

## Supplement 3 - a summary of World Bank assistance measures employed in Zambia 1991 - 04/1999\*

Throughout the review of privatisation *vis-à-vis* the realisation, erosion or denial of basic human rights which follows, reference will be made to those specific aspects of Bank assistance which are pertinent to the policy or law under consideration. The continual reference to the Bank's action and responsibilities, alongside those of the Government of Zambia, serves to highlight culpability, whether sole or shared. As it will prove necessary to concentrate only upon relevant components of particular Bank credits or projects, the table seeks to provide a matrix within which each can be situated. With one exception, IFC-backed projects are not listed.

<i>Type of support</i>	<i>Used for</i>	<i>Approval date loan/tranches</i>	<i>Closing date</i>	<i>Amount \$US (m)</i>	<i>Undisb. \$US (m)</i>
<b>Adjustment lending</b>					
Economic Recovery Credit (FY91)	<b>Objectives/components:</b> (1) Macro-economic stabilisation; (2) agricultural market liberalisation; (3) private sector expansion; and (4) civil service and parastatal reform.	05 March 1991 19 May 1992	30 June 1992 01 June 1993	235.9 10.9 <b>246.8</b>	0 0
Privatization and Industrialisation Reform Credit (PIRC I FY92)	<b>Objectives/components:</b> The specific objectives of PIRC I were to promote competition and efficiency, encourage the private sector, and to improve the Government's ability to manage the reform program. PIRC II was to build on the same objectives. The objectives were to be achieved (1) through a macroeconomic stabilisation programme; (2) by developing a policy and institutional framework to encourage the private sector; (3) by privatising the vast majority of parastatals and by improving the efficiency of the few that remained; and by (4) continuing civil service reform. In addition, (5) a specific element of PIRC II was to encourage the Government to develop social support for those made redundant by restructuring. Most of these actions were ongoing and had themselves been initiated under prior Bank programs.	30 June 1992 23 December 1992 14 January 1994	24 February 1995 23 March 1994 26 April 1995	200.0 20.9 16.8	0 0 0
Privatization and Industrialisation Reform Credit (PIRC II FY93)		24 June 1993 09 August 1993	30 June 1997 30 June 1995	100.0 10.0 <b>347.7</b>	0 0
Economic and Social Adjustment Credit (ESAC I FY94)	<b>Objectives/components:</b> ESAC I had three aims. (1) The first was to further macroeconomic stability through the control of unplanned spending. It sought the introduction of measures to limit price setting by parastatals; to control indirect subsidies to parastatals, including the ailing Zambia Airways; to restrict public sector wage increases; and to curtail State involvement in crop marketing. (2) The second objective was to revise legislation and policy to develop a market for land and to promote non-traditional exports. The latter was to be achieved largely through actions designed to remove the protection of producers and expose them to free market forces to encourage a shift to export goods in which Zambia had a competitive advantage. Measures required were the reduction of import tariffs, the improvement of duty drawback, the minimisation of exemptions on imported capital goods, and shifting the onus in taxation towards VAT. (3) The third component required the Government to strengthen and decentralise social service delivery and improve budget allocations to and within the social sectors.	10 March 1994 08 December 1994	31 December 1995 31 December 1995	150.0 13.7	0 0
Economic and Social Adjustment Credit (ESAC II FY96)		ESAC II had four objectives. (1) The first was to establish a stable macroeconomic environment through the continuation of balance of payments support for structural and stabilisation measures. (2) The second aim was to improve the competitive position of exporters and revise the tariff structure to limit protectionism. Institutional and policy reform was to be implemented to encourage export diversification. Under the rubric of encouraging private sector growth, the credit sought to tackle institutional and regulatory constraints on the growth of employment, to include revision of the Employment Act and Industrial and Labour Relations Act. (3) A third objective was to strengthen the market in land by implementing agreed land reforms. Promotion of liberalisation in urban and rural land markets was to be achieved through adoption of the Lands Act, the disposal of State housing and the recognition of informal settlements. (4) A fourth aim was to improve the delivery of social services by the protection of budget allocations, by the adoption of a National Drug Policy, and by improved collaboration with NGOs.	01 August 1996 14 November 1996	31 December 1997 09 January 1998	90.0 7.8 <b>261.5</b>
Economic Recovery and Investment Promotion Credit (ERIP FY95)	<b>Objectives/components:</b> The credit had four key elements. (1) The first concerned the stabilisation of the macroeconomy with an emphasis on public expenditure restraint, but with protection of social service allocations and completion of trade and tax reforms. (2) The second element was to promote policy reform of in the sphere of development finance by institutional restructuring, to include insurance companies and pension funds. (3) The third area related to reform of the social security system, especially in respect of a national pension scheme. (4) The final element of ERIP sought to support policy reform in the mining sector across legal, fiscal, and environmental frameworks in order to attract new investors. A key measure was the adoption of a privatisation plan for ZCCM.	11 July 1995 12 December 1995	31 December 1997 23 February 1997	140.0 12.1 <b>152.1</b>	0 0

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Public Sector Reform and Export Promotion Credit (PSREPC FY 1999)	<b>Objectives/components:</b> The credit is designed to support measures in four key areas. (1) A first aim is to facilitate the privatisation of ZCCM by linking funding to the completion of the sale. The Bank is to assist in funding redundancies. (2) In the public service sphere, improvements are to be sought by reforming pay and employment practice and by improving management. The aim is to push through an action plan to implement the delayed Public Sector Reform Programme, to include extensive redundancies. (3) Private investment, especially in export-orientated industries, is to be encouraged by improving access to imported inputs through further tariff reductions and by speeding up investment approvals. (4) Social services are to be promoted through budget protection and support for key policy reforms in the areas of nutrition and the Public Welfare Assistance Scheme.	26 January 1999	NA	70.0	NA
<b>Investment lending</b>					
Agricultural Marketing and Processing Infrastructure	<b>Objectives:</b> To assist Zambia in moving from a State controlled marketing system to a free market, private sector system. Support is provided for marketing, processing and distribution. <b>Components:</b> (1) Credit provision; (2) technical assistance; (3) improving the policy environment; (3) supporting the rehabilitation and maintenance of feeder roads. Note: In November 1997, the project was restructured and the credit line reallocated to the rural roads component. Other activities were transferred to ASIP.	08 September 1992	30 June 1999	33	13
Petroleum Sector Rehabilitation Project	<b>Objectives/components:</b> (1) To initiate the development of a regulatory framework prior to deregulation of the petroleum market; (2) rehabilitation of the Tazama pipeline.	31 May 1994	31 December 2001	30.0	25.4
Health Sector Support Project (HSSP)	<b>Objective:</b> To improve access to, and the quality of, a national package of essential health care services. <b>Components:</b> (1) Support to develop a policy framework and workable health care strategies; (2) investment in the program (capital and recurrent costs) to support Districts implement the Health Reforms by plugging gaps in funding (most Bank money has been used to rehabilitate basic infrastructure and to fund drugs and medical supplies); (3) external monitoring and evaluation of the health reforms.	15 November 1994	31 December 2000	56.0	35
Agricultural Sector Investment Program (ASIP)	<b>Objectives/Components:</b> (1) Policy and institutional improvements in marketing (elimination of subsidies to marketing parastatals), trade and pricing, food security, land use, land tenure; (2) public investment; (3) private sector development through the creation of an enabling environment and incentives; (4) pilot investment schemes to support small-scale capital investment in rural communities on a matching grant basis and the privatisation of government farms.	30 March 1995	31 December 1999	60.0	36.3
Urban Restructuring & Water Supply Project (URWSP)	<b>Objectives:</b> (1) To provide immediate solutions to the worst water and sewerage infrastructure problems in nine key urban areas; (2) to test out community level solutions while strengthening council capacity in Lusaka and the Copperbelt to support such projects; (3) to support institutional and financial reforms to promote new approaches to water supply. <b>Components:</b> (1) The rehabilitation of systems in Ndola and Kitwe and other towns affected by cholera outbreaks; (2) support for demonstration projects based on the community-level rehabilitation of services in both formal and peri-urban areas; (3) reform of urban policy and capacity building in both central and local government to avoid the mistakes of past.	16 May 1995	31 December 2001	33.0	16.3
Environmental Support Program	<b>Objective:</b> To mainstream environmental and natural resources management when considering development at the national and local levels. <b>Components:</b> (1) Support to strengthen institutions, the legal framework and pilot a community environmental management program; (2) the promotion of environmental education and public awareness; (3) a Pilot Environmental Fund (PEF) to look at incentives for community-based micro-projects; (4) the instigation of an environmental information, monitoring and evaluation system.	10 June 1997	31 December 2003	12.8	12.3
Second Social Project	<b>Objective:</b> To assist the Government's poverty reduction programme by financing community initiatives to combat poverty during adjustment <b>Components:</b> (1) The financing of micro-projects identified, prepared and implemented by communities with Micro-Projects Unit appraisal and supervision (a sub-component supports capacity building); (2) data collection through a Living Conditions Monitoring Survey and participatory monitoring and assessment; (3) the financing of policy-relevant research through the Study Fund.	28 June 1995	31 December 2000	30.0	5.9
Enterprise Development Project (EDP)	<b>Objectives:</b> Firm-level support for restructuring by (1) improving technical know-how; by (2) enhancing access to finance; and by (3) strengthening the financial system and access to information. <b>Components:</b> (1) Matching Grant Scheme (to share the development costs of business plans); (2) Multipurpose Credit Facility delivered through commercial banks for investment/exports; (3) technical assistance for the development of financial institutions and the Export Board of Zambia.	27 May 1997	30 June 2002	45.0	41.9

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Roads Sector Investment Program (RSIP)	<b>Objectives:</b> (1) To invest in road infrastructure to support economic growth; (2) to create a sustainable system to finance and manage roads; (3) to address poor accessibility; and (4) to improve road quality and lower vehicle operating costs. <b>Components:</b> (1) Technical assistance to develop institutions, evolve a policy framework and improve policy implementation; (2) strengthening of the local construction and consulting industry; (3) support for a program of civil works to address the core network maintenance backlog, rehabilitate trunk, district and urban roads, upgrade feeder roads in selected provinces, and pilot a community-level roads program in three provinces.	14 October 1997	31 March 2003	70.0	68.8
Power Rehabilitation Project	<b>Objective:</b> Rehabilitation of the electricity supply industry to provide least cost power. <b>Components:</b> (1) Rehabilitation of hydropower stations; (2) development program for the Gwembe-Tonga group unsuccessfully resettled after construction of the Kariba dam; (3) improving the capacity and efficiency of ZESCO with a commercialisation plan; (4) technical assistance for a regulatory framework promoting private participation in the power sector.	19 February 1998	31 December 2002	75.0	76.4
Basic Education Sub-Sector Investment Program (BESSIP)	<b>Objectives:</b> The joint programme has two development aims: (1) to increase enrolment at the primary and lower secondary levels; and (2) to improve the quality of education as measured by learning achievements. <b>Components:</b> Action is to focus on five key components: (1) raising the number of teachers; (2) improving classroom learning by providing books, targeting disadvantaged groups and addressing the problem of pupil malnutrition and ill-health; (3) providing better pre- and in-service teacher training; (4) the continued refurbishment and building of classrooms, allied to revision of the curriculum; (5) and advancing decentralisation and education management. The Bank is using 'Adaptable Program Lending' to finance its contribution to BESSIP, allowing it to finance any components, depending upon where funds are needed. A second phase of Bank funding is planned, but is dependent on the success of the first phase.	08 April 1999	30 June 2002 [expected]	40.0	NA
<b>Technical assistance</b>					
Mining Technical Assistance (MiningTAS)	<b>Objectives/components:</b> (a) To assist ZCCM to improve its operations, lower its costs, to joint venture its underdeveloped copper resources and to divest its non-mining assets; (b) to strengthen the Ministry of Mines and Minerals Development and enable it to create an attractive investment environment for new private sector mining investment; and (c) to assist Maamba Collieries to reduce costs and prepare a long run strategy.	13 June 1991	30 June 1997	21.0	0.2
Privatisation and Industrial Reform Technical Assistance (PIRTA)	<b>Objectives/components:</b> To strengthen the capabilities of ministries and other institutions responsible for the privatisation and parastatal reform program' and to facilitate macroeconomic reforms. Funds are provided for the hiring of consultants and equipment needed to draft new laws, strengthen the legal system, and to restructure and prepare companies for privatisation.	30 June 1992	31 December 1998	10.0	0.94
Transport Engineering and Technical Assistance Project	<b>Objectives/components:</b> Studies and consultations to establish actions need to improve the institutional framework of the roads sector.	30 June 1993	30 June 1998	8.5	1.3
Financial and Legal Management Upgrading	<b>Objectives/components:</b> To build capacity in ten beneficiary institutions through the procurement of equipment, training, the printing of books and journals, and student placements. The Laws of Zambia have been placed on CD-ROM to facilitate access.	13 July 1993	30 June 1999	18	5.9
Economic Recovery and Investment Promotion Technical Assistance (ERIPTA)	<b>Objectives/components:</b> (1) To pay for investment banking and legal advisory services to prepare a privatisation plan for ZCCM; (2) to support the ZPA by financing consultants to prepare public enterprises for sale; (3) technical assistance and support for the Ministry of Mines to implement the Mining Act; and (4) technical support for the Department of Legal Drafting in preparing new business legislation.	04 June 1996	31 December 2001	23.0	8.28

Sources: Statement of loans/credits as of 31 October 1998; Status of IBRD/IDA Projects in Execution as of 30 June 1998; CAS (1996) and (1999); WAIS listings for Project Information and abstracts of staff appraisal reports; various staff appraisal reports, reports and recommendations to the executive directors, project completion reports. The undisbursed amounts for active loans are taken from the *PSREPC R&R*, 30 December 1998, Status of Bank Group Operations in Zambia, Operations Portfolio, Annex D (except, of course, for loans not then approved). The undisbursed amount occasionally exceeds the amount approved when funds are left to accrue.

### Addendum - recently approved projects

<i>Type of support</i>	<i>Used for</i>	<i>Approval date</i>	<i>Amount \$US (m)</i>
Mine Township Services Project	To support the rehabilitation and commercial management of water and sewerage infrastructure in selected mine towns.	NA - May 2000?	NA
Zambia-Konkola Copper Mines plc [IFC]	To help finance Anglo/ZCI's purchase and rehabilitation of former ZCCM mining and processing facilities.	22 February 2000	30
Public Service Capacity Building Project	To support public service reforms, including: 'rightsizing' and pay reform; financial management, accountability and transparency; judicial and legal reform; and decentralisation and participatory development.	28 March 2000	28