



Republic of Zambia

NATIONAL PLANNING AND BUDGETING POLICY

RESPONSIVE, TRANSPARENT, ACCOUNTABLE, AND
RESULTS-ORIENTED DEVELOPMENT PLANNING
AND BUDGETING PROCESSES

MINISTRY OF FINANCE
P O BOX 50062,
LUSAKA

2014



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MAY 2014


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FOREWORD

Zambia in its quest to enhance transparency, accountability, citizenry participation in the planning and budgeting process has developed the National Planning and Budgeting Policy to provide guidance in the attainment of these values. This Policy will also facilitate a more inclusive planning and budgeting system and with increased parliamentary oversight with a view to have greater attainment of results that will have a positive impact on the people.

The National Planning and Budgeting Policy is the first ever policy which seeks to promote co-ordination of national planning and budgeting functions and outline processes and procedures for development planning and provides an effective institutional arrangement in the development, implementation and monitoring and evaluation of development plans and budgets.



The Policy reaffirms Government commitment to uphold the provisions of the Constitution of the Republic of Zambia which requires that this policy be put in place to guide planning and budgeting processes. The Policy further enhances the implementation of the long and medium term plans and seeks to establish a link between the plans and the Medium Term Expenditure Frameworks (MTEF) and subsequently the annual budgets. The Policy will re-position Government in its endeavour to meet the Vision 2030 in a cost effective and most efficient manner.

During its implementation, Government will ensure that it incorporates national and regional initiatives and takes into account the various progress reports on the implementation of National Development Plans (NDPs) so that planning and budgeting processes are results-oriented as this is the only way of delivering development, public services and social justice effectively to all Zambians.

The National Planning and Budgeting Policy is as a result of a participatory process by all stakeholders and provides a development strategy aimed at pursuing initiatives that systematically addresses development and reduces poverty based on the principle of equity in the distribution of resources. The Policy presents a logical organisation of activities towards the achievement of the vision 2030. Government sees this as an important instrument that sets out clear guidelines to be undertaken to harmonise National Development Plans, Medium Term Expenditure Framework and the Annual Budgets at District, Provincial, Sectoral and National Levels.

In conclusion, the successful implementation of the National Planning and Budgeting Policy will depend on the commitment of all stakeholders. The lack of a Planning and Budgeting policy has in the last decades exposed a serious disconnect between plans and budgets and has also weakened institutional accountability not only in terms of resources at the disposal of various spending agencies but also results which the people of Zambia have been demanding. I, therefore, urge each and every stakeholder to put in every effort to the successful implementation of the policy.



Honourable Alexander Bwalya Chikwanda, M.P.
Minister of Finance

ACKNOWLEDGEMENTS

The Ministry of Finance would like to acknowledge with gratitude all organisations, institutions and individuals that contributed to the development of this Policy. Special thanks goes to the Sector Advisory Groups, Provincial Development Coordinating Committees, District Development Coordinating Committees, the Civil Society, Non-Governmental Organisations and Faith Based Organisations, and the National Assembly to mention but a few.

The effective participation of these organisations and their valuable contributions made it possible for the development of this Policy which is aimed at providing the much needed guidance in the preparation, implementation, and monitoring and evaluation of National Development Plans and the Medium Term Expenditure Frameworks and the Annual Budgets derived from them.



Fredson K. Yamba
Secretary to the Treasury

WORKING DEFINITIONS

Annual Budget	The estimates of public revenue, public expenditure and public borrowing for financial year as enacted by Parliament in an Appropriation Act or as altered by Parliament through a Supplementary Appropriation Act.
The Budget (Estimates) Committee	A committee of the National Assembly tasked with oversight responsibility over the Executive's processes for allocating public resources through the annual budget.
Controlling Officer	An officer designated as such in accordance with section 7 of the Public Finance Act No. 15 of 2004.
Devolution	The transfer to sub-national levels, of government functions and resources together with the power and authority to determine how these functions are to be executed and the resources utilised.
Financial Year	The period of twelve months ending on the 31 st of December.
General Government Sector	The Central Government, including Provincial administrations, grant aided institutions, and the district and sub-district offices of Central Line Ministries together with District Councils but excluding public corporations.

Fin Year
Jan to Dec

Government-Wide M&E Framework (G-Wide M&E Framework)	A whole-of-government Implementation, Monitoring and Evaluation (IM&E) arrangement; A holistic system that monitors and evaluates the implementation of public programmes, projects, strategies and policies, and generates information for improvement and national poverty reduction.
Medium Term Expenditure Framework	A three- year projection of the resources of the General Government Sector and their allocation across heads and functions to finance the operational and development expenditures of the General Government Sector as specified in the National Development Plan, or its annual update.
Non-state Actor	Any individual or entity that is not part of the public sector.
Public sector	The General Government Sector and public corporations.
Sector Advisory Group	A group established to facilitate the structured participation of non-state actors in the formulation, implementation, monitoring and evaluation of budgets and development plans at the level of Government where they operate.
Subsidiarity	The principle that public taxing, spending and regulatory functions should be exercised by the lowest level of government that can execute them effectively.

ABBREVIATIONS

ABB	Activity Based Budgeting
DDP	District Development Plan
FNDP	Fifth National Development Plan
IDP	Integrated Development Plan
MDGs	Millennium Development Goals
MPSA	Ministries, Provinces and other Spending Agencies
MTEF	Medium Term Expenditure Framework
NCDP	National Commission for Development Planning
NDCC	National Development Coordinating Committee
NDP	National Development Plan
NLTV	National Long-term Vision
OBB	Output Based Budgeting
PGDP	Provincial Growth Development Plans
PRSP	Poverty Reduction Strategy Paper
SAGs	Sector Advisory Groups
SIPs	Sector Investment Plans
SNDP	Sixth National Development Plan

1 INTRODUCTION

This Planning and Budgeting Policy is designed to guide the processes used to plan, implement, monitor and evaluate Development Plans and Annual Budgets. Current Annual Budget/Medium Term Expenditure Framework (MTEF) preparation, implementation, monitoring and evaluation processes and those for the formulation, implementation, monitoring and evaluation of National Development Plans are not underpinned by a clear statement of policy. This has led to a number of shortcomings, including, inter alia: weak linkage between budgeting and development planning procedures; ambiguous and variable processes used in practice for preparing MTEFs, budgets and development plans, and; there being no legally binding institutional structures in place to undertake budgeting and development planning procedures in a manner that ensures informed participation by relevant stakeholders and effective oversight by the National Assembly. Arising from these shortcomings, the socio-economic development and public service delivery impact of public finance has been less than optimal.

As a consequence, in 2009 Parliament passed an amendment to the Constitution by the inclusion of a new Article – Article 118A – which requires Parliament to enact Planning and Budgeting legislation which shall provide for matters that relate to the medium and long-term development plans and annual Budget.

This policy document provides a clear statement of the principles, procedures, structures, timelines and responsibilities that are to be used in formulating, implementing, monitoring and evaluating annual budgets and National Development Plans so that the current shortcomings are addressed. It is, thereby, envisaged that the development and service delivery impact of public finance can be enhanced so that, alongside the goal of sustaining robust economic

growth, Government can attain the wider development objectives of the nation, including:

- a) Reducing poverty (especially in the rural areas);
- b) Economic empowerment through employment creation and entrepreneurship development (especially for the burgeoning numbers of the youth); and
- c) Reversing rising levels of inequality in the nation to ensure social justice.

The structure of this policy document is as follows: Section 1 covers the Introduction; Section 2, covers the situation analysis of the current planning and budgeting process. Section 3 presents the Vision. Section 4 provides the Rationale for the policy. Section 5 provides the guiding principles. Section 6 outlines the key policy objectives. Section 7 outlines the new measures and systems of planning and budgeting. Section 8 outlines the implementation framework which includes; the institutional arrangements, legal, resource mobilisation and financing, monitoring and evaluation framework, and integrated national planning and budgeting process.

2 SITUATION ANALYSIS

From Independence in October 1964 up to the late 1980s, Zambia produced a series of National Development Plans (NDPs) to guide national development efforts. However, a common criticism of these early development plans, especially after the collapse in international copper prices in the mid-1970s, was that they were not based on realistic projections of the macroeconomic and fiscal circumstances that were likely to prevail during implementation. Further, their implementation processes themselves were (a) not adequately integrated into the annual budget process such that the actual allocation of public resources through the annual budget did not reflect the development programmes and priorities they contained and (b) the development plans were not flexible enough to adapt to changed circumstances during implementation and became increasingly outdated and irrelevant. As a consequence, their development objectives were, at best, only partially achieved. In addition, from the 1970s, national development planning was undertaken in the context of a one party state with the Government adopting a socialist economic orientation. This resulted in the processes and procedures for the formulation and implementation of development plans being centralised and lacking participation by citizens and sub-national governments. Thus, development programmes were not very responsive to the development and service delivery needs, as perceived by the communities and people who ostensibly were their main beneficiaries.

The one party state ended in November 1991 with the re-introduction of multi-party politics and the new Government proceeded to liberalise the economy. As part of this economic liberalisation process, national development planning was abandoned and, in the mid-1990s, the National Commission for Development Planning (NCDP) - the institution that was mandated to spearhead national development planning and that was

institutionally separate from the Ministry of Finance - was abolished. This led to the development of stand-alone sector investment programmes (e.g. Road Sector Investment Programme, Basic Education Sub-Sector Investment Programme and the Agriculture Sector Investment Programme) which were not anchored around common national objectives and strategies. Alongside these planning developments, and in the absence of a central institution to coordinate national development, Cabinet Office issued Cabinet Office Circular No. 1 of 1995 which administratively established District, Provincial and National Development Coordinating Committees to facilitate coordinated development at national and sub-national levels.

- LG
Structure

In 2003, Government initiated a "first generation" of budget reforms during formulation of the 2004 Budget. This entailed moving from incremental "line item budgeting"- where the focus was on the inputs to be bought by Ministries, Provinces and other Spending Agencies (MPSAs) - to Activity Based Budgeting (ABB)- where the focus shifted to what programmes and activities were to be supported. Further, the annual budget formulation process began to be undertaken in a more strategic, medium-term context by producing a "Green Paper" prior to Budget Day containing a rolling three year Medium Term Expenditure Framework (MTEF).

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However, the implementation of these "first generation" budget reforms has not been entirely successful. In particular, the specification of many programmes and their constituent activities by MPSAs in their expenditure estimates has not been very rigorous or strategic, and the outputs and outcomes to be achieved through these programmes has been ambiguous; not clearly linked to those in National Development Plans and not reported in budget documentation. Indeed, a criticism often heard is that incremental "line item" budgeting has been replaced with incremental Activity Based Budgeting with no significant mind-set change to support a

more results/performance orientation. Further, the MTEF has proved to be a poor predictor of eventual actual resource allocations in the two "outer" years of each MTEF, with work on each successive MTEF starting afresh with new base numbers which are significantly different from those published in earlier MTEFs, without adequate public explanation for these wide divergences. This has undermined a major objective of the MTEF - to provide reliable forward estimates of resource allocations to MPSAs for them to be able to make realistic medium term public expenditure plans.

not predictable
purpose
2 of
Process 1

Further, absent from these "first generation" of budget reforms were fiscal decentralisation measures to facilitate the implementation of the National Decentralisation Policy which was launched in 2004 (and revised and re-launched in July 2013) and envisages the devolution of a wide range of public services to local authorities. This shortcoming has meant that decisions concerning the allocation and use of public finances has remained highly centralised which, in large measure, explains the geographic inequality in access to public services, with areas outside the national (and to a lesser extent provincial) capitals suffering as a result. In addition, the fiscal capacity of local authorities has been undermined over many years through the erosion of their revenue base.

not realistic
ongoing

At the same time that the "first generation" budget reforms were being introduced, national development planning began to re-emerge in the form of a Poverty Reduction Strategy Paper (PRSP) and thereafter, the articulation of a long term Vision for the Nation in the form of the Vision 2030 (a long term aspirational document with the objective of making Zambia a prosperous middle income country by 2030).

look for these

The PRSP led to the preparation of a Transitional National Development Plan in 2004 and then the launch of the Fifth National

Development Plan (FNDP) for the period 2006-2010. During the preparation of the FNDP, Sector Advisory Groups (SAGs) were established to facilitate the channelling of advice from non-state actors into its formulation and, later, in monitoring its implementation. However, there has been a lack of ownership, unclear mandates by sector ministries and the perception that they are largely donor driven.

Furthermore, despite an attempt being made during the formulation of the FNDP to develop district development plans, they were not effectively implemented due to the lack of fiscal decentralisation to facilitate this.

The current NDP - the Sixth National Development Plan (SNDP) covering the period 2011-2015 - was launched in early 2011, less than nine months before the September 2011 General Elections which saw a change in the political party in power. This posed a challenge with regard to incorporating the new Government's aspiration for spearheading national development. Consequently, a revised SNDP (R-SNDP) was produced to align the SNDP with the policy and development priorities of the new administration.

In spite of various attempts by Government to harmonise planning and budget processes, poor linkages still exist between the two. The national budgets are supposed to be informed by the National Development Plans. However, due to lack of a mechanism for effective alignment of the national budgets to the National Development Plans, programmes are sometimes financed outside national development plans without any laid down guidelines and procedures for selection and inclusion into the budget. Further, weaknesses exist in the identification, selection and appraisal system for National Development Plan programmes and projects.

Further, despite the re-emergence of national development planning around the time that the "first generation" of budget reforms was

being initiated, its link to the Annual Budget and MTEF formulation processes remained ambiguous. This ambiguity was not helped by the various initiatives such as the use of different terminologies and classifications for programmes to improve development planning and budgeting processes.

Another major challenge in the budgeting process is the lack of comprehensive coverage of the General Government Sector in both the MTEF and the budget. Currently, the budgeting system does not include information from quasi-government institutions such as the budgets of local councils and other grant aided institutions that are only reflected to the extent of the grant received from the Treasury. Other income (if any) and their expenditures are not reflected in the "Yellow Book". Further, certain statutory funds (e.g. the Land Development Fund) are not comprehensively covered in the "Yellow Book".

Finally, the credibility of the annual budget itself has been undermined for many years by wide in-year variations between appropriated amounts and actual expenditures incurred by Ministries, Provinces and other Spending Agencies (MPSAs). These significant variances are belatedly regularised by supplementary budgets submitted to the National Assembly towards the end of the financial year, in the last week of the National Assembly session. As a result there is inadequate National Assembly oversight over these supplementary expenditures. Indeed, the technical capacity of members of the National Assembly to form an independent view of the Executive's initial and supplementary budget proposals and borrowing plans is limited such that their ability to "challenge" these proposals and plans - and thus provide effective oversight over the Executive - is undermined.

While, planning is undertaken at national, sector, provincial and district levels, the linkages among these tiers of Government is weak



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as the processes are done through a partially decentralised system. Further, the planning process is not guided by any development policy neither is it supported by legislation to safe guard it. The absence of a comprehensive legal framework for National Planning and Budgeting impedes the processes of coherent and comprehensive implementation of agreed programmes and has further led to misapplication of resources from developmental programmes.

These challenges in development planning and budgeting processes over the last decade have led to unsatisfactory progress in addressing the significant development challenges facing the nation, especially the persistently high rural poverty rates, youth unemployment and the delivery of efficient municipal services to local communities. A worrying trend is that, despite rapid and sustained economic growth over the last decade, income and wealth inequality between Zambians has risen and not all Zambians are benefiting from this positive growth record.

To address these problems in the nation's development planning and budgeting processes, Parliament passed an amendment to the Constitution in 2009¹, in which a new Article - Article 118A - was inserted that requires that:

"Parliament shall enact budgeting and planning legislation which shall provide for matters that relate to the Annual Budget and to medium and long-term development plans".

¹ Act No. 20 of 2009

3 THE VISION

A coordinated and integrated national development planning and budgeting system that is responsive, transparent, accountable and result oriented.

3.1 Rationale

The constitutional requirement to enact Planning and Budgeting legislation has provided an opportunity to critically review the current national planning and budget formulation, execution and monitoring and evaluation processes, timelines and responsibilities and their inter-linkages. This review and the identification of the shortcomings as set out in the Situation Analysis have underpinned the development of this National Planning and Budgeting Policy.

The Policy is intended to strengthen accountability, oversight and participation mechanisms in National Planning and Budgeting, so enhancing the responsiveness, openness and results-orientation of these processes. Through the implementation of this policy, a “second generation” of national planning and budgeting reforms will be initiated that will entail the re-engineering of national planning and budgeting processes through which public finances are better allocated and used so that they can more effectively facilitate the delivery of the economic empowerment, socio-economic development and service delivery needs of families and communities across Zambia.

4 GUIDING PRINCIPLES:

The fundamental principles that will guide the national planning and budgeting processes include the following:

- a) **Transparency and accountability** – define the stakeholders and make their roles clear and provide information in a timely and open manner to all stakeholders relating to planning and budgeting;
- b) **Authoritativeness** – specify the decision-making authority at each stage and level of planning and budgeting processes;
- c) **Periodicity** – define timelines and milestones for all planning and budgeting processes;
- d) **Specificity** – define the plan and budget targets and timeframes and ensure that all budgets are in line with the National Development Plans and are informed by annual reviews;
- e) **Credibility** – ensure that the National Development Plans and Budgets are effectively implemented in accordance with the financial provisions appropriated by the National Assembly, so that the Government's development and service delivery output and outcome targets are attained;
- f) **Subsidiarity** – devolve functions, including fiscal responsibilities to the lowest possible level of Government;
- g) **Sustainability** – ensure that national development does not compromise the well-being of the present and future generations;
- h) **Equity** – ensure equitable distribution of resources for national development;
- i) **Comprehensiveness** – ensure that National Planning and Budgeting systems cover all public resources;
- j) **Responsiveness** – ensure that National Plans and Budgets are responsive to developmental needs of the citizenry; and
- k) **Performance** – ensure results-orientation in the formulation and execution of Plans and Budgets.

4.1 Objectives

The objectives of the National Planning and Budgeting Policy are to:

- a) Integrate national planning and annual budgeting processes with a greater results-orientation;
- b) Strengthen synergies in the various planning processes;
- c) Facilitate more participatory/decentralised development planning and budgeting processes;
- d) Enhance Budget Credibility;
- e) Facilitate greater evidence-based decision making in Development Planning and Budgeting; and
- f) Strengthen the oversight function of the legislature

4.2 Measures

The objectives of the National Planning and Budgeting Policy will be achieved by adopting the following strategies:

- a) *Integrate national planning and budgeting processes with a greater results orientation*
 1. Harmonise the programme classification used in development planning with that used in the annual budget/MTEF process;
 2. Strengthen inter and intra institutional arrangements for linking planning and budgeting at all levels;
 3. Ensure that the timelines for the formulation of Plans, reviews and reports are integrated and inform the formulation of budgets; and
 4. Expand the scope of Activity Based Budgeting (ABB) to Output Based Budgeting (OBB).
- b) *Strengthen synergies in the various planning processes*
 1. Integrate planning and budget coordinating structures at district, provincial and national levels;

2. Legally establish planning and budget coordinating structures at district, provincial and national levels; and
 3. Clearly and periodically specify the functions of each level of government so as to inform them of the functions they are required to plan and budget for.
- c) *Facilitate participatory and/or decentralised development planning and budgeting processes.*
1. Clearly and periodically specify the functions of each level of Government so as to unambiguously specify which functions each tier of government is required to plan and budget for;
 2. Strengthen existing structures for state and non-state actor participation in the planning and budgeting processes.
- d) *Enhance Budget Credibility.*
1. Ensure the national development plans inform the budgeting process;
 2. Ensure timely information on availability or non-availability of funds;
 3. Ensure Supplementary expenditure is only incurred in line with Constitutional provisions; and
 4. Strengthen capacity to undertake ex-ante appraisal of capital projects before being included in the plans and being allocated resources in the annual budget.
- e) *Facilitate greater evidence-based decision making in development planning and budgeting.*
1. Enhance the effective use of information/statistics in planning and budgeting decision-making; and
 2. Integrate results from planning and budget reviews and evaluation processes into the preparation of MTEF and

annual budget and subsequent development plans at all levels of Government.

f) Strengthen National Assembly oversight over public finances

1. Provide the National Assembly with a new format “Yellow Book” with information about the outputs and objectives of public expenditure programmes in line with the shift towards results oriented Output Based Budgeting (OBB);
2. Strengthen National Assembly oversight in the implementation of the Planning and Budgeting Policy to include issues related to contraction of sovereign debt; and
3. Enhance the capacity of, and the procedures followed by, the National Assembly for analysing and approving the revenue and expenditure estimates of the Executive and in assessing the outputs, outcomes and impacts attained through public expenditure programmes.

5 IMPLEMENTATION FRAMEWORK FOR THE NATIONAL PLANNING AND BUDGETING POLICY

The institutional arrangements, legal framework, resource mobilisation and monitoring and evaluation modalities for implementing this National Planning and Budgeting Policy are set out below:

5.1 Institutional Arrangements

The implementation of this policy will be done through the existing division which is responsible for national planning and budgeting. Once the Policy is approved, a comprehensive establishment will be prepared to enhance the implementation of the Policy. The establishment shall clearly outline the roles and responsibilities of the division, including similar functionalities at sector, provincial and district structures.

The following are the stakeholders and their responsibilities in the implementation of the Policy:

- a) **Cabinet** – Provide policy direction and approval of Policies, Plans and Budgets;
- b) **Parliament** – Provide oversight functions to the Policy implementation process;
- c) **Cabinet Office** – Provide overall policy guidance and monitor implementation of the Policy;
- d) **Ministry of Finance** – Formulate and implement the National Planning and Budgeting Policy (NPBP). In addition, the Ministry will provide policy direction to MPSAs on the implementation of the Policy as well as monitor its implementation;
- e) **Ministries, Provinces and Spending Agencies (MPSAs)** – Prepare and implement sector specific plans and budgets in line with the Policy.

Role
players
in
SP&BA

- f) **Non-state Actors** – Provide complementary role in implementation, monitoring and evaluation of the Policy.

5.2 Legal Framework

The Policy will be implemented through the enactment of National Planning and Budgeting legislation in accordance with Article 118A of the Constitution. The implementation of the planning and budgeting reforms will require a significant process of re-engineering, the establishment of new institutions and coordinating structures and capacity development at various levels of Government, the commencement of the legislation after its enactment will be phased. In order to ensure that the Policy is consistent with various pieces of legislation relating to planning and budgeting such as the Minister of Finance Act, the Public Finance Act and the Loans and Guarantees Act. Consequential amendments to other relevant pieces of legislation will be undertaken to ensure that there are no statutory inconsistencies during the implementation process.

5.3 Resource Mobilisation and Financing

Government will mobilise resources through the annual budget to progressively effect the process of re-engineering, institutional establishment and capacity development activities that will be required to be undertaken to operationalize the National Planning and Budgeting Policy in time for the formulation of the subsequent Development Plans, MTEFs and Budgets.

5.4 Monitoring and Evaluation

The Policy will be implemented and monitored by the Ministry responsible for National Planning and Budgeting while Cabinet Office will monitor the overall achievement of the Policy. The Monitoring and Evaluation system which includes the Government Wide (G-Wide) Monitoring and Evaluation Framework approach

articulated in the National Plan, emphasizes management using results based Management approach to reach desired outcomes.

The G-Wide M&E approach articulates the structures, tools, strategies and indicators that are required to effectively monitor and evaluate national programmes and projects in order to improve public management and accountability and facilitate internal learning. This will be done in a coordinated manner with clearly defined roles and responsibilities as outlined in the Institutional Arrangement. The G-Wide M&E system sets out programme implementation, monitoring and evaluation system, uptake of results from various M&E processes, as well as personnel performance monitoring to improve productivity.

5.5 Integrated National Planning and Budgeting Process

The integrated national planning and budgeting process is designed to enhance the linkages between results oriented plans and the output based budgets derived from them in order to improve development outcomes and the delivery of responsive public services. Further, the process outlines the development planning and budgeting procedures, coordination mechanisms and institutional arrangements that will guide national development planning and budgeting at various levels of government. In addition, guidance on the formulation, implementation, monitoring and evaluation of the various plans and budgets are articulated.

The integrated planning and budgeting processes described below will incorporate the procedures used to prepare socio-economic and spatial plans and link these to output based budgets that will be implemented at three operational levels, namely:

- a) National and/or sector;
- b) Provincial; and
- c) District (including sub-district structures).

3 tiers

Consequently, integrated national planning and budgeting processes will involve both the top-down and bottom-up approaches. Top-down planning and budgeting processes will comprise structures at national and sector level which will provide estimates of available resources and offer policy guidance to lower levels of government structures. The bottom-up process will comprise sub-district, district and provincial levels that will make assessments of their prevailing conditions in order to develop their own development plans for functions devolved to them and for input into the national planning process for functions that are de-concentrated to provincial and/or district levels. Institutions at all levels will also develop strategic and annual work plans from which their output based budgets will be developed that will operationalise the implementation of national, provincial and district development plans.

Annual
plans
are
must

5.5.1 Types of Plans

The integrated National Planning and Budgeting processes will comprise long-term, medium-term and short-term plans. Long-term plans will consist of the National Long Term Vision and the Integrated District Development (spatial) plans of districts. For the medium-term, five year national, provincial and district development plans will be developed which will operationalise these long-term plans, adjusted when necessary for changes in the macro-economic and financial circumstances and the development priorities of the nation. To achieve this, institutions will prepare 5 year institutional strategic plans from which three year rolling budgets (MTEFs) and annual work plans and output based budgets will be prepared annually.

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3 types

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Table 1: Types of Plans, Timelines and Purpose

Level	Plan	Timeline	Purpose
National /Sector	National Vision	25 year plan	<ul style="list-style-type: none"> Defining the long term national policy pronouncements Outlining the long Term National Aspirations and goals Defining long term national scenarios Guiding long term and medium term sectoral planning processes Guiding the IDPs formulation processes
	National Development Plan	5 year plan	<ul style="list-style-type: none"> Operationalizing the long term vision Providing medium term policy framework Guiding sectoral planning processes Guiding provincial and district planning processes
	Sector Investment Plans	10 to 20 year plans	<ul style="list-style-type: none"> Operationalize the national vision Outline long term sectoral investment programmes Actualising sector specific long term targets
	Sector Plans	5 year plans	<ul style="list-style-type: none"> Operationalize the national vision Operationalizes the national development plan Outline medium term sectoral development programmes Actualising sector specific medium targets
Provincial	Provincial Growth Development Plan or Provincial Development Plan	5 year plan	<ul style="list-style-type: none"> Identifying provincial potentials/ Comparative advantage Enhancing of multi-district initiatives Aggregating / identification of programmes Issues
District	Integrated District Plan	10 year plan	<ul style="list-style-type: none"> Operationalize the national vision Operationalize sector investment plans Guide district development planning and budgeting processes
	District Development Plan	5 year plan	<ul style="list-style-type: none"> Operationalize the IDP Operationalize the NDP Actualise sector investment plans

IDP

5.5.1.1 National Long-Term Vision

The National Long-Term Vision (NLTV) is a long-term plan, with a 25-year horizon, expressing Zambians' aspirations. It articulates possible long-term scenarios at different points which would contribute to the attainment of desirable socio-economic objectives and goals. It also provides an anchor on which medium-term plans are prepared.

The process for the preparation of the NLTV shall commence four years before the expiry of the existing Vision. In the first two years, an evaluation of the existing Vision will be undertaken which will inform the formulation of the subsequent Vision. In the third year, the evaluation report will be shared with all stakeholders, including the National Assembly, to solicit proposals for a new vision. This process will be followed by the preparation of the successor vision which will be submitted to Cabinet for approval and subsequent launch in the final year.

5.5.1.2 Integrated District Development Plan

At district level, Integrated Development Plans (IDPs) will be developed comprising of spatial and socio-economic variables. The IDPs, with a ten year horizon, will provide a broad view of a district's physical and infrastructural development upon which the socio-economic plans will be anchored.

5.5.1.3 National Development Plan

The National Development Plan is a five year development strategy which will be used to operationalize the long-term plans in this case the National Long-Term Vision and the IDPs. The preparation of the National Development Plans will be a two pronged process involving top-down and bottom-up approaches.

The top-down process will commence two years before the expiry of the existing Plan, with a mid-term evaluation of the current Plan

complimented by the final evaluation of the preceding Plan, annual NDP progress reports, Government policy pronouncements and sector performance reports. These review processes will provide evidence upon which the development priorities and policy direction will be established. From this, Government will provide policy and development guidance towards the development of the plans and budgets at all levels in the fourth quarter of the election year.

In the first quarter following an election year, a concept paper on the National Development Plan will be tabled before Cabinet for approval. After the approval of the concept paper, the bottom-up process will be finalised with the drafting of District Plans that will be consolidated into Provincial Development Plans that shall form part of the National Development Plan. This will be preceded by the finalisation of the review of the performance of district, provincial and sector plans and preparation of the situational analysis in the first and second quarters of the election year, respectively.

In the second quarter, a draft National Development Plan in the form of a green paper will be tabled before Cabinet. This will be a five-year policy and strategy document, with costed sector action plans that incorporate the plans of districts and provinces for functions that are devolved /de-concentrated to them and drafted in the context of the resource ceilings, policy frameworks and service standards provided by Central Government. The programmes to be used in subsequent Medium Term Expenditure Frameworks and Annual Budgets will be fully aligned to the programme classification in the National Development Plan.

Each National Development Plan will:

- a) Show how it contributes to the goals of the National Vision;
- b) Build on lessons learnt from previous Development Plans;

Green
Paper
✓

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- c) Be based on a realistic macro-economic and fiscal framework;
- d) Mainstream cross-cutting issues;
- e) Ensure equitable allocation of resources and have clear output targets and outcome/impact objectives; and
- f) Ensure that major capital projects and recurrent programmes undergo appraisals and/or evaluations before inclusion in the Plan.

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sheets

The National Development Plan will then be finalised and launched by the President. The final Plan will be submitted to the National Assembly as part of the documentation used to support the first budget fully prepared by the new administration. Once the National Development Plan is launched, draft Provincial and District Development Plans will be finalised in line with the approved Plan and, thereafter, each Ministry, Province and District Council will prepare a five year institutional strategic plan showing how it will contribute to the achievement of the development targets as set out in the appropriate development plan. These institutional strategic plans will then form the basis of the Medium Term Expenditure Framework (MTEF) and Annual Budget estimates of each Ministry, Provincial Administration and Council.

5.5.1.4 Annual Budgeting/MTEF Process

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The annual budgeting process will commence with a review of the implementation of the Budget and Plan at District, Provincial and Sector levels which will be tabled before the NDCC for proposals on policy and development priorities to the Ministry of Finance and MPSAs. Equipped with the proposals on policy and development priorities and proposals from policy hearings, the Ministry of Finance shall prepare a concept note to outline the broad policy direction for consideration by Cabinet.

Once the concept note is approved, the Ministry of Finance will prepare the Medium Term Expenditure Framework. The information will be consolidated into a Green Paper for Cabinet to consider. Once approved, the Green Paper will be published and submitted to Estimates Committee of Parliament and to key stakeholders including non-State Actors. Stakeholders shall be provided with an opportunity to make comments and contributions for consideration in the MTEF and the Annual Budget.

The Green Paper will initiate budget preparation by MPSAs through the issuance of the Budget Call Circular and Ceilings. MPSAs will be provided with sufficient time to prepare the estimates upon which budget hearings shall be undertaken at the Ministry of Finance to give an opportunity for MPSAs to outline and justify their budget proposals. The Ministry of Finance will consolidate the proposals (draft Yellow Book) and forward them to Cabinet for consideration and approval. With the authority of Cabinet, the Minister of Finance will table the Annual Budget to the National Assembly.

5.5.2 Key Stages of Development Planning

The process of development planning will involve the following key stages:

- a) National Policy statement on development from Cabinet;
- b) Review of national development Policies and programme (including situation analysis and recommendations from M&E processes);
- c) Production of Development status report;
- d) Forecasting and formulation of the plan framework (including the macro and fiscal framework and poverty analysis);
- e) Preparation of the development plan focus/ strategy;
- f) Approval of the development plan focus/ strategy;

5 year
or
3 year
?

- g) Preparation of Programme Briefs by MPSAs (proposal on planned programmes);
- h) Programme Appraisal meetings (analysis and review of programme Briefs in line with development focus);
- i) Stakeholder consultations;
- j) Drafting of the Plans;
- k) Validation and finalisation of the plan by stakeholders; and
- l) Approval of the plan by cabinet (lower level plans will be approved by the provincial and district councils respectively).

The timelines for the formulation of the plans at the various levels will be sequenced to ensure synergies at all levels (see Figure 1).

5.5.2.1 National Level Planning

Plans at the national level will include the National Vision, the National Development Plans and Sector Investment Plans. The National Long Term Vision will be the long term plan while the National Development Plans will be the medium-term plan to ensure the implementation of a unified and integrated strategic position.

The National Long Term Vision will be operationalized by the National Development Plans through which the Sector Investment Plans (SIPs) will also be operationalized, under an appropriate coordination mechanism to ensure consistency and coherence. SIPs will be used for prioritizing policies and programmes for the sector and lower level structures which will include provinces, districts and sub-district structures. The prioritized programmes from the SIPs will also be considered for possible inclusion in the NDPs. SIPs shall cover duration of 10 years to 20 years, to address issues in the sector at all levels.

5.5.2.2 Provincial Level Planning

With the policy guidance from the Vision and the NDP, the province will be able to develop the five-year Provincial Growth Development Plans (PGDP) to cover multi-district development programmes within their mandates. The PGDP will also take into consideration the comparative advantage of the province and the districts as well as addressing the development needs of that province. The province will coordinate provincial development.

5.5.2.3 District Level Planning

The development of District Plans will be based on a "bottom up" which will take into account the decentralised development and service delivery planning approaches with more participation from local communities so that the District Development Plans and Budgets are genuinely responsive to the real needs of communities

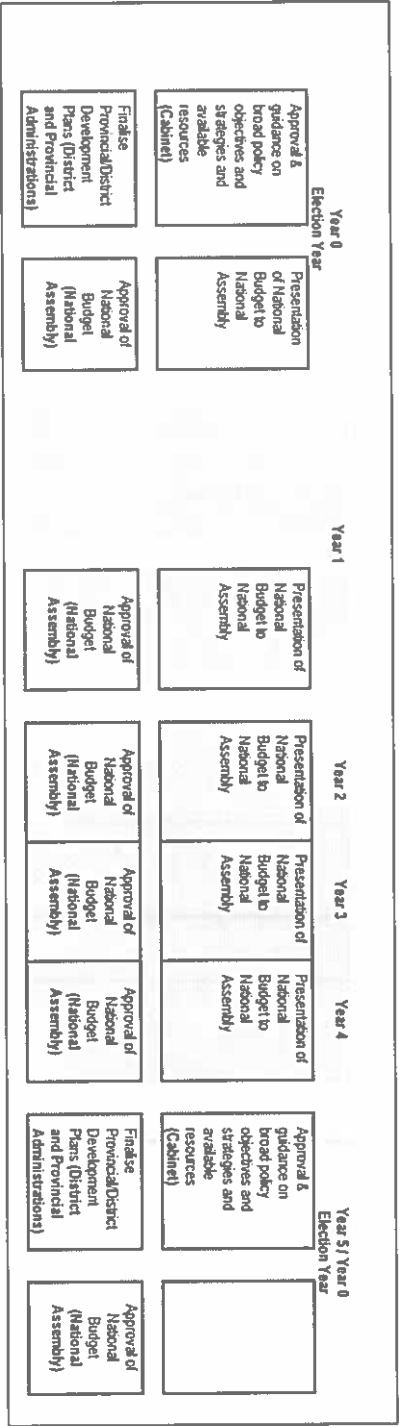
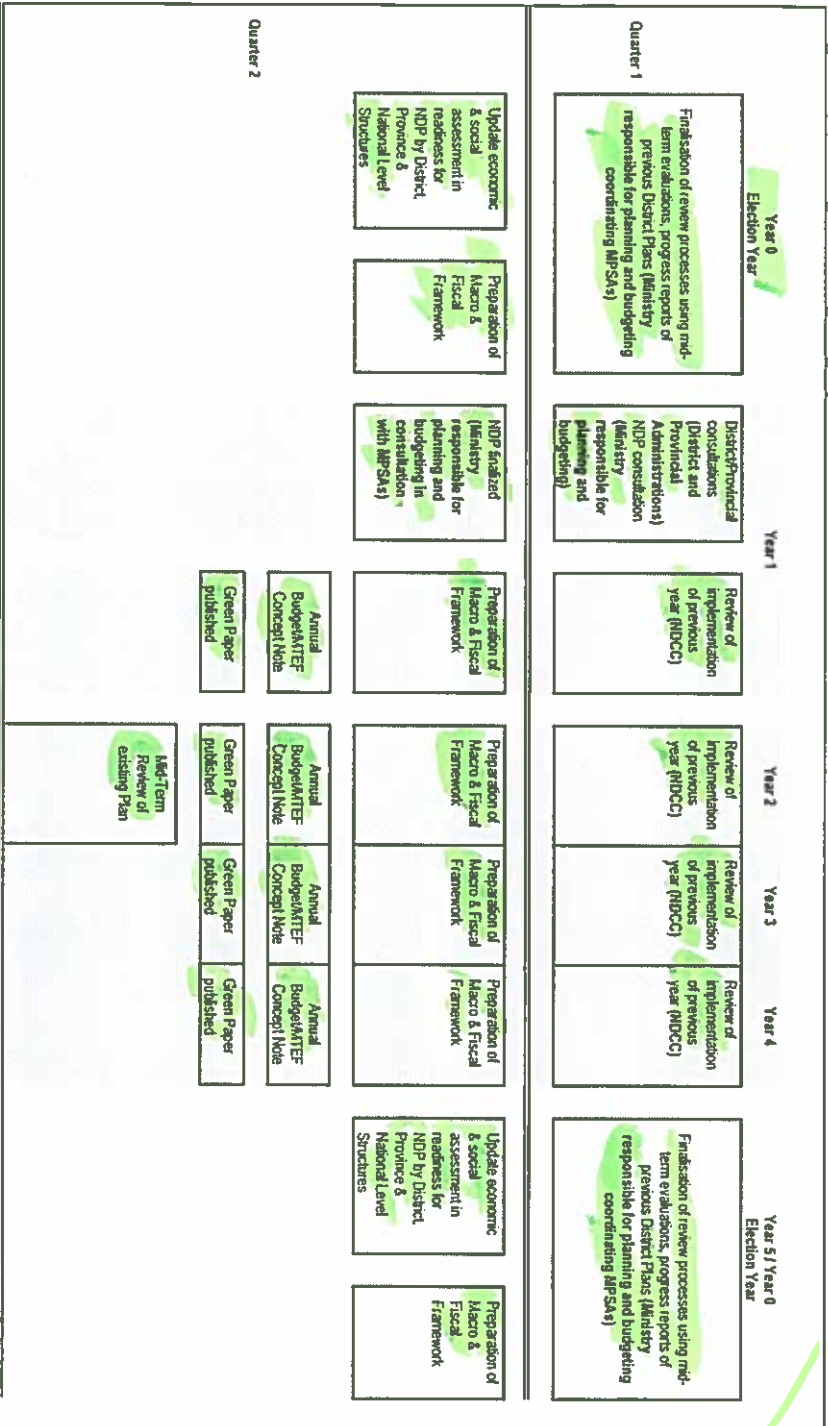


Figure 1: Planning and Budgeting Cycle

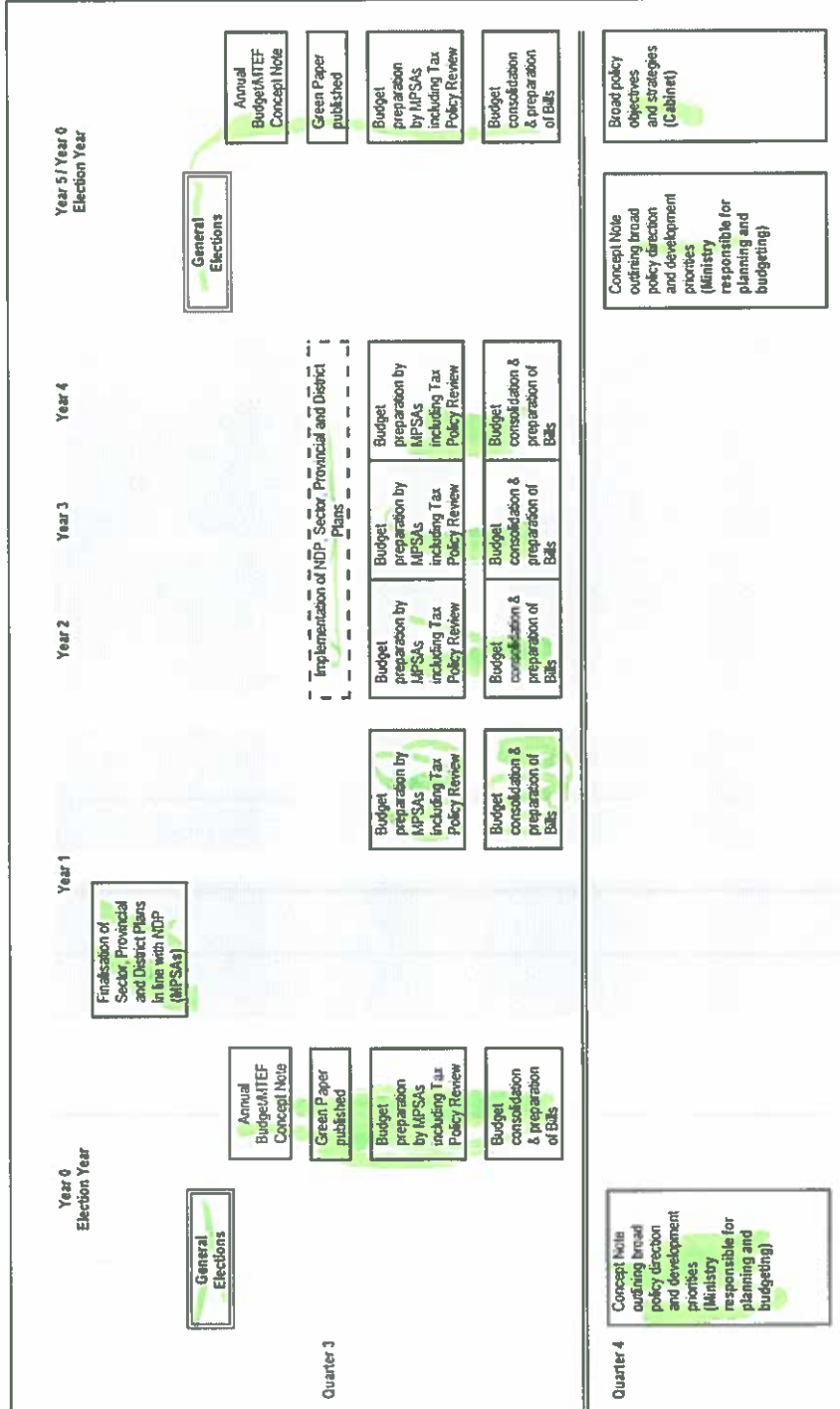


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Part 1

ESR plays documents

The 4 year cycle when we have



in the district. The District Plans developed will be guided by the 10 year Integrated Development Plans which will draw from the policy guidance of the Vision and the NDP as well as Sector Investment Plans (SIPs). The IDPs, NDPs and PGDPs will provide programme and policy guidance to the development of the five-year District Development Plans (DDP).

Handwritten numbers in green ink:
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1620.53
3241.05
10,058.98
2

Governance
Mainstreamed

Food security: 3 phase
HIV/AIDS

Politics

how does this affect empowerment of demand & supply

understanding
the
need

How the Consortiums performs
them - vertical integration

Local gov awarded decentralisation

