. And I was just going to ask about relationships with other departments. And if, let's us, you're talking to a donor about an education package. Do the Ministry of Finance and Education have the same objectives? How were they working together? I mean, I think Finance was generally signing it off at the end of the day? But, yeah, just a bit about those sorts of relationships within government?

R: I tried to address that a bit in that report I did. At least, that's my recollection. It wasn't being very well handled. As you said, the Ministry of Finance would come in very much at the end of the day. Of course at that time we're talking much more about grant finance than loans, so there was kind of less of a financial problem. They, there was a debate going on and I would have to refresh my memory about where the point of contact… what kind of system they needed. My take at the time, I'm not directly answering your question, was what they needed most of all – at least in that aid management unit itself – was people who specialised in particular donors and sources of finance. Because you were not going to get that expertise anywhere else. The knowledge about the sectors and what the priorities was, needed to come from the planning department from other parts of the finance planning system. And that's why they needed a coordination mechanism internally. And I suggested at the time that they needed a sort of strategy group to deal with that. And which would have regular meetings. And where they would have an agenda that pulled both of them together so they could strategize about which donors to deal with and so forth. So, my answer to your question was that they weren't handling that all that well. I… I mean, they had the groups. It was then Ministry of Finance and National Planning. They were under one roof. It was the planning department that had the sort of sectoral expertise, wasn't… I mean, they would look at the financing because Zambia at that time was very aid dependent. So… you know… if you were talking education there were… you know, you were basically talking mainly, particularly on capital spending, you were talking mainly about what you could get from donors. So in that sense they were in on the ground floor. But I didn't get the impression that it was

very strategic. And that they were handling it as well as they could. What happened about that later, I don't know. I don't know whether… that improved at all. Well, they separated Finance and Planning. I'm sure actually that made a huge amount of difference. The limited… I mean, when I did this public investment management work, in fact I was impressed by the fact that at the technical level the relationships between people in planning and people in finance were still very strong. They still sort of saw themselves as being part of a team. And that part of their job was to fight the politicians! And, so in that sense it wasn't too bad. But I don't know that the… linkages… that it worked strategically as well as it should. I mean, to be specific, the public investment… this is a couple of years ago, so it may not be still up to date, the public investment department in Ministry of Planning was very close to the budget department in Ministry of Finance. They really did talk to each other. But how far it got them, I don't know.

N: You just mentioned the sort of division between civil servants and politicians, and earlier you mentioned the slight division between the Permanent Secretaries. Do the staff, did you find, very much value their sort of professional expertise? Was that a big driver for them?

R: Sorry, I didn't get the question. Who…

N: The staff, I guess other than the Permanent Secretary, in the Ministry of Finance. Were they driven by a sense of professional pride and…

R: I think so. I mean, again I'm not fully up to date. I mean, one of the thing's that is said about PF is that they have politicised the civil service to a significant extent. But my limited contact is that they… at that technical level they do remain, or try to remain, pretty professional. The Permanent Secretary level has been politicised forever. It's never not been political to be fair to PF. And certainly now it is quite politicised. But, having said that, the… just thinking of the individuals that I know in those positions at Finance and Planning… they are, I think are, professionally credible. I mean how far they're able to get their way, and how much leverage they have. Well, you have the same problem in Britain.

N: Yeah, it's not unique.

R: So, anything else?

N: No, that's been very helpful thank you.

Interview 4

N: Thank you very much for agreeing to meet with me.

D: Yep. You're welcome. Thank you.

N: So, yes, I've been trying to get to speak to as many people in local civil society as possible, because my research is about the government and its development priorities and the role, in that, of different international partners. So I guess what I've been beginning most of my discussions with people is just a little bit more about you and your background, and then asking people about how they perceive the government's development priorities. And, what's most important for the government at the moment, or over the last few years.

D: Okay. So about myself, I am a development economist by training. With a PhD from the University of Sussex in England. So I've worked in the area of development since 1984.

N: A long time.

D: That's a long time. First as a fresh graduate from University of Zambia. Working for government. And then, I got my Masters, PhD, joined the University of Zambia as a Research Fellow. Started my own consultants firm, which is this one. RuralNet Associates in 1999.

N: So, RuralNet's been around since 1999.

D: Yes. Basically as an advisory, rural development particularly. And. Since 2014 I've been working for the International Growth Centre as Country Manager. But that's on a part time basis. So, I think I've done so many things…

N: Yes, you've got a long history which is really interesting.

So, government's development priorities? So I'm specifically looking over the last, let's say, 20 years at how it's changed. But at the moment what would you say the government's development priorities are and how do you see them from both the point of view of both RuralNet and the International Growth Centre? What do you see the government as prioritising?

D: Well, you know, the government development priorities. They are specifically articulated in the National Development Plans, I think for some time. With the coming of structural adjustment in the 90s, the early 90s. So government suspended it, the whole aspect of development planning. It was suspended for some time. But around 2002/2004 it went back to planning. First by drawing what was called a Poverty Reduction Strategy… I can't recall…

N: I know what you mean.

D: Yeah. So it was a frumoch[?] for reducing poverty, because poverty was identified as the major thing. And then, it now went back to national development planning. I think there was a International Development Plan after the Poverty Reduction Strategy… We had the 4th, 5th… no, the 5th National Development Plan. And now there is the 7th National Development Plan. These are five year plans. And, so, they are used for consensus within

government. They are used as documents that government will use to point development partners, besides itself, you know, what it intends to do and where they should be putting money. If they intend to help in one way or another. So, those are the documents. Right now, as I said, the 7th National Development Plan. Which, when you look at these development plans. They have been almost consistent. Apart from their approach. This one has the approach of integrated planning. Meaning that, you know, everyone instead of planning from a sector perspective. Because what used to happen is that sectors. Meaning that, you know, everyone instead of planning from a sector perspective. Because what used to happen is that sectors. Meaning that, you know, everyone instead of planning from a sector perspective. Because what used to happen is that sectors like education, health. You know, they would plan. Basically unencumbered. Feed their plan within the broader planning. I think this one tried to come up with themes, first, and then ask sectors how can you contribute to the achievement of these things, the goals and objectives. Under each theme. So you don't find education, per say. You find education in human development. And human development has different objectives. So that's how it is different. But, in terms of the priorities. Poverty, has remained the most consistent throughout. Because, I think you know this story. The high poverty levels. From 2002 to somewhere around 2012/2013 high growth rates. But poverty hardly moved. It still remained very high, particularly in the rural areas. And that has been admitted, that has been recognised. And, there was a view of cost. That there was something wrong with the growth. The quality of growth. It was not working to reduce poverty. But, at the same time, it was not working to create jobs. More and better jobs. So you had a lot of growth. Averaging around about, above 7%. Which is very high. And since independence what happed between 2002 to 2012/2013 was unique. Because it was very consistent over a long period of time. You had this growth. We had another episode of growth in the early 70s, late 60s early 70s. But when you look at the trends it was very variable. So very high one year, the next year it drops. And so on and so forth. But this one was very consistent. And Africa was one of the highest growing economies, sorry Zambia was one of the highest growing economies in Africa. But, you look at the jobs. The job story. You look at the poverty story. It indicated that not everything was okay. So, all these national development plans have tended to look at poverty. How to reduce poverty. How to create jobs. So, if you go to the National Development Plan, the 5th National Development Plan, and 6th. They identified growth but more manufacturing and other sectors. As, you know, being very important for the reduction… for the creation of jobs and reduction of poverty. So there were economic sectors like tourism, of course manufacturing which I've talked about. What else? And manufacturing consists of quite a lot of things. Then, investments in infrastructure were also given some priority. Because it was thought that you needed to improve on infrastructure for the economy to open up. Roads to connect, you know to assist trade within the country but also being able to export. So that's what happened. Particularly the 5th and 6th National Development Plans. The 7th National Development Plan of course carried on with those themes. But I think it was a bit more, more strategic if I can put it that way. As I said, I was more thematic. It has an area just tackling poverty. It has areas on growth, economic growth. There's an area on human development. So, it's been more strategic. And less… a little reduction on infrastructure. Because by the

time the 7th National Development Plan was designed, it was becoming very clear that high spending on infrastructure was bringing quite a lot of troubles to the country.

N: I was just going ask, on that point about the new approach of integrated planning, where you thought the driver for that came?

D: Where the driver came?

N: Was it one of the Ministries in the Government that said, actually we want to take a slightly different approach to this, planning? Did you get an impression that, I don't know, another country was doing it, maybe another African country, and the leadership thought that that was a good idea. Or did donors push the integrated planning, or….?

D: I think it was home grown. It's one of the frustrations. I was involved in the negotiation of the 5th National Development Plan. And that was pointed out, very, very clearly, that there was planning insiders. And the problems that the country had needed to be tackled from different perspectives. So you needed to identify the issues. And then have the sectors contribute to the resolution of these problems. I think in terms of assistance for planning, a lot of assistance came from the UNDP. Which was not very particular, so to speak. They just wanted to assist the country. So they were quite neutral, in that sense. They didn't come with any ideology. They just say – you need to plan. For them, I think if they had any interest it was to ensure that the UN indicators – so they have moved from MDGs to SDGs. And so you find that there is quite a lot of thinking about SDGs within the National Development Plan. But the integrated aspect, I think came from… Firstly it was Ministry of National… No, no. Minister of Finance. Because the National Development planning was only a department in Finance. But it was elevated to a Ministry on its own. And they had already been thinking about the need to go integrated.

N: Interesting. So, just on that - we've just touched on it – point about some of the traditional, more Western international partners, that the government's had. Where do you think they fit in, in terms of the government's development vision?

D: Well, I must say that… you know, given the HIPC completion. And also the big growth that has taken place for about ten years. Relatively speaking, the role of donors started going down. It was very different from the way it was in the 90s. Fortunately, I think. I lived and participated in that… [Takes phone call]

So… you know… In the 90s there was a very heavy involvement of the donors. After the HIPC completion point, with a lot of debt forgiven, the role of the donors began to, kind of, go down. So it was like the country was moving its own agenda much more. Of course being very careful to work closely with the IMF. And to maintain the market economy. And fortunately between 2002 and somewhere… 2010… I think the economy was very well managed. The macro economy… all those indicators were very good. It was growing… The inflation was low, relatively speaking. The balance of payments were cared, reserves were at their highest…. So the country was managing on its own. But I think after 2011…. Things began to change. The economy started going down. And, in one sense, we can say that government went back to the donors. But a different donor this time around. We had the Chinese coming on board in a very, very big way. So… you know… a lot of debt that is there now. That assistance is a Chinese one. The bilaterals are still there. You

know, USAID is there. SIDA is there. And all those are there. But, you don't hear them arguing with that same voice that was there. Before 2002. I think. So the scenario has changed. And some of us who worked quite a lot on these donor… aid relations… unfortunately I've not looked very closely at the Chinese development cooperation with Zambia. But, certainly there is a change. And, you know, the Chinese do things differently. They are not big on governance issues. So, any African government tends to find them more friendly. That's where the catch is. More friendly, easy to borrow. But… you know… accountability is not as high. There is a catch, somewhere, at one point or another.

N: And you think that change from traditional Western to China is driven by the government, or, how much of it is because of some of those Western countries are scaling back their aid programmes and some of them have left…

D: A bit of both. They are scaling back. They have these conditions, conditionalities. Government starts finding them irritating. Particularly that there is an option. There is an option that seems to be easy. Just go to them, we're going to build a road. We want to build a road. And so… very little negotiating… no conditions this, no conditions that, no conditions whatever elections, governance…. And all those things. They are not there. So government begins to gravitate towards that. And the fact that the Chinese love infrastructure. They love infrastructure. And… the PF government, which came into power in 2011… came into office with a big infrastructure agenda. So there was a meeting a minds between the two. Particularly roads. So… yeah… it was… the traditional donors were kind of pulling back and also the fact that with the growth, with the forgiveness of debt…. Zambia was kind of reclassified. It was no longer a very, very poor country. It was moderately, medium, country. So, yes, that meant that lending to Zambia… assistance to Zambia has to come on increasingly commercial terms. Which, well, I think they borrowed quite a lot. The Eurobonds. So they were going towards open markets and the Chinese. They… what I can call as… the rationale for giving money to Zambia for poverty related issues, agriculture, and all those traditional areas of assistance, the rationale seemed to have been weakened. So things changed. Of course we realised that the growth has not tackled poverty. Inequality during the high growth period… you also had the creation of the most unequal countries in the world. And then, the energy crisis. How long have you been around?

N: Just a couple of weeks.

D: Okay. I mean, you have seen it. It looks bad, but it was very bad. It was very, very bad. So the energy crisis. First in 2014, 2015. And 2018 up to now. So climate change issues. You know… Varying between droughts and too much rain at the same time. So, the scenario has changed quite a lot.

N: And how much do you think the changed of government mattered? Or do you think any government would have moved away from the traditional donors towards China?

D: Any… The whole of Africa has moved to China. So it's… it's not just Zambia. The whole of Africa has moved to China, and China is… is on a big… it has a big agenda. And suddenly it sees Africa as one… Africa is in play. As far as China is concerned. It wants allies and Africa is one of the easiest to get, because it has money. It has a lot of money. It is willing to spend. Money which the traditional donors do not have. So, yeah. I mean, that's what's

happening. But of course, there are problems with the Chinese. Yeah. Part of Zambia's problem. Because it went too much infrastructure spend. And the Chinese were willing to bankroll that. Now we have too much debt. We are failing to service that debt. It's got very, very painful. Service the debt. There is no money. Right now, there is just no money in the economy. It's been mopped up to service debt. And the Chinese are not, are not as kind as they seem when it comes to paying back. So we are discovering.

N: Do you think there'll be an IMF deal?

D: Umm… that one is difficult. It's difficult. You know, one of the things I… what I've observed… very interesting in the sense that in the 80s, in the 90s, in the 80s on the streets of Zambia, and I think on the streets of most of the African countries. IMF was seen as a pariah. You can't talk about the IMF. You really go to the IMF only when you are on your knees. But, you know, the last 3, 4 years, now, a lot of intellectuals started calling for Zambia to reach a deal with IMF. And there was no push back. So there is a general consensus that a deal with IMF is good for Zambia. NGOs were screaming, they were so anti IMF. But they realised that the deal with the IMF is good. It's good in the sense that, well, it gives the country some credibility. Then they can also access some other money. Which they can't access right now simply because there is… there is a gap in credibility. Whether perceived or real. It's a gap. It's there. And the IMF helps to bridge that credibility gap. But also it brings some sense of discipline. Fiscal discipline. Because there is somebody who is monitoring you. And you just don't spend. Anyhow. I mean, one of the reasons that the deal is difficult is the whole issue of transparency. How much debt does Zambia have? With who and when is this debt due? We've… with that kind of partner, if you may call him that, we may call IMF by that name, you know that you just don't wake up and put money in the Treasury and start spending on projects which may be politically attractive but are draining the Treasury. So… yeah… it's difficult to see a deal because now we are going towards the election. And the things that I have just mentioned, make it very difficult for politicians to just ignore. Because they want to retain power. They want to retain power.

N: You just mentioned that back in the 80s, going to the IMF was the country being on its knees. Do you think the government thinks the same thing. That if they do a deal with the IMF the wider public will think, oh dear we're in trouble? Do you think that government thinks that an IMF deal would reflect badly on it in terms of that history?

D: You know. I think the population has gone past that. The population by and large. There's no one speaking against the IMF. Everyone wants the IMF deal to happen. And… it's just that the conditions with which that deal comes with, are not easy for government. They are not easy. And that is delaying.

N: And there's potentially other options?

D: Which options?

N: China, I've heard…

D: Well China…

N: Turkey, was it?

D: Yeah, but Turkey's a very small player. You can't even talk about it.

But, you know, China. Because it's part of the problem. It's part of the problem. We owe so much to China. And they are not being soft. They are soft at giving. But they are as hard as any lender in demanding for their money to be paid on time. So these issues of rescheduling. It's not happening. In fact, reflecting back, you know had the Paris Club, for example. That was a very well laid out platform for renegotiating the debt that you had. That platform is not there with China. So… it's trouble.

N: Going back to the traditional Western donors, do you think there's any sectors that they're still really important in?

D: Ones where they are…?

N: So, for example, health. Or, sectors that the government would have… obviously they're trying to move away from a sectoral approach, but sectors where they would have problems in the traditional donors weren't there.

D: They… Well you mentioned health and education. The traditional donors are still very strong in that. That's where the basket funding model is still operational. And quite some presence of donors in there. USAID with health, and to a certain extent education. You get the Japanese in education. Yeah. And, you know, they have… I don't know, I have not checked on them. They have … the transition has worked. In terms of, you know, this basket funding. Which had… I don't know whether they were calling them committees, or whatever. But, you know, they came together. And now we have cluster advisor groups. Which is a mix of so many people. I think they have retained that.

N: Okay.

D: That is… but you need to check. That seems to still be happening.

N: Yes.

D: But then, also, the cluster advisor group. Which may be some confusion to a certain extent. But I think the donors want that to remain so that they are checking on what's happening. There's also now the social services. They've come very big in terms of cash transfers. I think if they were to, say, pull back, that programme will face a lot of difficulties.

N: And do you see health, education, cash transfers as having a lot of donor influence still? Or do you think the government's able to assert it's authority a but more?

D: Well, I think the influence is there.

N: Yeah.

D: The influence. Anyone who brings money. You see they pick and choose. They pick and choose. What they want to fund. Even if government has said: this, this, this, this. But if you start having too many, so many, choosing what. And the other four are not being funded. You know, they are starved of resources. Even the vibrance, you know. One aspect is moving others are not moving. You know, that's influence. But also the, you know, when you put money on the table you also win a seat at the table. So your ideas are considered. And, yeah. So there is some dialogue, obviously, that has been going on.

N: And then, I was going to ask civil society. And, sort of, domestic political forces that are influencing the government's development priorities.

D: I think now I've lived too long to… to be able to compare. You see, you go back to the 80s. When civil society was very strong. Even without, even without like the donor support. Outside support. I mean, it was there. But it was a question of the government being a one-party state. Having a dominant position and then civil society standing in the gap. And civil society mainly coming… firstly, the Church. And the Church being very strong. You had a President who had, you know, he respected the Church. In that sense. So he could listen to them. But they were also willing to architect. To mobilise and push things. So, you see that in the 80s. I don't know so much about the 70s. But 80s because that's when we had the IMF… And those are the people who are also now turning against the IMF. Government should not reach a deal with the IMF because it's bad for the poor. Come to the 90s, civil society exploded. Just, so many… it became very influential. But that has gone down. Oh, by the way, the other aspect were the Unions, the workers. Yeah, they were very strong. That started from pre-independence. They fought alongside the freedom fighters. It all started in the, on the copper belt. In the mines. So they were very organised. You know. They kept… political parties. So you come, all the way, in the 70s, I can remember the Unions peak. They were very strong. In the 80s also, very, very strong. They produced the President. They gave… who went to undermine their strength. And he weakened the Unions. The labour movement has not been the same. They… I think as the Unions were weakening, the civil society was becoming stronger.

N: So, in the 1990s?

D: In the 90s. After 2000, I think civil society continued but you could see that it started going down. I think partly because, also the money that the donors was becoming less. Less and less interested.

N: And domestic politics? Do you see a lot of the government's agenda being designed to appeal to various constituencies? To help garner support?

D: Political parties appealing for support?

N: Through their development priorities. So, how much do you think that the development plan is just what they think is best for the country and how much is being influenced by, like any process would be, by different political…?

D: But, you see there is very little difference. When it comes to economic development. In terms of thinking, there's very, very little. You know, our politics are not ideological. No one is saying anything radically different from the guys who are there. So… in fact… you know, all of them are going to continue the cash transfer, they are going to continue with the FISP… You know what FISP is?

N: Yes.

D: Well, the Farmer Input Support Programme. Which is very popular with the farmers. Some of us think it's a big waste of money. They… I mean, they argue about corruption. They will say this. The government in power right now is corrupt. All this infrastructure spending is also going towards, you know, corruption. Those are the differences. It's not about the economic framework. Of course, the other guy will say – you guys should reach

a deal with the IMF. If I come to power, that's the first thing I'll do. And the other guys say – we are trying very hard to reach that deal with the IMF. So, because there is not much difference, I don't think you can say that our politics and political competition is changing, or has impact on, the priorities being set.

N: But just to reflect on things like the FISP. Would you say that some of those domestic demands curtail the influence of people like the donors who might think that agricultural policy should go in a different direction, or members of civil society? So, even though donors might say – well, we don't really like you spending money on that, any government is likely to say – well, that's really important to farmers so… you can't influence us here.

D: Yeah. You know there was a time when there was some noise about the, what's now called FISP. Which used to be the… what was it called… well, it had another name before that. I think, what happened them was that they, the donors did not call for the scrapping of that programme. They were calling more for the reform. In fact, we did a study for the World Bank. A public expenditure tracking survey. Just to look at the FISP. What is now called the FISP. In fact, what surprised us was that that programme had no support from anyone. In fact, the then Minister of Finance Magande, you know, basically asked the World Bank to do that study. To see whether it was worth it. So we did the study. It went around the Ministries, they didn't support it. Including the Ministry of Agriculture. The only place we didn't go to, we kept here, and that was where the support was coming from – was from State House. So you had the Presidents believe – that's a very useful programme. Because that's what captures the rural vote. Without it, you risk losing out the rural areas. So everyone, including the opposition, they want that to continue. So, okay, we'll perfect it so that there are no leakages, and what if you… Just the whole thing is not useful. It's not useful. Save that money. Save 60%. Put it back in the Treasury. And 40% - take it to cash transfer. And so that even that vote you are worried about. You know, it can come indirectly through the social cash transfer. But, you know, that's how it is.

Okay, I will need to go into another meeting.

N: No, thank you very much.

Interview Five Notes

Director of University of Zambia Business School

President EAZ

Government's development priorities – Zambia Vision 2030. Providing basic necessities to everyone. Clean water, roads, schools.

Last 9-10 years – emphasis on infrastructure. Health posts. Schools.

Link Zambia 8000 – to build 8000 roads. Pave Zambia 2000 – pavements. Expansion of energy sector – energy shortages. Construction of farm blocks across the country. Policy to move land from rain-fed to irrigated agriculture. Fish farming. Enhance infrastructure and promote economic growth.

Change from previous government?

From 1964 – mission to build country.

From 1991 – command economy to market economy with multiparty democracy.

1991-2001 – trying to create a market economy. Privatisation. Result – many privatised companies were closed down. More competition from South African companies/ producers as their economy becomes liberalised. Outside investors.

2001-2006 – HIPC programme. IMF and other cooperating partners. Austerity. Less economic growth.

2006 – more economic growth. Also global bubble. That burst in 2008. Drop in commodity prices – economic downturn.

2010 – picked up. Zambia – credit ratings. International currency markets.

Now – government has a lot of debt. Some scholars say the debt isn't the problem, it is the interest rates.

Who are the main international partners?

"The Government sees everybody as an important partner." USA, EU, UK, China, India, Russia.

At the moment – a lot of donor funding is coming from the European Union, USAid, UK – DFID. "A very negligible amount, if any, is coming from China." Much of it is coming from Western countries including Japan.

Influence on the economy/ Zambia behaves – the Chinese. They have the money. More willingness to invest in projects. West's position has been reduced. "Even the US Ambassador is sent out and life goes on."

Government prefers to work with anyone who is going to bring beneficial change to Zambia. There's no bias towards a particular countries.

Historic ties to United Kingdom.

More than just finance. Commonwealth – common language, common laws. UK still occupies a large position in the mind of government officials.

Russians – also historical ties. Built the first Medical University in Zambia.

Israel – helped set up University infrastructure.

"A lot of countries are coming to reclaim their influence in Africa."

Government – work with everybody. No bias towards Chinese, they just have more money than anyone else.

China as a model for development?

Ethiopia and Rwanda's growth is based on Chinese money.

Zambia wants to improve infrastructure – China provides.

West is more of a barometer for corporate governance, democracy.

India – doing major road projects. Also historic ties.

Russia – Centre for nuclear science and technology. Possibility of nuclear power plant. Mining, agriculture.

Japanese – enhancing investments in Zambia.

US – energy sector

UK – parks, nature conservation.

Education and health – India funded health posts. USAid – AIV health. Germans. Japanese.

The West's activities in Zambia – USAid, DFID, JICA, Irishaid. That's aid. Those are handouts. Switch off the tap – they don't bring about sustainability.

Need to create a medicine factory, not just medicines. China helps bring the factory. China imports more from Zambia than Zambia imports from China.

"The government would rather see investment than aid."

Government capacity?

Reached a ceiling

Too fast. Lacking due diligence.

Need to check the projects.

Rushed

Receive a lot of proposals from various countries.

Eurobond – Zambia received a lot of attention.

Debt – maybe 40% GDP.

The problem with aid – dead aid. Always given with strings attached. Need help with capital flight. Rather make our own money than receive aid.

Interview 6 Notes

Economist – started at the University of Zambia. Then joined ZIPAR in 2010 – Trade Economist. Then to Commerce Secretariet. Then rejoined ZIPAR – Macroeconomics.

Focus on economic growth, stability, inflation, exchange rates, political economy. Interactions with IMF, non-traditional development partners.

Government's development priorities

Going back to 2011 – a paradigm shift from a capitalist lens to a state-led development lens. Current political party in office in manifesto – people's empowerment, poverty reduction, infrastructure development. A bid to improve the poverty situation, particularly rural poverty.

Increased number of districts – increase government administrative infrastructure. Bring government to people. But impact on resources – spreading them thinner.

The paradigm was state led/ leaning to socialist. Raising expectations. Subsidies. Jobs. Wasn't matched by a well structured set of policies and laws.

Policy-side – mismatch between conservative monetary policy and expansionary fiscal policy. More tax and spend. More borrowing. 2010 – debt maybe 10% GDP, now 90%. Depending on how you count your debt. Policies not consistent. Monetary fixes are short term. Sectoral policies.

Last year – defaulted on smaller loan with ADB.

Softer defaults – delayed grant aid, salary payments, VAT refunds.

Now "trying to regroup – but with very space to figure out what to do as part of this regrouping."

Many say – go back to IMF. Additional money, relatively cheaper. Builds confidence with international community. External partner can instil discipline.

Cabinet – in disarray. Want money for departments even when agreement to reduce spending.

No real credibility to statement that 'we are not going to increase borrowing'.

High level politicians – run on a different objective function. Bureaucrats – do have the training and experience. But they don't have a voice.

Presidential by-election and 2016 election – politicisation of the civil service. Also energy shortages, exchange rate problems. The system became very sensitive to dissenting views.

The dissenting voices in key ministries – were taken into other parts of the civil service, where they were ill-placed. No real voice on the part of professionals. Politicians – political survival, populism.

China is attractive – different Ts and Cs for accessing finance compared with traditional development partners. IMF can't vouch for you.

World Bank – elite capture report. "We can't trust you is basically the issue".

China work off a different set of rules.

Ruling party's projects – how much is financed by China? Anticipate it will slow down. Other partners – India, Turkey – will continue funding. Are bankrolling some of the projects esp. roads. China is beginning to see that Zambia is reaching the end of its repayment capacity. Going forward, fewer projects will be debt financed. China will be more strategic.

Construction, mining – private sector, but Chinese private sector has subsidies.

Chinese contractors have built competence. Partly because of state investment.

US – Millennium Challenge Corporation.

China's priorities? Visited China in 2016 – study visit to five provinces. "They have a deep rooted cultural perspective to whatever they do."

Sets the tone of their priorities. Presence in minerals. Think would like a presence in utilities – telecommunications, national broadcaster. Amount of telecommunications equipment imported from China. Investing Chinese technology in Zambia. Netstar – big licencing company is a Chinese company. Licencing television broadcasting. Some parts of Zesco – heavily debt financed by China. Just construction? What happens if debts cannot be paid – what assets are held as collateral? You can see where investment is going.

Zambian government is less careful on what they sign off on than, e.g., Ethiopia.

Ideological/ political lessons? No. Ideology is not a factor anymore. There is no ideology in Zambia. Over-ridden by individual self-preservation.

Chinese success is because they have found a vacuum. Need to satisfy the objective function of the elites. Self-preservation thrives on weak systems. Opposition – intellectually they seem to be ahead. This is a threat. A merit based system will hurt the incumbents.

ZRA, ZESCO – employment profile. They have employed many new people at high skills levels. Demographically they aren't coming from Universities – they are not qualified. Political cadres.

China specialises on working *with* systems.

India – growing presence. Did an exchange visit. India feels like they are nowhere near China, Russia in their geographical position. Part of BRICS – but that is mainly population.

Trade – East-West not just North-South. But you don't hear of such a large push. Not at same level of selling its agenda. But – have come on board on road infrastructure. Debt financing. KCM – Chinese mine. Indian government has come in as an arbitrator, between company and Zambian government.

Turkey – but on pre-PF terms. Focus on private sector, looking for private sector partners. Narrative is against private sector. Turkey finds it a bit hard to navigate.

Brazil – issue specific.

Traditional partners – relationship?

Change in modalities of doing business. Western donors – there was an aid effectiveness/ Paris Club time – donors more coordinated, visible.

Migration crisis – funds are diverted. Priorities change. Excuse given – African governments are misbehaving. Might as well shift resources back head.

"As problems such as the migration crisis not very long ago in Europe started to take hold, priorities started to change, and then a convenient excuse was given. Because many African countries were misbehaving with donor funds. So – they don't even deserve the funds. We might as well shift priorities back home."

Remaining presence scaled down. Grant component of Zambian government has decreased. Convenient excuse – fiscal space in Zambia now.

Donors have lost ground – little financing little calling of shots. Then donors became too diplomatic. Not willing to support unpopular NGOs, thinktanks. DFID was previously a supporter of ZIPAR. A critical thinktank, even with government funding.

Level of support now is "almost marginal".

Keep away from politically sensitive issues.

US Ambassador comments – taken out of proportion. Narrative by Zambian politicians was accepted.

IMF guy was taken out as well – result of Zambian government asking.

Bilateral donors – more diplomatic than in the past. Don't want to engage at that level. Point to the IMF as the bad guy.

They have decided to tone down. Only support specific issues. Fragmented. Donor coordination – less.

There were parallel donors before, e.g. US, but it was visible. Therefore there could be some coordination.

Government feel a bit protected by China. But China is hard to negotiate with. Debt restructure – we won of ½ out of 6 key points. Not an easy partner. But they do use it as a front.

President's response to US Ambassador's statement – we won't compromise on our values. Ambassador didn't get backed up.

President called their bluff – in part because he has China.

China is preferred partner.

2015 – first signs of fiscal problems.

2016 – Zambia Plus. Home negotiating position. Published August. IMF at same point discovered pipeline debt – position in Zambia Plus was not truthful. Line Ministries were taking decisions that the MoF/ Minister did not know about. Had not written these debts into Zambia Plus. So goes off track.

How to get back on track – fiscal consolidation. Then Finance Minister is replaced – Margaret. Policy document in June 2018 – all projects that are less than 80% complete will be suspended, no new projects will be started. Chinese complain. President says – all projects except Chinese projects (statement still on State House website). But it the majority of projects are Chinese then this won't help much.

The power of China/ relationship between China and State House – compromises strategy for renegotiating with IMF. The evidence is there.

Ministries can no longer contract independent debt – Public Finance Management Act 2018. Closes loopholes. But still a lot of power in the Ministry of Finance, can bully a weak Minister into contracting debt.

What will take place is what State House wants. The political side is very dominant. The main objective function is self preservation, not preventing economic collapse.

Western donors are more intelligent and knowledgeable about health – don't see Chinese hospitals as competition. Chinese infrastructure is "white elephant" – schools and hospitals lacking teachers and nurses, equipment.

"It works well for the politicians because it's something that's visible from miles away. You know, you are trying to land and you are wondering what building is that."

"We built you a hospital. And they can point to something…"

"It's very difficult to remind people – remember you are healthy."

"No one really sees that. Even education – it takes time to take a child through… households will not make decisions about voting based on health and education. They'll make decisions based on infrastructure, quick fixes – you know – farmer input support programme. These things that they see on a regular basis.

Traditional donors still have a role to play. But they are staying away. They are not comfortable with what is happening. Need an ideological/ values system that is more aligned to themselves. They will let China outcompete them.

Chinese neo-colonialism – replacing your system. I prioritise my benefits, you have to sort out your benefits.

Interview 7 Notes

Background in the private sector. Now consultancy.

Government's development priorities?

Very ambitious programme to try and bring infrastructure development to the country. Issues – pricing of the infrastructure.

A couple of years ago bilateral partners realised they would lose money when giving to African governments. Not working very well. Government programs – drifting towards political ends, not creating true value.

Bilateral support – 50 years. But not moving from the space where we need the support. it is not working. Bilateral partners should have been working on sustainability.

Certain areas where they bring in support – but what is their intention? Supporting the country? But this is not a long term strategy.

African countries – problems with governance. People sign agreements on behalf of the country, but they do not care how it benefits the country.

We are better off under the control of the IMF, HIPC completion point. Better resource utilisation. 90% budget on salaries and debt servicing. They will have to borrow, the 10% will never be sufficient.

We haven't done enough in terms of finance management.

IMF walked out of negotiations – not enough done on debt. IMF won't come back until after 2021. Everything is about the election. Cooperating partners understand this.

Currently in a very difficult place. Debt is #1 challenge.

1998 - $7.2bn dollars debt. Reduced under HIPC. HIPC completion point took 12 years.

2004-2014 good growth rate period. But also lots of debt. Even in the good times we didn't save.

Growth related to FDI – not jobs, poverty reduction.

Everything stems from our governance issues.

On the 7th NDP – but no review of the last NDP and why implementation failed. We will never be able to achieve any of those targets.

7% growth for 10 years but it did not benefit the country.

All the resources are being taken out of the country. Economic growth – benefits foreigners. Need more companies in domestic ownership.

For some reason – when they come into office, they need to wipe out everything that the previous government did.

Was there a big change in 2011?

The party we had in about 2008 – under IMF guidance. They had the right strategies.

2011 – changed in many ways. The level of corruption – big change. Platform – creating more wealth for the people – money in your pocket.

Lower MIC status has been bad for the country. Can't afford the Eurobonds, the interest rate. Much more expensive than domestic debt.

The party we had – borrowed beyond capacity, governance issues.

Government's relationships with partners?

Traditional partners – their strategic focus has also changed. Won't stay without a strategic reason. But now the continent is a battleground.

"The first thing with our traditional partners is that you must appreciate that their strategic focus has also been changing. And I think that that made a very big difference. So, most of the partners that you'd be able to stay with, there are very few that would come and stay with you without a strategic reason. But, what I see in the recent times, is that the African continent is just a battle ground now for the future superpowers."

The Chinese conquer without saying anything. Americans – show you the muscle before they have done anything.

African countries go to whoever will give them money. If you don't give us money then go to other partners.

You see it in their actions – they don't say it. Americans say – what do we need to do to support you?

Chinese deliver very cheaply. They have economies of scale. They have a strategy.

The African strategy hasn't changed – we beg for money, will go to whoever will provide it.

Debt portfolio ~ 3bn Eurobond, 3bn social, 4.7bn Chinese. But we don't know the conditions. And we have not received the funds. Only projects with good commercial value – something to hold onto if you do not pay.

Global turmoil in last decade. An issue of economic power. Fight over scarce resources will continue. Need internal resources – generate internal revenue.

We will need to walk away from bilateral support.

It will be the fight for the fittest.

Government capacity?

Development partners do have coordination meetings. Less overlap. But they do not speak to the government's priorities.

Corruption.

Employ lots of economists. Have good human resources. But they still make bad decisions.

Civil society/ domestic politics?

Prior to 2011 – only so much civil society can do.

Civil society influence is diminishing. Only meet people outside the office, at conferences.

Domestic political space. Constant politics – not just during election year. A lot of people are unhappy with the government of the day.

Interview 8 Notes

Doctorate in 1980s in UK. Policy jobs. Consultancy from 2000 – Premier Consult. Helping governments design policies and programmes, and monitoring – especially donor projects. Worked on poverty and poverty reduction. Aid effectiveness – are donors worsening or helping the situation?

Government's development priorities?

Aid effectiveness agenda – Rome Declaration, Paris Declaration. High level forums.

What you see – Zambia's aid policy and strategy was based on this. Grants and loans.

A conversation about symbiotic relationship – recipients and donors benefits. Aid comes in different forms, but is not free.

Relationship of developing countries and donors – people in aid industry will suffer if you remove aid, as much as the recipient. SIDA is bigger than the Swedish Foreign Ministry. Need to see the relationship as mutually satisfying. Making aid effective is important to both partners. Donor brings money, but it cannot change the world. Transformation must happen within country – need human resources in country.

Talk about aid effectiveness in terms of the recipient. Recipient is the only one that needs to be strengthened. But what about whole aid system?

Things are not as good as they used to be.

Trying to put the recipients in the driving seat – ownership not donorship. But there are still capacity challenges.

Aid Policy and Strategy – moving away from project-by-project to government being in control. Education, particularly health – donors coming together and working together within government set parameters.

Worked until the scandals – big money was stolen, e.g. health. Raised fundamental questions – more focus on Courts to act on corruption. Donors think courts are not working quickly enough. Donors moving away, despite being in favour of Paris e.g. DFID – cold feet because of scandals. Back to close to the beginning. Japanese, USAID – were always sceptical. Transgressions have created more exceptions. The accountability discussion is the current conversation.

Many regime changes – elections, deaths.

IMF are very important – resources, structures to help the government do the right things. IMF bring comfort to others – including investors, NGOs. Confidence levels in economy are low.

Little discussion with bilaterals.

Abrogated on some commitments. Not nurtured the aid relationships that we spent so much time building. Lost confidence of donors, lost donors after MIC status.

But poverty levels are not going down – little correlation between poverty reduction and growth.

Development priorities?

Depends on sectors.

Vision 2030. Grew exponentially until 2013. Target to reach middle income status.

Five yearly NDPs.

5th NDP – return to planning. 7th NDP doesn't have enough guidance to define what needs to happen.

Annual budgets – yearly. Finance for development.

MTEF – expenditure framework more than a plan. Work within the resource envelope.

To a certain degree donors and government have the same priorities – donors try to align money to these plans. But when a scandal comes there is a reduction. Dynamics at the implementation level.

Beauty contest between the Western donors and Chinese, who come in with no rules – don't know about governance. Go for big projects – things you can see. Chinese embrace the culture – get assimilated within the system. Live in the compounds. Don't know what they are thinking. Their aid is not all declared. Will not share information – different culture.

Debt crisis – part of that is Chinese. They bring in their own contractors – the money does not go through the Zambian treasury. At what stage can we say this is the debt portfolio for Zambia? Hard to reflect, when China pays Chinese contractors.

Level of negotiations – after winning the tender, the Chinese renegotiate with the government. Float things to early, before they have been designed. It will often be escalated.

Government does not seem to be in control of the sovereign debt expanding.

At the moment the government set up is better for dealing with Western donors. Used to Western life, systems. Have not yet adjusted the Western structures.

Can't apply football rules if you are playing rugby.

The current system is not good at monitoring the Chinese.

The Chinese will tell you what road.

The Western model is better in terms of transparency, systems, anti-corruption.

Look at public accounts committee – corruption is increasing.

Western donors are getting cold feet. Governments in the West have to be accountable to their systems.

The more the West contracts, the more room there is for the Chinese.

May see some moderation if the opposition wins.

2 categories of donors – those that are less stringent, those that are more.

SIDA was initially more liberal. 7 like minded donors – including Scandinavians, Irish, DFID. Even other Western donors were not convinced. Wider harmonisation e.g. JICA, USAID always suspicious. Even in the Western side, there were those that were more/ less tolerant. But general agreement on having clear aid agreements. India – more aid for trade. Moving towards that generally.

Contraction of Western donors - Is it both sides or one side?

There is a push effect – receding because of your behaviour.

What pulls the donors to Zambia? What pushes them away?

Focus on development, not aid, effectiveness. Interested in outcomes irrespective of where it comes from. Conditionalities should be applied to everything, not just aid. but can you do that with Chinese aid?

Historical relationship with China – sympathetic towards friends if they offend you.

Wars of liberation in 1960s – landlocked country. KK – didn't have a choice. Had to support liberation movements to get access to the sea. Had to airlift fuel.

Chinese – pipeline through Tanzania, Tazara. Zambians remember. They are reminded in schools. They are like us – the British are not like us. They live in the same places, they blend much better.

They are now moving in at supersonic speed, expanding exponentially. Risking their acceptance. Raising challenges.

Government – begins to think that they are moving too quick.

Too polite though – talk in generic terms.

Government talk about the historic links "once in a while". Also recognise that "they are a bit more like us".

China is "a quiet society". Lead exclusive lives. You hardly hear them talk, or complain. Only talk when they are forced to, e.g. if something happens to their citizens.

The Chinese would never make a statement like the US Ambassador made – too quiet?

Chinese always need clearance to talk. Mostly quiet.

Don't know how active the government is in Africa-China meetings. Hard to tell what the position is. Don't get the engagement. Government is quiet. Where is the President in all of this?

Donors don't know where the government is on things – even I don't know what their attitude is.

Talk about sovereignty – understood in a 1960s/1970s way. But now it is a global village. And you expect so much from others. Sovereignty is only things you want to hear. Technically, giving money is violating sovereignty. Contradiction – give money but don't comment on how it is spent. They don't understand what sovereignty is.

Mainly the President talks about sovereignty. IMF – representative was charismatic, would say things. Then he had to pack his bags. Now have to go to Washington to beg.

US Ambassador accused of violating sovereignty. You are offending all Western countries, not just the US. And influence the IMF. This defines how you get money.

Interview 9

Consent forms completed.

About yourself/ history

N: Worked for five years in governance and social sectors

- Cooperation between government and the EU
- Link to the National Authorising Office in the Ministry of Finance
- Also work in civil society sector

J: Worked for EU for 3 years, 7 years in Zambia.

- Work with Head of Cooperation
- Results Advisor – focusing on evaluation, results
- Joint programming with 7 member states in Zambia
- Programme Manager for Health
- Technical Cooperation Facility – studies, capacity building
- National Authorising Office

Overall relationship

N: "cordial"

"not changed"

- The EU funding envelope is increasing
- The EU has a strategic plan for 7 years
- Government appreciates what the EU does

J: National Authorising Office – Cotonou Agreement. ACP countries framework.

NAO is in a key ministry (Finance in Zambia's case)

Government second staff to the NAO and the EU also funds support.

The National Authoring Officer is the Secretary to the Treasury.

Mostly indirect management.

European Development Fund 2014-20 (11th)

Sector Programme Officers in Ministries

Relationship varies between Ministries, good in health

Technical working groups

SPO (?) – government

Priorities

N: 1 Energy – Kariba Dam. Clean and renewable energy

2 Climate Smart Agriculture

3 Democracy and Governance

PFM, audit, Parliament, anti-corruption, Courts

Require civil society organisations to have dialogue with government

J: gender based violence in 2 provinces

10th European Development Fund – health

Permanent Secretary present at Steering Groups

Government priorities

N: Government priorities can be seen in the 7th National Development Plan

J: Planning not always aligned.

UNDP found the high influence of the SDGs in the 7th NDP. High inequality in Zambia.

"Government appreciates our funding"

There has been a percentage decline in funding from the EU from a decade ago.

Nonetheless the EU remains important because it is programme focused – whereas the government only has 10% of its budget for implementation.

Government would like donors to use the yellow book – general budget support.

How are projects initiated?

N: Lengthy consultation. The EU looks at government priorities and also consults with civil society and other development partners.

J: Delegation analysis plus government priorities plus the priorities of Brussels

Negotiation

Current Brussels priorities include digitalisation, the green deal and governance

Need to align with Brussels

But their priorities are quite broad.

N: Meet each other half way

Does the Government ever push back?

J: There are monthly National Authorising Office meetings.

N: Lots of consultation at a pre programming stage.

After implementation there are less complaints.

Complaints include about technical advisors – i.e. we have in house experience so don't need ex-pat consultants.

Ask for budgets to be topped up.

J: EU uses many different modalities.

Delegation agreements – GIZ and the UN agencies are important implementers.

Programme estimates is a modality that hasn't really worked. Give grants to ministries but they find them difficult to spend. Things don't align – procedures. Now phasing out programme estimates.

Non-traditional partners

Most EU engagement is with the Cooperating Partners Group. China were invited by the government once.

<Confusion about whether the nearby hospital, built by the Chinese, was a grant or a loan>

N: it "usually comes as a shock"

J: EU is using Chinese contractors. They won a competitive tender.

J: 7th NDP – cluster groups rather than sector (SAGs) – change by government.

The health CPG has government advisors on.

CAGs are run by government.

UN more involved.

Discourse

N: We are a "drop in the ocean" compared with the loans the government can access

China has scope and scale

J: health sector – government requested money to cover medicine debt[73]

"tricky situation"

Have also requested one offs for cholera and immunisations

These are ad hoc requests

We prefer to plan over the long term – ownership, accountability, building capacity

We have a plan – lack of discretionary funds. All the money is already programmed.

Humanitarian is different – ECHO

[73] https://diggers.news/local/2018/04/20/ac-says-25m-debt-has-forced-medical-suppliers-to-stop-providing-drugs-to-zambia/

It’s very difficult to re-programme money.

Corruption

N: Performance Financial Management

Throw weight behind the Anti-Corruption Commission

J: Annual Policy Agreement meeting is where key issues are raised

- Political
- Development cooperation

Not an everyday conversation

Time

J: Deputy NAO Chasiya Kazembe Aid effectiveness MA/ PhD

Study on aid effectiveness – Dr Fred Mutesa and Dr Dale Mudenda, UNZA Economics Department

Interview 10 Notes

36 years working for government – Department of Cooperatives after University. In charge of marketing.

One party state – best for small farmers. You have someone who will buy your produce.

1991 – move away from one party state. Liberalised policies. Difficult for smallholders. No market assurance. Buyer's market. Advice to advertise as groups.

Donor support – USAID in agribusiness. Data for policy. Sweden. Cooperative movement – education and training. Shifted after 1991 to supporting the beneficiaries – farmer associations. Farmer's Union.

Other countries on piecemeal basis. IrishAid, UK, Ireland, EU, Australia.

Global South? MoUs with Ministries. Scholarships.

Ministry's priorities? Ruling party's manifesto. Job creation, value addition, productivity, commercialisation. Not much has changed in terms of general policies.

Cotton and milling industries have been successful. Private sector – milling.

Maize is a sensitive product.

Mismatch – have a good water resource. But don't capitalise on that. Crop failure when there is drought.

Lack of security of tenure for smallholders. Can't invest seriously in traditional lands. Big challenge.

Government has tried to get chunks of land for commercial agriculture.

Donor's priorities? They are pro-poor. Smallholder. Food security. Conservation farming. Assistant mechanisation. Emphasis on particular crops.

USAID – focus on policy. Talking to government about trade policy. Regional integration. Too much dependence syndrome.

South African farmers have benefitted from regional trade integration.

How would a donor project work?

I don't know how it starts…

Donors know your problem – become experts very quickly. We want this project…

Domiciled in a ministry, with PS. Geography – donors want to decide. Informed by poverty levels sometimes.

Donor fatigue – scaling down.

Lots of projects at the moment in Eastern province.

Donors want a success story – know where to go to succeed.

Communities will take it, whether they believe it or not. Often no internalisation.

Southern province – bore holes are demeaning. Need sociologist to understand cultures.

Cassava is not a staple in the South. People would rather go for maize.

Will donors listen?

Once projects have been approved – rigidity of adjusting to things on the ground. One track minded. Focus on indicators.

"These projects, once they have been approved, there's been this rigidity in adjusting to the reality on the ground. That's also one of the challenges of these donor projects. And even the employees, the managers of the projects,… they are one-track minded. They just follow this or that objective.

"Of late it has become worse. The donors have tended to be even micromanaging."

ADB projects. Very slow. Need lots of approvals.

Most donor projects complement government.

Last year – only got 20% of approved budget from MoF. A lot of projects couldn't happen. Rely on donor projects.

Donor projects that have been approved will go ahead.

Some projects go across several Ministries. E.g. Ministry of Lands, MoCTI.

Clusters – "literally impossible". Who takes responsibility? Spend time fighting.

Rwanda is a very small country – Kagame. That is where the idea came from. 2 tribes, 2 languages. Becomes a bit difficult in a country like Zambia.

Even at Director level – discussions about who is in charge.

At the Ministry level – guided by MoU.

Ministers do get involved. Some Ministers are professionals – some try to side line technocrats. Others have no clue – just listen to technocrats. Advantages to a professional minister. Good at fighting for money. If you don't have a confident minister – it's a problem.

Ministers sometimes get involved in donor projects, although the donors are uncomfortable. It's better to include the Minister.

More corruption now.

2005 – economy went so well. Lots of money within the system.

Donors have lots of conditions.

Too many loans from China, not properly accounted for.

UN – implementing.

Minister of Health working with UN.

Interview 11 Notes

Started career in government – Ministry CTI, then a consultant.

Mainly worked on trade, regional integration, investment promotion.

Currently working in The Gambia on EU project.

Was Chair of CTPD.

Work with KIVU – Zambia's Chinese debt and impact on fiscal space.

Relationship with traditional aid partners?

Very strained at the moment.

DPs have invested a lot of resource in Zambia. Trying to avoid the Zimbabwe syndrome. That is what is keeping DPs in Zambia. Otherwise they would have withdrawn. All the stats are in disarray. It's a mess. Governance – violence, opposition denied space. More DPs should have suspended aid.

Some donors – Sweden, Finland, Ireland – have imposed some sanctions on SCTs. Withheld aid. but "we are not seeing much" in terms of

UK, EU, Germans, Scandinavians – make Zimbabwe comparison. Blatant cases of corruption, Minister facing trial.

Donors find it difficult to withdraw because people will die. You can't suddenly stop.

US Ambassador recalled.

After next year – there will be a bigger squeeze. Next budget – less than 10% from DPs. And most will not be released by DPs until they see controls.

Government – think they can survive until next year's election. Even Finance Minister talked about election. Government strategy is survival. Don't care what donors say as long as we get back into power – then fix the relationship.

Response to criticism – we are working on it, we are investigating, you cannot interfere on sovereign issues.

Donors are also playing that game – wait until the elections.

New DPs?

China is biggest partner.

Chinese government is not happy with the level of debt that Zambian government has – risk of default. But also waiting for election. No new loan agreements.

Senior officials in government working with Chinese – corruption.

Don't talk about China in public.

Ministries – especially infrastructure and housing – were signing agreements with the Chinese. But should be the Ministry of Finance.

Do government listen to civil society?

They are paying lip service. Not taking strategic recommendations on board.

Loan agreements – can read in someone's office but cannot be given copies.

Airport project – contractor will take over airport if the loan is not paid. Secured loans with public assets – ZESCO assets.

Ethiopia – serious government, knows what it wants. Taken advantage of China.

Interview 12 Notes

Been with Government since 2016.

Government's main development priorities?

As a Ministry we are guided by Zambia 2030. Plan is broken down into NDPs – currently on 7th, 2017-2021. Ministry aligns strategic plan to 7NDP.

Sectors prioritised – manufacturing, agriculture, tourism.

Ministry of Commerce – inclusive growth.

Our policies have about a 10 year lifespan.

National Industrial Policy – 8 sectors that are key drivers of industrialisation.

National Quality Policy – product certification.

Micro, small, medium Enterprise Policy – currently agreeing a vision.

Local Content Strategy – use % of locally produced goods. Drafting a Layman's Bill.

National Investment Promotion Strategy.

Export Strategy

Ministry has 7 Departments – 3 are technical.

Have the priorities changed?

Haven't changed much – for a long time we have been singing the diversification song.

Maybe just the dynamics.

Move towards clusters in NDP

When we are writing a policy – we share a draft with other departments when we can. We can't do everything on our own. We might initiate a policy, but we need others' input.

Belong to 3 clusters. One looks at Trade and Investment.

Interaction with DPs

National Industrial Policy – worked with UNDP

Investment Guide – worked with ZDA and UNECA

Projects – Business Inclusive Growth UNDP.

Accelerated Growth SME – Finnish Government

Skills Development and Entrepreneurship Programme – ADB

Pipeline project – UNIDO – value chains. Cassava value chain. PCP – Programme Country Partnership.

IDDA3 – President given championship. A lot of cooperation in that space.

SADC Trade project

Regional Integration Capacity project – EU

M? Corridor – ADB

Great Lakes –

Zambia Agribusiness Project – World Bank loan

Choosing the right partner?

Sometimes they will come…

ADB – We have this pot of money. Our focus is this value chain.

Cassava value chain – easy to partner up as one of the priorities already.

Agribusiness Project – emanated from here.

"How do we align our activities to what they want but not deviate from our priorities?"

"There are times where you have… like you want to do this, you go to a partner and the partner will tell you 'this for us is not in our work plan for this year… sometimes you win, sometimes you lose."

Saying no to a project – "I'm yet to come across that. But usually there's always some leverage. There's always some sort of benefit that could be derived from partnering. And you know, people approach you and they say 'we have this', you can't exactly turn them away because there's also the fear of the time when you need that person. 'But we came and you were not interested'. So, there's always something that can be supported. Which is aligned with their priorities as well as ours."

Want to maintain the good relationship – say yes to projects.

Southern DPs – Turkey. We do have an agreement. Huge interest from them. Agreement with Chamber of Commerce.

China – we are members of FOCAC. Benefit quite a lot from that.

Partnerships in Ministry – multi facility economic zones, one run by the Chinese.

ADB – You come up with a plan, project document – what's going to be done. That goes fine.

Finnish Government – AGS1. Problems. We can't give you the money – let us provide the services.

Accelerated SME. Ministry says – there has been so much training happening. We want to see something different – people need finance. But the Finns only want to provide training. That's where the differences are. "They tell you this money is there, but they

don't allow you to use it the way you see fit. They say – no, no, no this is how we feel you should use it."

Where as others will say – you are on the ground, we will provide you money provided the activities are in line with what agreed. ADB, World Bank are better.

Finnish Government – battle after battle.

The way it is designed – they can't move forward unless there is consensus. Project is delayed because of the back and forth. People get to the point – maybe we should just let them do what they want. But you also get the feeling that they want the endorsement. They also have boxes to tick.

"For that particular one, the way it is designed they can't move forward until there is consensus. So… for this particular project I think it's actually delayed because of the back and forth and back and forth... So there's been some wins but others, you know where people get to the point of okay maybe let's just sit back and let them do what they want."

Is the much DP coordination?

ADB = Set up a project implementation unit. Everyone there is Zambian. Have quarterly review meetings in country – feeling on how implementation is going. They let you run with it.

UNIDO project – also had project implementation unit. Issues of who was going to be there.

AGS1 – team leader is from outside, team members being recruited and open to locals.

Coordination between DPs – not very visible.

Learning from other places?

Belong to regional groupings.

Learn from what others did.

National industrial plan – people from Namibia came.

Rwanda – learnt from Zambia about multi economic zones.

Looking in the region for pharmaceutical strategies, e.g. Zimbabwe.

Working with other departments

Skills development entrepreneurship – work with department of agriculture.

ABD bank cashew bank project – sits under Agriculture but we are on steering committee.

No disagreements between Ministries as to whose project – we are one Government.

MoF – money is released into Ministry.

Interview 13 Notes

Government development priorities

7NDP outlines priorities

Trying to diversify away from mining.

Issues of poverty. Vulnerability.

Reducing development inequalities.

Infrastructure for rural areas.

Enhancing human development. Human capital.

Governance.

National budget – thematic areas are also reflected in the budget.

Government relationships with different cooperating partners

Reclassified from lower to lower-middle income country. Implications for finances. Access to more finance – Eurobonds. Other finance can't be accessed at concessional rates.

Cooperating Partners Group – Troika. Rotating Chair.

Relations have been strained. US Ambassador replacement delayed.

Previous government – cooperating partners were also vocal. Issues – election, money in the health sector. Global Fund withdrew their funding.

DPs – issues of governance, human rights, democracy.

Civil society

Has got space to influence government decisions.

People complain about decisions when they are not in attendance.

JCTR

Planning and budgeting bill

Debt forgiveness early 2000s – exaggerates the aid levels

Newer DPs?

Only one I have come across is Saudi Arabia.

Russia. China.

Everyone is talking about China. Biggest issue is on loans.

Interested in project rather than the means of doing it.

Issues of infrastructure investment. Loans. Money really remains in China.

Credit to government power right now. The plan was infrastructure and was delivered.

Look at Rwanda – gets lots of publicity but they are still very poor. Still receiving money on that basis.

They also set priorities at the other end. E.g. PEFA.

IMF – there have been issues. To some extent it is expected.

Public Finance Management Act

Donors were happy that it happened. There were issues of misappropriation of funds.

Social cash transfers- government had to refund some money.

Some cooperation between African countries to learn from each other. Public Accounts Committee. Malawi.

APRM – African Peer Review Mechanism. Has got a lot of support.

IMF/ World Bank sometimes disagree with the government, e.g. civil service is understaffed vs civil service is bloated.

China-Africa thinktanks forum – we have a good working relationship with the Chinese embassy in Lusaka.

China has a strategy for Africa. We don't have a strategy on how to engage. Africa needs to come together and engage as one.

Interview 14 Notes

Ministry of Finance – NAO

Been in the Ministry 26 years. 8 Ministers.

NAO – mandate to manage EDF funds. Cotonou Agreement – mandates EU recipient countries to set up an NAO. Headed by the Secretary to the Treasurer – National Authorising Officer.

Slightly different governance arrangements in different countries. More independent than some countries.

Had visits from other NAOs- Liberia, Ghana.

2018 South Africa meeting between EU and NAOs. Very useful.

Priorities when working with DPs

MoF – importance of relationship with donors. There is an Aid Policy. The last policy was 2005-2016. Was being revised by the Ministry of Planning. Underlying policy that determines the cooperation. Also have the MoFA.

We receive assistance that supplements our budget – down to 2-5% of the budget.

Would like to maintain the good relationship. Challenges we face with the fiscal space – supplement the health, social, governance sectors.

Aid is still important, although a smaller %. Relationship is still very important.

Some donors have withdrawn e.g. the Dutch. Middle income country, and other countries need the assistance.

Donor Coordination meetings – CPG.

JAS hasn't been revised for this NDP7. Mandate shifted to the Ministry of Planning. I don't know why. They were trying to come up with something. MoP – looking more at systems.

DP priorities?

Support government and their agenda. Good support to the development plans.

State of implementation of plans has been accelerated by DPs.

Some challenges – fiduciary. But this has not stopped the aid coming. E.g. health, cash transfers.

HIV/Aids – emphasis on bringing money in and it came. Drought – donors supported.

Support for governance/ elections.

Some do stick to their traditional sectors.

Donors do respond to the government's priorities.

We did come up with a donor matrix – at some point we realised that we had a lot of donor support in e.g. health and less in e.g. technical education, gender, environment – orphan sectors.

Dialogue mechanisms tried to persuade them to shift – technical training important.

Quite a number did shift. GIZ. (This happened 10-15 years ago).

We had a platform and would talk to them about sectors etc. Donors responsive when government made suggestions.

New players – New Zealand, Australia, Czech Republic. Opened embassies.

Donors that moved out – but some still had a footprint e.g. Dutch. Not a complete withdrawal.

India, Brazil, Turkey – we have opened embassies in these countries. Plus Australia. Shows there is that relationship that is developing.

We now have a fully fledged embassy now in Brazil.

In terms of what they are bringing to the table. First you build at political level. You agree what areas to work in.

e.g. Brazil – trying to assist in education and energy (biogas?)

Cuba – long standing relationship. Training for doctors, and send doctors. Still active. Scholarships.

China – the footprint has really grown. China has had a strategy of moving into Africa. Loans, grants, and technical assistance. Grants – give them areas. E.g. support for stadiums. Hospitals built on grants. International Conference Centre – grant. Some schools constructed based on grants.

Also technical assistance. Loans – roads.

The Ministry comes up with a list and then we engage with the Chinese. List – indicate what is feasible and not. Then go to political level. The list is very important, but ultimately it is the MoF than is responsible. Consult with other departments.

Red lines for the Ministry?

Ministry of Finance is the point of entry – actual programs refer to Ministries. Want to avoid duplication. The Ministry informs us what they want, them having discussed with the donor.

Have been times when the government has said no we are not going that route, e.g. gay rights, human rights. They are red lines. That has always been the case. Government won't entertain.

Bottom line – we try to emphasise ownership by the government, through the implementing Ministries. Homegrown – Ministries need to support.

Paris Declaration – very significant. Did encourage the principles of ownership, partnership, accountability.

And ownership did translate to the line Ministries. 'This is how the government will now deal with the donors'. Changed the aid landscape. Less pushing things on partner countries. Is this what we want? Is this something we can go along with?

To donors - This is where we want you to come in. This is how we want you to come in and engage us.

Previously – like dangling a carrot.

We (Ministries) talk together.

They bring their programs to us. Discuss first as government. Then bring donors on board.

Bilateral consultations. Sometimes annual – review cooperation. MoF leads.

Understanding with MoNDP. Ministries have long shopping lists. Sometimes the MoF has to say – we are already doing this.

Need to understand what the donors want. Compromise.

Conversations about other ways of financing – donors do have the CPG. Sector Advisory Groups – clusters. Donors are meant to be part of. always a discussion about other forms of finance. Also ABD and multilaterals. E.g. Kariba Dam – initially one big support request by government. Government made request. EU came in to say – we can finance this aspect. Also ABD, Sweden, WB.

Donors have areas they are inclined to support. So if there is a shortfall you know which to go to.

South-South cooperation hasn't taken off yet compared with traditional donors.

Have exchanges with African countries – more at political level.

Interview 15

Consent form completed.

N: The relationship with the government and your (donor) priorities?

E: "support poverty reduction and prosperity in Zambia"

Our aid is less than 1% of the government budget – we need to help the government spend its own resources on these things.

The government is cash strapped. Unlikely to use aid well.

N: How do you perceive the government's development vision?

E: On paper or in practice?

On paper – "similar to ours". They talk about growth, the SDGs, climate change, malnutrition, the private sector etc.

As do the manifestos.

Elites – there were ten years of growth and they have "wasted the money".

Resources after 2005 were not spent on benefitting the poor. Instead they were spent on roads, subsidies. Research shows these do not benefit the least well off.

The government is cash strapped, which means they have less room for manoeuvre.

Inequality and poverty is a big problem in Zambia.

N: Is there a difference between bureaucrats and politicians?

E: They all "speak to the same tune".

There is little difference between the parties – little ideology or programmatic differences.

"They all know what they're meant to say"

It is difficult to understand the priorities or the President, or what he's asking of his cabinet.

- President
- Cabinet Office
- National Development Plan are mainly "fire fighting"

Don't know what is really happening

Lungu has little vision

N: Involvement in the 7th National Development Plan?

E: DFID did do some work on monitoring and evaluation which fed into the plan

"UNDP doing its own thing"

Was told by GIZ advisor (paid for by DFID) that the 7NDP had incorporated all the manifesto pledges from both PF and UPND.

<Doesn't really understand the connection between the NDP and manifesto pledges>

N: What about clusters and some of the new initiatives in the 7NDP?

E: The clusters are a "mess"

Good intentions about breaking silos etc

In practice a "big bag of mixed things"

N: Link to Rwanda?

E: The difference is that Rwanda has a vision. "Not the case for this government".

N: Do the government talk about alternative sources of finance for projects?

E: "To a degree yes but not necessarily in those terms".

"They like to work with the Chinese" – easier.

Don't always discuss it but "everybody knows it"

- Infrastructure
- Debt – loans

N: Does government come to you or do you take projects to government?
E: It isn't common that they will come to you with a specific proposal.

Surprise when one official from the Ministry of Trade asked for DFID help (set up a new research facility) with some research on how policies were being translated into practice.

There are some officials who are just going through the motions and some with ideas – maybe the new Minister of Finance.

N: What changes have there been since you got here (4 years ago)?

E: Malls.

One example of change is the work on opinion polling that DFID has been doing with the political parties. This data talks to specific policy issues.

The parties are now putting forward their own questions (including about trade offs) into the polling – both PF and UPND.

There is more engagement with policies (from the parties) and they ask for briefings.

N: Does the government have red lines in negotiations?
E: “No”

We engage with stakeholders and some bureaucrats give good input.

A couple of times there has been pushback for “not very good reasons”, e.g. wanting to involve a particular company. These have largely been overcome.

Interview 16 Notes

Principle budget analysist in MoF. Assistant director on budget formulation side.

Started working here in 2003 – from University.

Government's priorities?

Economy – infrastructure. Social safety nets – education, health.

Ministry – raise revenue and then allocate that. For social safety net and economic development.

Work with desk officers. Health, education, community development. Worked with lots of international organisations – World Health Organization, World Bank, GIZ.

Focus on assisting vulnerable people.

DPs- call them cooperating partners. Very good relationship. Have lots of meetings before budget is developed. Role as input to the budget.

Things have been changing over time. General budget support → direct project support. Now a mix. CPs will say – we'll put in money to SCT.

Preferred support – direct budget support, clearly targeted. E.g. give money to government but say it is for a specific school.

Better to be able to track money.

Donor coordination?

Used to be tough, but recently it has improved. Know which sectors are supported by donors- send domestic money to other sectors.

Yes, they are flexible to our priorities. Can reach mutual understanding.

Can't talk about individual donors. UN – coordinating community. Donors are in it together.

Non-traditional CPs

Russia- nuclear.

But I haven't worked with them.

Russia gave scholarship – I graduated from Russia.

"I haven't seen so much of Chinese assistance in the social sector." More on the economic side.

Donors pick on a programme, e.g. SCT, to provide money. Over time money has grown – both from donor and government.

Good collaboration with donors.

Desk Officers.

Discuss with donors – time frame, how it will be implemented. Looking for easiest, most efficient way of delivering.

“We have the knowledge on the ground.”

CPs appreciate the local knowledge.

Biggest challenges – I personally don’t find challenges. Its just mutual understanding with each other. Some challenges with deadlines – they have to meet them.

Procurement processes – delays. Sometimes they don’t want to use our procurement processes. Money only comes to us in Q4. That’s why budget support is easier.

Suspicions that if the money goes to government it will be used for something else.

Problems when compiling the data for accounts.

Donors don’t say they don’t want to put money through government. But it happens.

Things have changed. Financial systems have been improving. Communication is better.

Interview 17

Consent form – verbally agreed. Did not want to put name on paper.

Had been at the Ministry of General Education for about 3 years.

Priorities?

At the national level to "enhance human capital development".

Government has put up programmes.

In general education

1. Quality education
   From early childhood to secondary education
   - Improving teachers – training
   - Improving curriculum
     Tail to prevailing situation. E-learning.
   - Providing teaching and learning materials that are up-to-date (books)
2. Access to education
   There are many more primary schools (11k) than secondary schools (1k)
   In remote areas there are few schools – more in urban areas. Children need to travel long distances and there are barriers to access like rivers and bullying.
   Want a school every 5km.
   Early childhood education is mainly in the private sector. This is a problem because they look for profits and as a result there are more in urban areas than in rural areas – gap.
   Have problems about "transitioning". Children enter grade 1 but drop out. And not everyone can go into grade 8 – there is limited space. They have been "pushed out".
3. Equity
   Poor families, the disabled.
   World Bank project – keeping girls in school. Grades 8-12.
   The government allows pregnant girls to stay in school.
   At primary level the government has a free education policy. This has not started at secondary level yet.
   Aim at Secondary level is to reduce and harmonise the fees.
4. Efficiency – governance.
   Have restructured the Ministry – the Cabinet has agreed proposals.

Donors?

"A long time ago" there were many donors (in education)

Now there are few – the World Bank, UNICEF, USAID and JICA.

The others come in to support education but do not give directly to the Ministry, e.g. bicycles, feeding programmes, women.

JICA – science centre.

A long time ago – there was budget support.

Donors want to go "direct to beneficiaries".

China? "Don't think so"

"For accountability, money should go through the Ministry of Finance"

Donors are worried about the government "squandering" money.

Some donors sign a Memorandum of Understanding but do not give money.

Other African countries? Share data.

SACMEQ (The Southern and Eastern Africa Consortium for Monitoring Educational Quality) – literacy and numeracy. Regional learner performance. "Share experiences and practices".

Those that are doing well –

Zambia. There is a school in South Africa that has adopted the Zambian curricula. Using our system.

Negotiations?

"Partners consult"

There is a social dialogue forum and a Joint Annual Review.

It used to be – agree parameters, pledge resources.

The government and donors support a programme and then execute it. Afterwards, take stock of what we have done.

In the past (2-4years) – not so active. UNICEF has hired a consultant to look at engagement and the social dialogue mechanisms. Look at why they are not more active.

World Bank negotiations "doesn't take long". Have 2 projects. Negotiations not more than a year.

ZEEP (Zambia Education Enhancement Programme) (loan) – 2 schools

- Teaching and learning materials
- Capacity building – teachers, planning

Have video conferences. Discussion.

"Not one of our priorities – we'll say no"

e.g. Don't want more primary schools. Need secondary schools (just an example, not actual negotiating point).

"Give and take"

"They listened"

As you implement there is "some flexibility". The World Bank will agree to change.

For example, transport cost spending for each school will vary. There are different terrains and distances. Therefore the figure should not be flat but take into account transporting distances.

Not personally witnessed USAID or JICA negotiations.

National Science Centre idea "Government of Japan itself". Need more maths and science teachers.

"Two way"

"We identify the gap"

Challenges

- Pledge funds but don't release them
- Too much time before social dialogue procedures

Now coordinate with each other.

UNICEF and the World Bank are education leads.

Ministries? Ministry of Finance involved for loans.at the "forefront".

Need to speak with one voice. Sit down with finance and exchange notes before speaking with donors.

Within Ministry – Planning Department spearheads negotiations.

Disagreements? Finance ask what the priorities are. They will discuss things, e.g. mode or method may be expensive so they will suggest others.

"Speak with one voice"

Able to speak with others?

Not been in Ministry long enough to know who was involved in negotiations/ thinks they may have been transferred.

Interview 18

Consent form completed

What are the government's/ department's priorities?

Enhancing social protection

Development partners?

Supporting women's livelihoods

Keeping girls in school

Do you have similar priorities? "Yes"

There are set objectives

Partners have a clear idea of the project. It is driven by local knowledge.

Donors "bring in international experiences". "At the end of the day we decide".

Areas of discussion? Social cash transfers for pregnant mothers. There was a big debate.

For the government it was "not considered a clear priority".

Donors "understood our perspective"

Are there red lines? It is a partnership. "Not decided by red lines or black lines". Decided by ideas.

Who are the partners? DFID, Sweden, Finland, Ireland, UNICEF, World Bank.

Southern states? Brazil – visited as part of the social cast transfer project. China – interacted with.

Which departments are involved? Communities of Practice with Ministry of Finance.

"Ministry of Finance call us"

Long term relationship? Has been with the Ministry since 1995. The Public Welfare Assistance Scheme (EU and UNICEF) – created the foundations for social cash transfers.

Ok long term relationship with donors – problems in 2018/19.

Changed stance? Always the same. **Ownership agenda?** Same – no difference.

Are some donors more flexible? "Depends who you talk to"

Where are you from? UK – DFID.

Interview 19

Consent form – verbally given.

What are the government's development priorities?

Right now – infrastructure.

New roads are positively correlated with agricultural productivity and increased rural incomes.

Emphasis on infrastructure has been since 2011.

Zambia has a winner takes all system. A President and Parliament, but the President is powerful.

The cost of roads has been "high".

Agriculture – link to the PF manifesto and the 7th National Development Plan. On paper it is a "researched approach".

- Research
- Extension services
- Irrigation
- Infrastructure
- Developing markets

There is a gap between paper and reality/ funding.

For subsidies there is a negative return for public resources. But the Ministry allocates most of its funds to subsidies – over 90%.

- Farmer Input Support Programme
- Food Reserve Agency – mainly buys maize (above market prices) and sells below market prices. Always makes a loss.

Reasons – "political economy".

This has always happened. Under UNIP there was so much funding that some could go on research.

Can't prove it – but rent seeking.

There are vested interests that arise whenever there are well intentioned attempts to revise subsidies. They tried to make FISP smart, but a system with 2 suppliers is "easier to manipulate" than one with 1500 suppliers.

The Minister of Agriculture in 2015 - Given Lubinda – had people arrested/ fired in the department. Was trying to make FISP smart. But in the end, did not – the official reason was that money had been leant.

USAID – agricultural cooperating partners. Troika.

They are asked to invest in the National Agricultural Implementation Plan, 2nd National Agricultural Plan and the 7th NDP.

There is an agreement to measure progress. SAGs (Sectoral Advisory Groups) are meant to meet frequently.

IAPRI – attends the SAGs. It is funded by SIDA and US, in the past DFID. It is also self-funded (consultancy) – these funds are then put into public good works.

Interviewee worked for 10 years in the Zambian government, about 10 years for the US. Also the World Bank.

Historical privatisations (1990s) were not done well – corruption.

Corruption is worse under the multi-party system. Zambia is rich in natural resources, but not in cash.

Corruption – "can factually check" – transparency international. Thinks it has "gotten worse".

Donor priorities? Donors are "promoting private sector enterprise".

Others? Brazil – participate in SAG. "See them there".

China – "No". "Do not have a programme with the Zambian government".

Chinese interactions tend to be on a commercial basis.

Japanese – rice.

India – like China they have commercial agreements.

Russia – not dealt with. But they do have scholarships.

"Most active ones are the Western ones".

GIZ has several programmes.

Brazil at SAGs – are not changing the conversation. Think tanks are more likely to bring up examples from developing countries.

The government "talk about them [China etc] when they're signing loans".

Donor support has gone down. This has reduced influence "yes it does".

2011 – a big change in the way the government funds itself

- Loans not aid
- MIC
- Change in government

- The fiscal position was healthy

IAPRI's board has many people from government. It is private but also public – the board clears research. Aim to catalyse the implementation of government programmes. Use facts.

Government listening to civil society "Yes they listen".

"Political economy and other considerations tend to reverse efficient and effective decisions".

Government plans are now more empirically written (than ten years ago)

- One party state - centrally planned, empirical – but a different ideology.

"There are gains" – the problems are in implementation.

Lost institutional knowledge prior to the 2011 election. The government ruthlessly implemented the retirement age (55). The MMD came in and ask "is this working?" They have now changed the retirement age.

Interview 22

Priorities in constituency?

Help the poor. Done well with roads.

Transforming hospitals

Rewards year 12s – if they work hard.

Working with the churches, security.

Support people through FISP. But would get better results if it was restructured.

Clinics at Ronald Ross Hospital

In the constituency – the Mopani Copper Mine

Supports employment, win-win situations. Not a puppet for the mine.

Need to deliver – constituency development fund. "Speaks to people's needs immediately".

Need to use the money. An MP is "father to whole community". Clever balancing act.

No control over copper prices – lost jobs in constituency.

PF – "kind of focused on infrastructure", esp. road infrastructure. But look at the debt – it doesn't work for our economy.

Problems with processes. Sign off – company gets kwatcha. Get machinery on site – get more money. If the government doesn't pay it accumulates interest, even though the initial advance has been given.

Government needs more capacity. Advisors – need to hit the nail on the head. Debt. Problems of contrast.

Fertiliser support programme – FISP.

Farmer contributes 400k, the government 1700k. Grow maize. 1bn of tax payers money.

FRA – Food Reserve Agency. Supported by taxpayers – meant to buy strategic reserves. "Equation not working". Leave to private sector.

FISP has put a debt burden on government.

Energy – "paying some of the highest tariffs to attract investment into the sector".

Mining – main revenue source. Tax payers subsidising mining sector. They are supposed to create wealth not debt.

Procurement authority has put pressure on debt. Take too long to go through process (when things are budgeted for this year), and the purchase ends up on next year's balance sheet. And this delays help for people.

Government has suspended contract finance. Where you get an item and pay for it in 10 years. But they control procurement.

How does the next person understand?

North West province – big mine.

Link to Ghana – were in trouble before they discovered oil.

Mines don't pay dividends.

"All in our control".

Most projects done by foreign governments – pay and the money gets externalised.

"Component of culture in looking at things from a more futuristic manner".

"What we need is strong political will."

Has been telling the VP this.

FISP – no revenue line. Huge market in Congo.

Government buying milling plants – at local and national levels.

"Input – there is it going to come from?"

Western partners?

The US work mainly in health. Spend a big amount of money.

The UK are uplifting poor people through the social cash transfers, trade and innovation.

Sweden

Norway

Germany – especially elections and agriculture.

Good relationships?

Britain – I think they do.

US – neither here nor there. But "can't afford to be unfriendly".

Nothing from France since 1986.

“This government is not a hostile government”. Need to carefully analyse. There have been misunderstandings.

You can “have a stronger word” if you are doing something for someone.

There are “reasonably good relations” but there have been misunderstandings. On human rights – every society has its own rules.

Government failing to provide leadership on corruption. Both sides need to prove corruption. Need to have a conversation.

“You can never always be right”

You should “feel free to be criticised”

“Donors still play a critical role” – although donor funds have conditionalities.

Mosquito nets – suggestion to build a factory rather than importing. Donors are slowly accepting this way of thinking.

China – where they’ve done the work.

Just on the surface.

Given us $60m aid for the conference centre.

Russia wants a business summit (like UK)

“Africa still has a lot of natural resources”

How well positioned in Zambia

China mostly buying copper

“Britain needs to do more to get better partnerships in Zambia”. It’s a competitive world.

Loans from China are expensive. Don’t know the conditions or the interest rates. Money is going back to China through parastatals.

China – easier to deal with. Others have long processes of negotiations. “China is different”.

Your own Business Secretary had over 20 people focused on China [when working in UK]. They know what China is doing.

“Western countries put a premium on corruption”.

Britain is sympathetic to poverty but “heavy handed on corruption”. Corruption can be used as a political weapon.

Need to engage government and not just read “online speculations”.

Interview 23

What are government priorities?

"Infrastructure projects especially in the roads sector".

Ministry of Health, Ministry of Education.

"It has been made difficult due to finite resources".

Finite resources mean we are failing to meet most priorities.

And priorities change – settling loan repayments and also meeting obligations.

Budget 18/19 – had 50% going towards emoluments and 40% going towards loan repayments. That only left 10% of the budget for developmental projects.

"Hampered by circumstances".

"Situation will be worse after 2022" – Eurobond repayment due in 2022. How is this money going to be raised?

"Refinancing strategy – look for another loan to repay Eurobond".

Western cooperating partners?

Cooperating partners contributing to our development and priorities. Some of what they give as loans "worsen situation".

ZEEP (Zambian Education Enhancement Project – World Bank loan) – loan of $60m to build classroom blocks.

$200m World Bank loan for feeder roads.

"Initiated by our government".

Contributions from sections of cooperating partners – social cash transfers.

Suspected abuse – "on hold". Waiting for full report and audit report.

"Reduced confidence" from development partners because of a lack of transparency and accountability.

In the last 4-5 years the contribution of development partners has reduced because of a lack of Auditor General.

"Lots of conditions compared to China". But conditions are not necessarily bad. "If they don't think you'll be able to pay back, they tell you". China just wants collateral.

Presence of China doesn't put pressure on IMF or World Bank.

China is not flexible. It shows a "lack of care". They are like an adult not looking after a child.

"Put you in a difficult situation"

"Opportunists"

“They give you loans to buy things from their country”

Milling plants from them. And that means you need to buy the spare parts from them. This was meant to reduce the price of mielie-meal. It has improved the quality that people eat in villages. But may reduce the health benefits? Villagers don’t have the capacity to pay market prices.

“Traditional Western countries are more careful”

Western countries would do a feasibility study before embarking on a project.

China: “If you want and they can give you, they will give you”

Zambia has sent negotiators to restart Chinese lending.

Western DPs are slower – “ask for quick processing”.

“Chinese are not prudent”

The situation in Zambia is “desperate”. Risk of defaulting. But there is a duty on the lender of money not the lendee.

“If we need money… maybe the financier knows we cannot pay. They can provide technical support. Financier should give you prudent advice. But China won’t do that.”

Other DPs?

“I hear of India”

“They reached out to Turkey” – re Eurobonds.

Does the government encourage non-Western DPs?

The problem is technocrats – they are corrupt.

Western countries are strict, and that is good. Technocrats know Western countries will be strict so they go to other countries. But money is wasted if it goes through government.

Most politicians are populists. They will put a project on hold and give people (short term) food instead. Potentially at the expense of roads and schools.

Ministry of Finance cannot borrow if there is no need. So Ministry of Health will say ‘we need this theatre equipment’. Ministry of Health pushes the agenda – “buy for us this”.

Example. Energy sector. Grants from Western development partners – “difficult for those responsible to get some cut”.

“They couldn’t take advantage of those opportunities”.

Ordinary people are losing out. Even the politicians are disadvantaged.

“Some politicians in bed with such technocrats”.

Public Accounts Committee – Uganda.

Interview 24

Asked about development partners

At the time of the HIPC completion (2005) there were quite a number of partners.

"GIZ very instrumental"

The Germans were involved in water and sanitation. "Continued to be partners"

World Bank were "very handy". Millennium Challenge. Representative came to Commission (Korean origin) for some of the major projects.

Drainage – Lusaka on aquafer. Hard water – cholera problems.

In 2011 there were a cholera outbreak because of stagnant water – Millennium Change "very very handy".

Additional pipelines from Kafue River. Provided new water pipes.

EU – helped so many programmes. For the rural population – boreholes etc.

JICA – education. In constituency – boreholes and maintenance system.

WaterAid – UK based.

Asked about non-DAC partners (given list of examples)

"UK has been very instrumental" – Social Cash Transfer programme.

"Previously transfer money into government" – now put money directly into projects. Under the previous government money would be diverted.

"Social cash transfer is targeting the vulnerable" – "those without the strength to work".

It has been "Donor driven".

Most projects "have been very successful". The government has been "appreciative" of the support.

Have there been changes over time?

The government budget is extremely constrained. The resource envelope is about 64 billion kwatcha. 56% of this goes on emoluments. 26-7% goes on internal and external debts. "Less than 10% remains for Government Ministries to run their budgets".

86.6 billion kwatcha for the 2019 budget – solicit the rest from donors. Zambia is not able to mobilise enough as a country. And when you covert this into dollars or pounds Zambia is "operating on a minimal budget".

The government is "mindful that our people are overtaxed". "Can't do without donor support" especially in the social sectors.

South Korea has supported Zambia on climate change.

Chopping down of trees is a problem – he presented a paper in Morocco.

"Quite rampart in Zambia". It has ripple effects. Trees extract water → rainfall.

Most power in Zambia is dependent on hydroelectricity (~98%). Because of droughts there has been load shedding to ration power supplies. This has increased the consumption of charcoal (traditional fuel). But future generations will be disadvantaged.

It is the villagers cutting down trees to make charcoal to sell to towns.

He is bringing a motion in Parliament to ban the use of charcoal.

The region depends on the Congo forest for rain – "impact for this country".

In 2017-18 Ministers went for support.

Agriculture along rivers has an impact on the banks. Sometimes ban fishing.

South Korea – partners. Look at refuse/ landfill – energy from waste.

"South Korea is a learning point". A "strategic partner". Provided technical assistance.

Israel – agricultural expertise. Students are training there. "Very good partner" – modern skills in underground water. Zambia has 60% of the freshwater in the region. It has big lakes which are not utilised to the maximum.

But Israel is very small while Zambia is 30 times bigger.

Zambia also has a young population.

Growing the economy – need expertise. "Make this country great". Need to "harness resources".

Government's development priorities?

Have benefitted from donors. "Most projects on point". There have been a few failures. "Need more support".

"At some point we must stand on our own feet". "This cannot continue forever".

"Create credibility from developed countries". Struggling to get IMF support.

He is pushing a motion in parliament on 18 March – private motion to engage government in promoting youth empowerment. Young population – youth unemployment high. Youth camps. Bring skills together.

Mealie meal is in short supply.

Build roads.

Create cooperatives.

Not had much experience of working with India, China, Brazil. But provide models – their policies have led to growth.

Managing Rio de Janeiro is hard. NGOs have gone in with donor funding.

Brazil – agriculture, hydro power – from Amazon. Zambia has not utilised the Zambezi.

A lot of models.

"Rwanda has been a very successful country in Africa" – less donor dependent.

"Send technocrats to learn from what others are doing". Good, useful platforms. Ongoing expertise exchange.

Also South Africa, Nigeria, Egypt.

"Lots of Memorandums of Understanding signed with a lot of countries".

Engage in region. Research – experts help.

"Consistency has been the biggest challenge for politicians". Change government – change everything. Don't build on previous regime.

"Depend so much on the technocrats". Politicians are "figureheads".

There is a "disconnect".

"PF government took over from MMD". Before UNIP. "Did so much in initial stage". 2nd republic – privatised mines. Few achievements under MMD.

Sata – tried to skew development to the rest of the country – new infrastructure.

- Mini/ major hospitals.
- Schools

Done through borrowing. "In a hurry to develop the country".

"If you want to develop a country you need to borrow". Investment vs consumption.

His motion (in Parliament re youth empowerment) would give an immediate return.

Technocrats have built capacity and expertise over time. "Rate of turnover of politicians… not consistent". Changes in personnel "does not help".

Interview 25

Background

After University, worked for a long time for ZESCO (1st Republic – from 1st August 1978).

At that time there was a one-party state and a command-ist economy.

All parastatals were under the ZIMCO umbrella – a holding company. Board of Directors of ZIMCO chaired by Kenneth Kaunda and line minister were directors, e.g. Finance, Agriculture, Commerce, etc.

Then moved to ZSIC – insurance. Was still under ZIMCO.

Then moved to the ZIMCO holding company. Group Resource Director – Functional head of resources, HR etc for ZIMCO. Report to State House.

When the government changed to MMD, so did the approach. They did not believe in the command-ist economy. They believed in privatisation and government as a "facilitator".

ZIMCO and parastatals were dismantled, from 1991.

When ZIMCO went – was asked to work with Deloitte the liquidator. Then went to Price Waterhouse (now PWC). Then NPSA – Pensions. Upon retirement became a politician.

Under UNIP when you had ZIMCO, the government got loans and other assistance for specific projects which were "well thought out". There was input from technocrats in government and industry. Politicians understood the economic of loans, and the implications of them.

"Under MMD that ceased". They focused on facilitating the private sector, not building roads, hospitals, etc.

Under PF – "went back".

"About five years ago went back to UNIP days of having a central holding company". IDC – Industrial Development Corporation.

"Parastatals on their own have been amalgamated back into a holding company".

"Thought process is like UNIP." "But with a big difference." Under UNIP "systems and procedures were very strong". "There was transparency." "Wrong doing was punishable" – leadership code, e.g. no allowances, gifts. Now there are no punishments for such wrong doing.

"Idea of getting back" – this refers to parastatals. Reason – "they want to use that route to siphon money", e.g. Buying oil through the IDC and Ministry of Finance.

Under UNIP loans were taken from different areas, different organisations, different countries. More transparent.

“This time it is not so”. Since 2016 we were told by the Minister of Finance that they wanted talks with the IMF. But the package has not been realised. “Donors finding it difficult to get a sense of the debt” – and sense of projects by the Chinese.

“Parallel structures” within PF government provide access to the Chinese.

The Ministry of Housing and Infrastructure signed loans with the Chinese without permission from the Ministry of Finance.

Under PF there has been “total systems breakdown” and “nobody has been held accountable”. Backhanders.

IMF bailout – but the government is “failing to provide the required information”.

Energy – issue dealt with at Parliament. A couple of years ago there was a basket of funds for water and sanitation with the Ministry of Local Government. But the money was misapplied. “At that time it soured very much… the Germans were very vocal”.

Social cash transfers – “also misapplied”. Minister is in Court. “Misunderstanding amongst themselves”. Minister was “victimised” because of internal party politics.

Speak to the Heads of Embassies. “What the government tells you is neither here nor there”.

The Chinese have “no systems”, unlike Western donors. Western donors “want to see project proposal, milestones, deliverables, quality control”. The government doesn’t want that.

Under the Leadership bureaucrats could not take advantage of their positions. ZESCO – did not have an in-house loan scheme to build houses. The Zambian state had a scheme where you could borrow money but you could not rent the house out under the Leadership Code. There were no allowances for directors for attending board meetings.

“Such values have fallen off”.

Now even longstanding civil servants “have seen it is much easier to make money”. Civil servants now have big houses and cars. This is part of the problem.

The new Minister of Finance is not tainted.

China are “bed fellows”.

In 2016, 17 speeches made by President Lungu made a statement against the IMF. At that time PF did not understand the IMF bailout and the implications.

PF and MMD have a pact – it is “understood” that an MMD member becomes Minister of Finance. He is pushing the bailout package.

PF has organised demonstrations against the Minister. Lungu speaks against the IMF.

The IMF deal brings “confidence”. If you have it “people will overlook a few things”.

The problem with the Chinese: They are “perceived as prepared to give support under nebulous conditions”. They have a reputation for going after assets, ports, etc.

When the government talks about debt… There have been 3 Finance Ministers since 2016.

Margaret Mwanakatwe – debt approximately $7.5bn

Felix Mutati – debt $9.5bn

Bwalya Ng'andu - $11/12bn (what they say)

People say that this is not the case – Kenneth Kaunda airport etc may not have been taken into account. The value of infrastructure has been over $116bn.

Loans are not going through the Ministry of Finance. Maybe they don’t know?

Chaotic – I understand the context. “Severity of criticism arises from that”. Previous governments understood the implications of loans, and systems were strong.

“All of them benefit”.

The leadership code was abolished in 1991.

Chiluba – “despite his failings, he understood corporate governance in the earlier years”. For example, Corporate Director not on boards. Could come to you if you are perceived to be living beyond your means and dismissed.

This government – Permanent Secretaries building second floors on their houses, etc.

“By bringing confusion purposefully, they are benefitting”.

Report discussed last week – Committee for Health - on Social Cash Transfers. From Auditor General. “Social cash transfers is only scandal where a Minister is allegedly to have lost her job”. But not because of social cash transfers but has been discriminated against because of other things.

Report highlights 2014-17.

Social cash transfers intended to cover 104 districts. 590 households – defined as extremely poor. Each household gets 70 kwatcha. 15% of the scheme is spent on administration costs. (Total 790million kwatcha).

Period of transfer from centre to beneficiary was meant to be reduced from 6 months to 7 days.

Why he thinks there have been issues.

- Scheme covered only 574 people and 104 districts

- "Featherbedding". Stole 2million kwatcha by scheme paying for 2,0000 ineligible individuals.
- Scheme used 317million kwatcha on administration – not 15% (104million). Stole 203million kwatcha.

The government has "done nothing". This is a "sore point with donors".

The Auditor General is still trusted. Want to cut the role's powers in Bill 10.

Even Daniel Foote said that he was fed up.

Donors have "made their point clear", especially the Germans. But mainly about things that they handle – they are diplomats.

Donors recommend an IMF bailout. Now money is coming from just one source – and this is not transparent.

The road from Lusaka to the Copperbelt – revise downwards. Quick explanations.

The Chinese built the Tarzara because of Zambia's issues with its Southern neighbours. It was specific and transparent.

The Chinese disposition: go to China and go to a market. People will ask you if you want an imitation or the real thing. If you are prepared to pay for a name, you will get it. With fake things, there are no guarantees.

Western countries – high integrity.

The historic relationship helps because China is a competitor of the West. Britain previously had no competition. China have leverage – "when it mattered most, they supported the liberation movement and built a rail line". People still remember that.

The new China is "expansionist". It is not as transparent as the West.

Interview 26

In terms of revenue over expenditure, there is too much expenditure. Zambia has a growing population, growing demand, but government revenue is restricted. Taxes come from the formal sector and are "limited". The "general public feel they are overtaxed".

So the government looks to its cooperating partners.

Educated society is positive. Illiteracy means rising crime, and increasing dependence syndrome. Cooperating partners play a role – "use in mitigating shortfall". They do have lots of resources but these are not exploited.

15 years ago there were "even more" donors. Donors have been withdrawing. Donors need to understand governance – if they punish the government they punish the poor. Aid is a "tool that is needed".

There is a "positive relationship" between the government and donors. The "budget is dependent on cooperating partners' contribution". But they are withdrawing.

The "IMF has withdrawn". Zambia's rating has gone down making it a "risky country". They want conditions.

Bilateral relationships?

They depend on conditionalities.

Levy Mwanawasa was strong on corruption. Got lots of support, HIPC, loans.

"Governance aspects were quite strong".

"The money was being used for the intended purposes".

Now a worse relationship – decrease in donors and they are not responding to requests.

"Need to perform our part".

New relationships?

Russians

Americans – "keep on increasing" spending on HIV, agriculture.

Russians have a long relationship with Zambia, especially under Kaunda. "Now it is rejuvenated", especially at a Parliamentary level. There has been an exchange programme. The relationship is "very cordial". They have made pronouncements on the energy sector, women folk. "They would want the relationship to be as before".

Chinese – for business. Have given the conference centre as a gift. Negative – coronavirus.

Good relationship “for a good time”. After the independence of Zambia, they built the Tarzara. “China has been a good friend”.

There is no country not dealing with China. They have cheap labour and technology. But is it poor quality – need to check. “Have to be strong”. “Difficult to argue with”.

The opposition are talking against the Chinese entering but the government support them. Maybe too supportive?

“Their conditions are flexible”.

The West want a risk assessment – it is easier to deal with the Chinese.

Zambian students are going to Chinese Universities. Ministers spend time in China. “They only pick from the ruling party”.

The Chinese are workaholics.

Chinese businesses uses Chinese banks.

“IMF we need it”. The conditions are a bit strict – they are looking for governance.

“We no longer deal with the UK so much”.

“When it comes to construction… that’s China”.

German presence has “dwindled”.

The government take a strong negotiating stance.

India has supplied medical. Link between Gandhi and Kaunda.

Returning to that time.

Interview 27

History

Was Permanent Secretary 2006-11 in the Ministries of Community Development, Tourism and Energy.

The rise of China – "pattern of negotiating for trade deals changes substantively". Non conditionality.

The conditions of Western countries are "too difficult". For example, decreasing the size of the civil service, freezing wages, reducing subsidies e.g. fertiliser.

"China does not up-front any conditionalities that are difficult". They are easy.

Competition?

"To some extent yes". If you are economically strong then you can caveat things because there is someone else.

China has become number 2 and has "influenced Western countries". There have been softer lending programmes "to some extent".

Model for development?

The Chinese style of running the country has taken it from poverty to a middle income country. On the other hand, there are negative aspects in terms of governance/ democracy.

Leaders can still get money.

IMF deal – opposition must be consulted.

"Used to fear the IMF and World Bank. If they soften on governance matters… they will find it difficult to get loans."

Corruption – "Chinese model increased the corruption index for Zambia".

Positive for infrastructure – "but at what cost?" China – no transparency.

Disadvantages – "issues of corruption" and quality.

Some money goes into private pockets. Issues of transparency of loans. There have been rumours of a takeover of ZESCO and Zambia National Broadcasting Corporation – this would be bad.

Western relationship?

"Not really changed".

In 2018 the attitude was – you can keep your money. The government has now realised to they "need to go back". There is prudency in these loans. They help in the issues of governance.

Need to interrogate the loans and aid. Not really benefitting – not seeing progress. Not graduating. Link to Moyo book.

Sometimes conditions from Western countries are negative. "Impedes further development for Zambia". They insist on viability – later might be the right thing to do.

Power stations – if in the 1990s there had been the money to build then, wouldn't have the current shortage of power.

Lusaka – traffic congestion is a problem. Tackling it now – the cost is higher.

IMF "want you to have the figure there to show the project is viable". But things come out of the blue, e.g. coronavirus.

"Power was on one side" even before – negative power.

"They gave you what they felt they should give you".

"This is our own weakness".

"We hold the resources". The problem is we do not have the technology. "Resources have to be exploited".

Interview 28

International relationships

Africa and the Western world - "Generally we have seen a change over the years".

Initially the primary relationship was between Zambia and its former colonial power. Then the US, China and Japan came in.

"More gravitation towards China" because of the nature of Chinese lending policies.

The World Bank and IMF have brought Africa and the Western world together. It is a good relationship. The ties are still there.

"Britain still gives a lot of lending".

At the moment in the 7th National Development Plan. It highlights critical priorities. These are "infrastructure development" especially roads, energy, schools and construction of Universities.

"Chinese money is cheaper" than Western borrowing. One of the attractions – slightly easier to get.

The World Bank and IMF have "laborious" conditions.

Have alternatives given Zambia more negotiating power?

"I think so". The alternative makes them "wake up" to no longer being monopolies.

But the World Bank and IMF are "very tough". They don't just loosen because of alternatives. They have a different philosophy.

What do Western donors talk about?

World Bank – Education. Insisting on the construction of 75 secondary schools.

IMF – have country missions.

"Not as bad as bilaterals". They do talk about things that have gone wrong. They "were loud about it" on social cash transfers.

The government pays attention – it listens to the concerns of cooperating partners. It "tries to address concerns of cooperating partners".

These are diplomatic relationships – "can't quarrel with development partners".

The row with the US Ambassador was Zambia standing up for its sovereignty. Partners "must respect the diplomatic etiquette".

Other development partners?

Russia – just a few weeks ago the Russian Speaker visited. Involved in education – supporting students.

As a developing country, Zambia has a "need to establish relationships to have investments in different sectors". The relationship with development partners is very important.

Which partner is most important?

Most cooperating partners are important.

Sectors are important. Energy – 35% of the population are covered – need to develop this. e.g. India – technology, bioenergy.

"What's important is the cooperation and the partnership and how that's impacting on the development challenges of the country".

Is it hard to manage multiple partners?

The energy sector is not an easy sector.

Zambia has people trained for negotiating – have a good negotiating team. The technocrats are strong enough.

The opposing negotiating team

- Know what you want
- "They do their research"
- If you are a good negotiator they will give way on some things.

Interview 29

Experience in Zambia?

Have been in Zambia since 2016.

Deputy head of Development Cooperation and Economist. Belong to SIDA.

SIDA sits together with the Swedish Embassy – in contrast to DFID. This is to utilise synergies.

Foreign Affairs has 3 staff in Zambia, SIDA has 5+8 staff. Take a lead regionally on sexual health for SIDA.

What are the government's priorities?

Swedish government have a feminist foreign policy. Focus on gender equality, especially in rural areas. Have many institutions to protect this.

Also need to look at youth.

Drive for Democracy for Swedish government. In Zambia – focus on civil society, transparency international, Auditor General.

Development cooperation

- Democratic development, human rights, equality
- Health – maternal and new-borns. Nutrition.
- Sexual and reproductive health and advice

Work with Ministry of Health to "strengthen health system" and civil society because the government are weak on sexual and reproductive health and advice.

Environment and climate change and inclusive economic development

- Access to energy
- Off grid solutions
- Focus only on renewables
- Agribusiness

"Say they should diversify" from mining to agriculture, but this doesn't happen.

All work must think about – feminism, climate change, democracy.

Zambian government priorities?

Sweden are active in the Cooperating Partners Group. The Chair has moved from Germany to Sweden to now Ireland.

The was "low interest" a few years ago from the incoming government.

The government got help from UNDP for the 7th National Development Plan. It is "more holistic than other plans before".

Zambia has always been good at planning. This was easier before the Ministry split between Finance and National Development Planning.

"Implementation is very difficult". There are "high ambitions" for monitoring the plan – it needs lots of data. This is expensive and time consuming.

"Hasn't improved with the lack of funds". Only 10% of the budget is available for implementation. "Very limited" ability to deliver on the 7th National Development Plan.

"Interest in donor collaboration has increased".

Sweden is "still working with the government" on health, but not on agriculture or energy.

There is good dialogue with the Ministry of Health. The US funnel funds to the government through Sweden.

There was lots of support in the energy sector for a long time but it was "not moving". The department didn't understand.

Looking at off-grid solutions – the department is starting to understand and participate.

Kariba Dam – very important to the government, EU and World Bank.

Agriculture – "very little collaboration with government". There are different priorities. "They prioritise subsidies".

Maize – use as a trading board. Don't believe they should have a market role.

FISP – deals with seed and fertiliser companies. Should have same seed/ fertiliser all over country.

Pilot – visa card for farmers. Good results. Ambition – this should be 100%. Now 40%. The Ministry of Finance say this is a cash flow problem.

Democracy and human rights – "difficult to say what's really behind everything". Bill 10 – going against the constitution, creates a more powerful executive.

The Ministry of Gender try hard but get very little money. More money goes to the Ministry of Traditional Affairs.

LGBT rights – government and Sweden "differ the most".

Civil society – "gone up and down". Many donors in this area have left. It is a "difficult landscape".

"Good dialogue on certain issues".

Has the government become more interested in working with development partners?

Yes – the economy is worse and previously they had a plan.

Aid is important is the government budget – "they see that".

2015 – before economic crash. More focus on other partners – "they supported their choices".

"Grass is greener somewhere else".

"They were more hopeful of the deals they were getting".

"It has shifted."

Potential for "restrained relationships" with others.

Bureaucrats vs politicians?

"Very professional"

The technocrats want to maintain relationships.

Different Ministries?

Some are easier to cooperate with. Some see "common interests".

Others only have their own agenda.

National Development Planning and Finance are the big two.

Do the government talk about China and other sources of finance?

No.

The Chinese Ambassador has been open and has participated and given informative presentations.

"Not many details" – Ministry of Finance. It is a demand of some lenders that they can't be open.

"Technocrats have been great".

MofSW&CA (CHECK) – doing a really great job. Zambia was a "showcase" – government was committed. "Really impressed".

Political level – "destroyed trust". "Difficult for donors to collaborate with government".

Government prioritised: disabled, single mothers, child headed families, elderly.

Qu – Did donor want to include pregnant mothers? No – this would be in contradiction to objectives around contraception.

What about non-traditional donors?

Israel – in agriculture and the military (aircraft)

India – investment in urban infrastructure

Russia – nuclear. There have been many articles about this.

Zambia is still taking on more loans, even though they shouldn't be.

Interview 30

How long have you been working for the Embassy in Lusaka?

Pronch – since last August.

M – 5 years.

The 2013-17 Country Strategy was bigger than it is now, spending about $40million/year. It focused on

- Education
- Governance
- Social protection
- Nutrition
- Local area development programme – Northern region
- Self Help Africa

Ireland's current priorities – New strategy 2018-22

Focus on

- Education
- Social protection
- Nutrition
- Governance

This acknowledges the maturing relationship and Middle-income status. "Exchange", "Partnerships" – especially institutional. More focus on trade and business.

"Zambia is a desperately unequal country", especially those impacted by drought.

Social protection is the anchor programme. When it went "belly up", the rest of the programme took a knock. Now hoping for a new direction.

"Much too risky for us to get back into working through government." Using different modalities, but not going through government systems. If any money does, it is "tracked and monitored very closely".

Problems – increasing price of mealie maize

- Debt restructuring – need that back on the cards. Confidence? Maybe not a flood, but more interest.
  "IMF would keep a cap on discretionary spending". The IMF deal would be "only the starting point".
  "Have to be very careful."

The IMF rep was sent out by technocrats. Technocrats in the Ministry of Finance in the "inner circle". Politicians need discretionary funding.

Even in time here, there has been a changed attitude from the government (Pronch).

Mechanisms fell away.

Cooperating Partners Group – very diverse including the BRICS.

"Seen things changing." "Acceptance that they're in a hole." Increased need to engage donors.

Government priorities?

Government want to attract FDI – but serious questions for business. There was a hostile takeover of an Indian mine.

About 2012 (post middle income status): you could see the government, just elected, identified as "socialist". They tried to reach out to Cuba. This ended when Sata died.

Access to markets – projects they've been promising.

"Legacy projects" – everything changed names "overnight".

"Capture with vested interests". Easy to inflate.

Non-DAC donors?

"China"

Brazilians have "aspirations"

India – road construction

Russians – nuclear plat. "Only go to support with technical support".

The Chinese are "everywhere you go". Factories, mines, KCM. There is a "body of ill will starting to grow".

The Chinese Ambassador gave a presentation to the Cooperating Partners Group. He was "articulate". He was at pains to say that the "relationship is commercial".

Exploitation – natural resources, wood, stones, gold, copper ore.

Government discourses?

Conference centre

After the 2016 election – Provincial Ministers flew to China. "Don't know what it was all about". Then there were provincial expos. Brochures printed.

Land – more urbanised population have less attachment to land. Land being sold off for "practically nothing". Will be working for others on land.

Lack of legislation on party political financing – avenue for financing political interests. More appetite to look East. Party officials look to China.

Chinese aim is access to natural resources.

All projects especially since 2016 are legacy projects.

More “reaction to some of the negative feelings” about Chinese.

What (for the government) this partnership means – less conditions, equal relationship. “New relationship”.

All technical solutions have been taken care of – people are the problem.

Businessmen – see hump but very positive. “In crisis there’s always possibility.”

IMF will be “pro business”.

Rural people – taken advantage of. “Haven’t seen it since independence” (new buildings).

PF slogan in 2016 – “Point at the things you have built”.

Fact of social cash transfers – see that as positive. “Benevolent politicians”.

Government “can’t continue to isolate traditional partners”. Currently have a bad relationship with China.

- Link to Ghana IMF deal.

There is a “gold rush” in Western province.

The copper price is declining. 77% of GDP is mining. It has high returns, foreign ownership, and is capital intensive.

The government’s approach to agriculture is “tokenistic”.

The Minister of Finance is “frank and open”. He is not part of the party structure. But does not have the authority to do what needs to be done.

Ministry of National Development Planning is in charge of the 7th National Development Plan. “Seem to understand there are things that need to be addressed” – but power lies elsewhere.

Minister of Finance is not a “centre of power” but on the outside. Has “tempered expectations”.

Picked on World Bank loans for social protection – backed by GIZ and SIDA.

Interview 31

Life experience?

MP in a rural constituency in Southern Zambia. A Masters in public health.

Worked in international NGOs with many different people. Has now gone back to roots, to uplift the standard of life.

Particularly worked with women and children under 5 years, on nutrition, child health and maternal health.

What are the government's priorities?

Cover a number of Ministries.

Health – improving health status. There are a number of programmes.

Education – "all the children, youths, attend basic education" and life skills. "Do something on their own" – jobs. But not enough teachers.

Agriculture – direct supply programme. Farmer inputs. E-voucher programme. Led to increases in food supply.

Water and sanitation – big role for donors. UNICEF.

Who are the most important donors?

World Vision and DFID – relief food, water, agriculture.

World Bank – "especially on the construction of secondary schools". "A bit on agriculture". Dams. Dip tanks.

UNICEF – supplementary social cash transfers. Drilling of boreholes.

The Glasgow Foundation is in our area – they are Canadian. Constructing cleanx and schools and relief food.

What about new players?

This happens "at higher level", not at the constituency level.

The government is talking about Russia, Turkey.

China – "they are involved in a lot of projects". For example, construction of roads, buildings, and loans.

Have good relationships except they can become "too much".

Incidents when the Chinese come in to take Zambian simple jobs, e.g. in retail, selling eggs. Road construction should be done by Zambian companies. Many people are complaining about this in Lusaka.

Traditional funders “they have been there a long time”. People feel comfortable with them (in the constituency). New donors should look at areas not tackled by old donors.

New donors can bring in expertise. But “some of the things we’ve seen happening” – the Chinese will come and employ few Zambian workers. They are especially bad for employment.

“They will come with engineers” for engineering projects. This is not sustainable.

The Chinese are mostly in construction, retail, hospitals.

Interview 32

Life history

Born in 1982, completed school in 2002.

Moved from Lusaka from Western province to work for Parmalet.

In 2009 went back to birthplace. MMD were the ruling party. People approached him to become the MP in 2011 and 2014. Won the seat in 2016. His rival was former MMD but went to PF.

Government priorities?

"Developments on road construction"

"Things we can see"

At a constituency level there has not been much change. Just one tower in the constituency.

International partners?

"Working well – maybe."

There was a time when we visited the Japanese embassy asking for aid for the constituency. Met the Deputy Ambassador.

Is in the opposition – donors "give money to the government – the government decides".

Focus of government aid is on "towns". "A lot of aid goes to towns".

In area, only have aid through churches especially the Catholic Church.

Health – drugs.

JICA – clean water

Germans – fresh water

Aid should go to rural areas – but only health aid is.

In rural areas – the only contact we have is through health. Mission Hospital – USAID.

New partners?

Russians – "no"

India/ Bangladesh

America

Nationally hear the President talk about China. But don't see this aid at the local level.

The government encourages aid and investment at the national level. But the aim is to invest for profit. Therefore they focus in urban areas.

Constituency?

Agriculture, fishing, no mining.

Active Ministries – agriculture, fishing and livestock, education, health, district council. New ministries are not in the constituency, e.g. Commerce, National Development Planning.

"System is centralised" and controlled by Lusaka.

The consequences of debt. There have been no salaries in local authorities for 4 months. There are equalising funds – 80% salaries, 20% development. Projects have stalled especially if funded by government.

Lusaka decongestion – progressing because it is funded internationally.

Some Ministries are going 1-2 months without pay. For example the staff to help Chiefs, in the Ministry of Traditional Affairs and Chiefs. Also the Ministry of Fisheries and Livestock – there is "no funding" for the meat inspector. "You have to buy fuel for my vehicle" to come to abattoir.

In the Ministry of Commerce – PACRA (Patents and Companies Registration Agency), if you register a company and pay annual fees they will ask you to photograph your own papers.

Also suffering in local government/ councils.

This has got "worse" since 2019.

"Not seeing tangible change"

Constituency development fund – 2016 Nil, 2017 50%, 2018 Full, 2019 Nil.

Poorer literacy levels in villages compared with towns.

Interview 33

Finland's priorities

Overall – a reduction in poverty.

Need to justify programmes. Zambia has lower middle income status – but there is a lot of poverty in rural areas.

Finland is in transition – moving from development cooperation to supporting the private sector. Diversified cooperation. Need empowerment and for people to earn income.

Finland only has one project – accelerated growth of small and medium enterprises.

Government priorities

They have strategic documentation that even cooperating partners have been following.

Look at the National Development Plan – all projects fit inside this. Vision 2030 is also useful.

Government are the ones to implement. Planning process plus monitoring is a good way of looking at development. Brings everyone around the table.

Coordination has been getting better.

The Ministry of Finance and Ministry of National Planning were split.

At the time she joined the Embassy (2005/06) – things were less coordinated. Paris Declaration helped harmonisation. The government took it up very well in Forestry. Reporting guidance separate from government.

Agenda helped government to do more. Helped cooperating partners coordinate themselves. Embassy informal coordination became formal coordination. Allowed donors to know who was doing what. Government provided a generic Terms of Reference for coordination.

Before Paris – donors were meeting with Ministries separately. Now have joint meetings. Go with one voice – the Chair collects issues. This has been maintained up until now. The government is invited for topical meetings.

Within government there have been changes in cooperating groups.

The 7th National Development Plan improved coordination even more

- Technical working groups
- Clusters – integrated approach
- National Coordinating Committee – with Provincial Permanent Secretaries. Permanent Secretaries are controlling officers. They authorise finance.

Do get requests from government but need to ask questions. What is the project? Need the full picture. Needs planning.

2011 – Middle income status. Some donors moved out. Coordination – reduced number of cooperating partners and reduced amount of aid going to government.

Less money coming into government. But for government it was not less important. They valued donor aid. and it still makes a huge difference.

Need to encourage government to look at domestic resources. Government are digitising revenue collection. Money has come and money has helped. Even if it can't always be seen. It's a process.

The Seventh National Development Plan is a tool to look at development nationally.

The policy to decentralise has been implemented slowly. But it is an important policy. This is a big country. They have partitioned districts. This brings development closer to people. Dividing districts means that the government needs to provide services for all. Find agricultural camp offices everywhere - other departments join. The are budget lines for new districts. This is making a difference in far flung areas.

The decentralisation policy began in 2003. The last implementation plan was in 2009. It was very progressive.

Finland has a niche in forestry.

Paris meant letting the implementation partners decide. And you need to spend time on consultation.

Under the 6th National Development Plan there were consultations on decentralisation, the integration approach (what else can it do?), business development (for what? Add value for a tree).

Decentralisation meant that money went straight to districts can was not centralised. There were fewer steering committees and these were held in provinces. Using the same people.

New partners?

BRICS – maybe 2013, maybe earlier. But not in forestry sector.

They are actively invited and engage in coordination.

They are active in infrastructure.

Over a long period they have developed and become wealthier than Zambia.

7th National Development Plan – development partners were consulted. We participated as much as possible.

Rwanda was used as an example. Very positive about the integrated approach.

Split of Ministry of Finance and Ministry of National Development Plan – shows the importance of planning and evaluation.

Used to sign agreements with the Ministry of Finance and send to the Secretary of the Treasury.

Ministry of National Development Planning is high level. They come to the steering committee, but day-to-day work with line Ministries.

The government don't talk about non-DAC. They talk about everybody.

Implementation for a project.

First there is brainstorming and a concept. The government gives districts.

There are district meetings. Facilitating.

Then there is concept formulation and a project document.

It took three Ministries to implement.

Politicians came to districts. Ignore party lines.

Changes are made – opened up. They are usually more technical, e.g. the best way to channel money.

Interview 34

India-Zambia relationship

Goes back to pre-independence. Kenneth Kaunda visit India at least ten times. He took inspiration from Gandhi. He is the only African alive who was a "true Gandhi".

Relations were initially "more political". About the support for freedom. And up to the 1990s they were "political". 50,000 Africans have been on Indian training courses and received scholarships. 3,500 training programmes/ scholarships have been utilised by Zambians.

From the early 1990s India liberalisation and gave economic assistance.

The ExIm Bank started. Since 2003 it has provided $200m in lines of credit.

Lusaka Decongestion Project - $245m out of $280m is not commercial lending.

Agricultural mechanisation – "could not come through" (about 5 years ago).

Prefabricated rural health posts – 650 posts. 350 now complete. Cost $68m. it was initially $50m but rose. "Impacting lives of grassroots people".

Basic health facilities provide… link to infant morality can't quantify.

Some logistics programmes.

Indian priorities

Always had "cordial relations".

Vice President visited Zambia in January 2010. President visited in 2018 – first visit for 29 years.

"Reinvigorated by High Level State visits."

Indian assistance is "demand driven and without any conditionalities".

"Zambia has many options" – EU, US.

India has its own limitations – can't compete with those with "deep pockets".

Most Indian ODA goes to South East Asia.

Have announced credits and grants and they have been utilised.

The next summit will be later this year.

Cooperating partners group – "prefer to go bilaterally". In other countries have been involved in trilateral cooperation with Japan and the UAE.

"Cooperating Partners Group not priority".

Western relations with Zambia

They focus on freedom of expression etc. They have strong opinions. Problems for sovereignty.

Overall it is a good relationship and Zambia are receiving grants.

US focuses on health.

European countries – renewable energy, health, women's empowerment, education. Focus in the "social sector".

India agreed with the President that they would provide $3m in health equipment and medicines. Ministry of Foreign Affairs and Ministry of Health involved. Missions should not talk with line ministries, but sometimes discuss with Ministry of Finance.

Lungu went to India. Announced collaboration on solar farms, rice etc.

Gandhi Convention Centre – Lusaka. One of 17 across Africa – Modi announced in 2017.

Discussions about projects start when the Commission is approached for funding.

Meet Westerners socially. "Talk about those things".

Health – talk about hospitals. But talk does not mean action.

Other non-DAC countries – "they are doing their own thing".

Interview 35

Personal history

Agriculturalist and MA business administration.

Worked for the Ministry of Agriculture.

Agricultural support programme – project funded by SIDA.

Consultancy – agriculture sector

Technoserve – South American NGO

USAID funded project Profit+

Became an MP in 2016. Particular interest in agriculture, natural resources, education.

SADC Parliamentary Forum – Gender Equality Committee

Government priorities

"Vast"

"Education is one of them"

Reforms in education sector.

Primary: grades 1-7 free education

Boarding/ Secondary: minimising fees

Bursaries – keeping girls in schools

Universities – loan facility for students

"Rural areas are prioritised" (30%)

Also agriculture, mining, tourism, manufacturing and processing.

Social sectors – education and health. Focus on universal health coverage and rural health posts.

7th National Development Plan – the priorities above fit in quite well. Diversification drive.

Even under mining – need to diversify.

Donors

USAID – health, agriculture, climate change

NORAD – agriculture, "conservation agriculture"

SIDA – agricultural business

FAO

UK aid – social safety net

"There could be differences"

USAID – private sector except health

Government prefers money to go through the government.

"Depends on the preferences of donors"

Tweaking means of working with government.

EU working on the electoral process.

World Bank – education development. "Quite efficient" (school in constituency"

How does it work? "Mixed"

Sometimes diplomatic, especially Presidential visits.

Minister of Foreign Affairs

India, Israel, China, Russia (scholarships, nuclear energy)

For health donors go to the Ministry – they "consider what is in the 7th National Development Plan"

But donors "use implementing agents other than government".

Changed approach – donors are "not seeing the impact they desired".

New donors go directly through government. India – private sector development organisation.

Interact at business forums.

Government is targeting FDI

Australia and Canada – mining sector.

Few commitments in textiles

Zambia-China arrangement – factories for textiles. Mulungushi.

The Chinese are flexible. They have "pumped in quite a big chunk of money". Very little interference.

Bank of China – very low interest rates

It is a "complementary relationship". But "what is the new relationship breaks down?" Costly in the future?

IMF bailout – the desire. Need to work out the conditions. The "economy is nosediving". Worsening exchange rates, debts.

The US Ambassador – on the "extreme side".

The relationship with Western countries – "it has shifted". Shift to climate change (a move by them). "Interventions are being dictated externally".

New climate change policy.

A number of stakeholders involved in the 7th National Development Plan.

Cluster approach – still needs to go down to districts. Only in name.

Use that approach – really need to change the budget approach.

Implementation is still a challenge.

District Commissioners are mainly political.

Split "quite effective but not to the extent of addressing priorities" – different priorities.

China and India – focus on infrastructure. But quality problems. Zambia appreciates infrastructure – there was a gap before.

Cooperating Partners Group – very good initiative. Better for government than in the past.

Caucus of Parliamentarians – Israel, China-Zambia, Zambia-Russia, Zambia-India.

IPU – Inter Parliamentary Union.

CPA – Commonwealth Parliamentary Association

SADC Parliamentary Forum

Great Lakes

Caucuses – cover a range of issues. Different objectives - conservation.

Interview 36

Consent form – to be returned by email.

World Bank – focus on social protection.

2 years – working with Ministry of Community Development, Ministry of Gender, Ministry of General Education.

How would you characterise the relationship?

"Very strong and productive"

Have just negotiated the new portfolio for new year.

"Productive discussion" with Minister of Finance (higher level)

At the lower level – project implementation units – at relevant Ministries. Mainly technical. "A lot of handholding", "micromanaging".

Collaboration at daily level. Project implementation unit – "not as vocal as we would like them to be".

Clear at higher levels – clear on priorities.

What are the government's priorities?

Governance, energy, social protection.

"Government gets total say" when borrowing money.

The government choses which sectors to prioritise.

Spring meetings in Washington DC to discuss macro issues. Last year these included debt, drought.

Review the portfolio with the Ministry of Finance.

The Bank "will offer recommendations".

The government makes requests for loans.

2 global priorities for the Bank

- Human development – recalculating the measurement, e.g. quality not completion of education
- Digital Moonshot

Government gets to determine the sectors.

World Bank at project level would design to incorporate these things.

Negotiation of projects: “Word Bank plays a big role in design”.

Politicians vs technocrats?

“Technocrats aren’t really part of that conversation” (priorities)

Technocrats stick to projects

There is an issue of continuity, e.g. Permanent Secretaries get swapped.

Different Project Implementation Units have different capacities.

Is there much push back? “Not really”

There is ownership – project implementation units play a role in designing projects. “Collaborative process”. “Work through it”. No stalemates.

“It can get a little frustrating” – the bureaucracy, both the government and the World Bank. The issue of signatory powers can “take forever”.

Change documents before signing – “documentation of an unsatisfactory performance… want to change the wording”.

World Bank has just started funding cash transfers.

Good – implementation by government.

Irish Aid – encouraged PO.

Behind on payment by about a year.

Data management is manual and poor.

Political implications – people are enrolled but never paid – associated with vote buying.

What about other lenders?

Debt crisis

Government said they would only take out concessionary loans – including from China

Technocrats – don’t raise the issue.

Changing relationship?

“Wouldn’t say they’ve got more leverage”

Government being careful

No interaction with non-DAC

Doesn’t come up. Not my role.

Interview 37

Consent forms agreed.

Children sent to school

Aid is “very useful”. Appreciated.

China is a “hassle-free source of funding”.

Western donors say no, e.g. to roads.

In the 1960s/70s – Zimbabwe closed the border. China constructed the Tazara.

Friendly terms.

Government priorities.

In government – the money wasn’t there. Selling off companies. Employment. Companies closed/ sold.

Debt cancelled. Nchanga mine. “Pressure”.

Relieved of debt – more capable people. Minister of Home Affairs (died).

More qualified people before 2001.

MMD – “technocrats”

- Link to Russia – democratisation. Understood Russia.
- Medicine – US.

Western assistance – has conditions.

Minister of Infrastructure.