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ANNEX 1

of the Commission Decision on the financing of the Annual Action Programme 2019
in favour of the Republic of Zambia

Action Document for the ‘Economic Governance Support Programme’

1. Title/basic act/ CRIS number	‘Economic Governance Support Programme’ CRIS number: ZM/FED/040-801 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/ location	Eastern and Southern Africa and the Indian Ocean Region: Zambia The action shall be carried out at the following location: Zambia	
3. Programming document	National Indicative Programme (NIP) 2014–2020 for Zambia	
4. Sustainable Development Goals (SDGs)	Main SDGs: SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Other significant SDGs: SDG 1 - End poverty in all its forms everywhere (indicator 1.4.2) SDG 9 - Promote industry, innovation and infrastructure SDG 5 - Gender Equality	
5. Sector of intervention/ thematic area	Advanced democratic governance, accountability and state effectiveness	DEV. Assistance: YES ¹
6. Amounts concerned	Total estimated cost: EUR 21 500 000 Total amount of EDF contribution: EUR 21 500 000	
7. Aid modality and implementation modalities	Project Modality Direct Management through procurement Indirect Management with the International Labour Organisation (ILO) Indirect Management with the Republic of Zambia	
8 a) DAC codes	<i>11330 – Vocational training (19%)</i> <i>25010 – Business Policy and Administration (25%)</i> <i>25040 – Responsible Business Conduct (6%)</i> <i>43031 – Urban Land policy and Management (40%)</i> <i>31110 – Agricultural policy and administrative management (5%)</i> <i>31130 – Agricultural land resources (5%)</i>	

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

b) Main Delivery Channel	12000 Recipient government 31000 Public Private Partnership			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A.			

SUMMARY

The private sector continues to play a key role in contributing to job creation in the country and, ultimately, inclusive and sustainable economic growth. However, overall the business and investment environment in Zambia remains challenging to support the private sector's growth. Therefore, the programme will support interventions that will contribute to the creation of conducive conditions for private sector growth and development through improving business climate and investment opportunities, employability of youth and improving the land governance system.

This will be achieved through a comprehensive and integrated approach that combines support to the regulatory environment with support to key economic sectors that will enable better exploitation of the potential of the country, namely vocational training and skills development, as well as land governance. Addressing the existing challenges in these sectors will have a multiplier effect on job creation and promotion of investments in line with the priorities of Zambia and the European Union.

Under the component on regulatory framework, the programme will support government efforts to provide efficient services to the private sector by enhancing the capacity of the Business Regulatory Review Agency (BRRRA) and other selected statutory bodies. Interventions under the skills development component will focus on improving the quality of skills and increasing private sector participation in skills development. Lastly, the programme will also support government efforts to improve land governance in the country by making it more transparent, making land more accessible to the people (specifically the private sector), facilitating access to finance (through titling that will provide collaterals), and ultimately increasing revenues.

1. CONTEXT ANALYSIS

1.1 Context Description

Zambia is a peaceful country, with a liberal market system and a status of lower-middle income since 2011. The country has had one of the world's fastest growing economies for the ten years up to 2014, with real Gross Domestic Product (GDP) growth averaging 7.4% per annum between 2005 and 2014.² Growth remarkably slowed in 2016 (3.8%), 2017 (4.1%) and 2018 (3.8%), which is just above population growth, meaning that, on average, Zambia's per capita income growth has remained flat in 2016-2018. Furthermore, in 2019 Zambia's GDP is foreseen to grow by only 2%³.

Zambia's economy is generally affected by a lack of diversification. The country's dependency on copper as its sole major export (still 77% of exports of goods in 2017) makes it vulnerable to fluctuations in the world commodities market. Climate induced changes continue to exert considerable stress on the country's vulnerable sectors, with adverse impact on business as the country is heavily dependent on weather patterns (in particular rains) both in the agriculture sector, which is largely rain-fed, and for electricity production, still overly dependent on hydropower plants. The increasing demand for land under intensive use and for water, that accompany Zambia's hasty growth, constitutes a major challenge that accentuates the necessity to use natural resources in a sustainable manner.⁴ According to the 2017 labour force survey report, the national combined rate of unemployment and the potential labour force stands at 41.2% of which 48.8% are females and 34.8% are males.⁵ More than 80% of the workforce is employed in micro/small enterprises and in the informal sector (91.2% being females and 75.8% being males). The private sector is fragmented and dualistic. On the one hand there are about 1 million Micro Small and Medium Enterprises (MSMEs), (mostly informal and owner-run), focusing mostly on agriculture and with low productivity, and, on the other hand, a few thousand larger businesses producing the bulk of the country's agriculture and industrial output and exports. Women are primarily employed in the agriculture sector (mostly at MSMEs level) but most women farmers have limited access to agriculture resources such as land, equipment, fertiliser and inputs. According to the Human Development Report of 2016, gender inequality remains a major issue in Zambia despite making progress over the last few years.

1.2 Policy Framework (Global, EU)

At global level, the programme is relevant in contributing to SDG 8 on decent work, SDG 9 which promotes industry, innovation and infrastructure, SDG 1 on ending poverty in all its forms and SDG 5 on Gender Equality.

This programme is fully in line with the following EU's policies and priorities:

- The Communication on a *New Africa – Europe Alliance for Sustainable Investment and Jobs*⁶. This programme will contribute to the promotion of two of the main priorities of the Communication, namely (i) investing in people by investing in education and skills with a view to increasing employability (in particular for the youth); and (ii) strengthening business environment and investment climate.

² This growth was mainly supported by high copper prices, Foreign Direct Investments (FDI) in the mining sector, government investment in infrastructure and expanding private sector investments in construction and services.

³ IMF Art. 4 Consultations 2019 and Budget Speech 2020.

⁴ SDG country profile for Zambia.

⁵ Labour Force Survey, 2017, Central Statistics Office and Ministry of Labour.

⁶ COM(2018) 643 final of 12.9.2018.

- The *New European Consensus on Development*⁷, with regard to the following priorities (a) People, by providing improved Technical Education and Vocation and Entrepreneurship Training (TEVET) education leading to better employment chances; (b) Planet, by disseminating sustainable land management practices (SLM); and (c) Prosperity, by developing sustainable agriculture, diversification of production systems and generation of increased productivity and job opportunities.
- The 2014 *European Commission Communication on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*⁸ sets out the role of private sector at the forefront of international development in partner countries.
- The Communication *Increasing the impact of EU Development Policy: An Agenda for Change*⁹ identifies support of inclusive and sustainable growth for human development as one of its two priority areas for action and recognises that economic growth needs an enabling business environment and a competitive local private sector.
- The EU framework *Gender equality and women's empowerment: transforming the lives of girls and women through EU external relations 2016-2020*¹⁰, outlines an ambitious approach to gender equality and the promotion, protection and fulfilment of women's and girls' human rights.
- The 2004 Communication on *EU Guidelines to support land policy design and reform processes in developing countries*¹¹ that emphasises the need to support securing rights over land and related resources and the need to establish sustainable land administration systems.

1.3 Public Policy Analysis of the partner country/region

This Economic Governance Programme is in line with and supports Zambia's national goals and objectives translated in plans such as the 1991 Constitution, the Vision 2030, 7th National Development Plan (7NDP) and a number of other policies and legislations.

The Zambia Vision 2030 emphasises on the need to address and improve regulations to support increased private sector involvement in the country's economy, increasing local and foreign investments, and creating a conducive environment for private sector.

The 7NDP outlines the importance of improved education and skills development (Pillar 4). Under Pillar 5, it addresses service delivery as a major outcome with specific attention to the land reforms and the importance of efficient and effective land administration as an action towards development of the nation. It further advocates for accelerating efforts for gender equality by facilitating organisational transformation to enhance gender responsiveness in all dimensions.

The 2013 National Industrialisation and Job Creation Strategy acknowledges that job creation requires significant investments in infrastructure, education and skills development, improving the business environment.

⁷ OJ C 210 of 30.6.2017.

⁸ COM(2014) 263 final of 13.05.2019.

⁹ COM(2011)637 final of 13.10.2011.

¹⁰ SWD(2015)182 final of 21.9.2015.

¹¹ COM(2004) 686 final of 19.10.2004.

1.4 Stakeholder analysis

The ultimate beneficiaries of this programme will be the Zambian people and, in particular, the youth, who form about 70% of the country's population and are characterised by the highest level of unemployment, estimated at 17.5%. The programme specifically targets the private sector, which is the engine of inclusive economic growth and job creation in the country.

The Government of the Republic of Zambia will be one of the main stakeholders of the programme in its key role for policy and regulatory development, as well as a promoter of investments in the country. The following are other key stakeholders:

- a. The Ministry of Trade, Commerce and Industry (MCTI) and its specialised agencies including; (i) the Business Regulatory Review Agency (BRRA), an entity with the mandate to drive regulatory reforms; (ii) the Zambian Development Agency (ZDA), mandated is to facilitate investments, trade and enterprise development in Zambia;
- b. The Ministry of Labour, mandated to regulate the labour market, employment policies and programmes and social protection. This also includes the dialogue with the private sectors on employment issues;
- c. The Ministry of Higher Education, in particular its statutory institution the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA); whose statutory function is to regulate, coordinate and monitor the TEVET sector;
- d. The Ministry of Lands and Natural Resources (MLNR), responsible for overall land governance including land registration, tilting, surveying, and management of the integrated land management information system and Land Audit;
- e. The Ministry of Local Government, responsible for coordinating all developmental activities (including land management) carried out at city and district levels;
- f. The Ministry of Agriculture, responsible for administration of land for agriculture purposes, including planning, identification and monitoring of land;
- g. Other line ministries such as the Ministry of Energy and Ministry Tourism and Arts in their role of promoting skills development and the development of the private sector in their respective sectors;
- h. The Ministry of Gender, responsible for coordinating and monitoring the implementation of gender and child development policies and programmes and mainstreaming gender at all levels and sectors in order to reduce gender disparities.

Private sector firms and associations will be key stakeholders in the implementation of the programme and in influencing favour policies through dialogue with the government. Specifically, national women business associations and those with women representation across the country such as the Zambia Federation of Associations of Women in Business (ZFAWIB), the Women Entrepreneurship Development Association of Zambia (WEDAZ), Small Scale Industries Association of Zambia (SSIAZ), among others, will be key stakeholders during implementation of the programme. Other stakeholders are civil society organisations that can represent right orders, including women, youths and those living in marginalised/vulnerable situations. The action will also engage with local communities and enable them play a participatory role in the realisation of the action.

The project will also work in close coordination with the Cooperating Partners (CPs)¹² supporting similar or relevant interventions.

1.5 Problem analysis/priority areas for support

Zambia's private sector is relatively weak, with informal MSMEs employing more than 80% of the labour force concentrated in agriculture, household services and retail trade. Government has put in place some measures to encourage and support the formalisation of informal businesses such as the exemption from registration for Value Added Tax (VAT) purposes for companies with an annual turnover of less than USD 80 000.

In recent years, the government has embarked on a number of initiatives aimed at developing a robust and business friendly E-Government and digital economy environment as a way to enhance and efficiently delivery government services. The establishment of SMART Zambia Institution (implementing the SMART Master Plan) is a clear indication of the resolve to ensure the development of transparent, secure and efficient systems. However, these efforts have been hampered by inadequate resources to cater for the high demand for information, communication and technology (ICT) equipment and infrastructure such as computers and reliable internet connectivity. Therefore, capacitating government ministries and agencies with ICT related needs remains a high priority.

This Economic Governance Programme will address some of the challenges affecting private sector development and job creation in the country, namely:

a) Poor business and investment regulatory environment

The business and investment regulatory environment in Zambia is fragmented, with a multiplicity of players with different and, in some cases, overlapping mandates, depending on the sector of the economy. The Zambian Government has undertaken several reforms following the liberalisation of the economy from 1991, in an effort to improve the regulatory environment with the key reform being the enactment of the Business Regulatory Act (2014) that saw the establishment of the Business Regulatory Review Agency (BRRA). While the establishment of the BRRA is an encouraging step forward to improve the business environment, this key agency has faced a number of challenges since the inception of its operations including inadequate funding, poor systems and inadequate (ICT) equipment, and limited capacity of technical staff. The BRRA also faces challenges in enforcing its mandate on regulatory institutions, Government departments and particularly local authorities.

Specific constraints related to the business regulatory environment that the programme interventions will target include:

- i. Cumbersome business regulations for the starting up a business and licensing procedures which present challenges mainly to women owned businesses that are mostly small and informal. There are multiple licensing, overlapping regulations and costly administrative procedures, processes and systems (both in central and local Government systems);
- ii. Lack of transparency in investment rules, regulations, policies and procedures, thereby affecting regulatory environment in the specific sectors of tourism, agriculture and manufacturing;

¹² The CPs include the World Bank, United States Agency for International Development (USAID), Africa Development Bank (AfDB), International Labour Organisation (ILO), United National Industrial Development Organisation and UN - Habitat.

iii. Policy or regulatory uncertainty and/or inconsistency. Several measures have been introduced, reversed and/or maintained that directly or indirectly contradict or are in conflict with ongoing business environment reforms);

iv. Limited involvement of and engagement with private sector and other key national stakeholders in the dialogue process through Public-Private Dialogue (PPD). The private sector itself is fragmented and is often not able to effectively contribute to consultations and negotiations in policy making. The Zambia Private Sector Alliance (ZPSA), which is an alliance formed by seven private sector associations¹³ created for advocacy purposes and recognised as a possible interlocutor in the PPD, does not have sufficient capacity and lack cross sectoral representation that encompasses small and medium businesses;

v. Limited access to a range of business registration services such as company, tax and social security registration. This is partly due to uncoordinated provision of services and development of measures aimed at addressing challenges (decision-making is largely not based on empirical evidence);

vi. Unreliable economic data on investments, export performance, employment levels, skills gap and small and medium enterprises (SMEs), which are critical to planning, decision-making and designing private sector-driven interventions.

b) Weak skills development system unresponsive to labour market

Job creation is critical to inclusive and sustainable economic development in Zambia. Youth unemployment remains a key challenge. In 2017, the youth unemployment rate stood at 17.4%, compared to total unemployment of 12.6%¹⁴. The World Bank estimates that 375,000 young Zambians will enter the workforce each year up to 2030, doubling to 750,000 between 2030 and 2050¹⁵. Despite the increased number of youths entering the workforce, the Private-sector which is the largest employer¹⁶ continues to face challenges recruiting workers with the required skills.

The TEVETA is an authority established under the TEVET Act of 1998 and amended by the TEVET Act of 2005. TEVETA operates in a large policy framework under the Ministry of Higher Education, governed by the TEVET Act, Education Act, Higher Education Act, and Zambia Qualifications Authority. There are about 294 registered TEVET institutions¹⁷ of which about one third are publicly owned falling under various ministries. The rest of the institutions are privately owned or run by Civil Society Organisations.

The skills development eco-system in Zambia and in particular the TEVET system faces capacity constraints with regard to the provision of quality and relevant skills for the labour market. Research has identified significant gaps between labour demand and supply, both in terms of number of qualified workers and the relevance of skills and competencies, as one of the main obstacles for investments and increased productivity. One of the main underlying causes is attributed to outdated curricula (not responsive to labour market needs), which is largely oriented to academic achievements rather than to opportunities for employment or enterprise creation.

¹³ The MoU has been signed by the Zambia Chamber of commerce and industry (ZACCI), Chamber of Mines of Zambia, Biofuels Association of Zambia, Tourism Council of Zambia (TCZ), Zambia Association of Manufacturers, Zambia Federation of Employers and the Zambia National Farmers Union (ZNFU).

¹⁴ Zambia Labour Force Survey, 2017. Central Statistical Office

¹⁵ World Bank Country Brief (2017)

¹⁶ Zambia Labour Force Survey, 2017. Central Statistical Office

¹⁷ The breakdown is as follows as at end of 2017: Government of Zambia (various ministries) 88, Private institutions 77, Faith-based organisations 58, Community 8, Trust 13, Company 16, & Non-Governmental Organisation 15.

Equitable access to vocational training and workplace learning remains a challenge in the TEVET system in the country. According to the 2017 Skills Demand Survey Report compiled by the Central Statistics Office (CSO) where 15,025 establishments were surveyed, about 21.6% of the establishments reported to have a skilled labour shortage and 42.5% reported to have a skilled labour shortage due to insufficient funds for training. Approximately 34,900 trainees are enrolled in training institutions per year since 2012 with women enrolment taking up 35% to 45%.¹⁸

TEVETA is inadequately funded to fully fulfil its mandate. Currently the government of Zambia allocates only 1% of the education sector budget, making it the lowest funded TEVET system in Southern Africa. No funding is available, for instance, for the upgrading and maintenance of training facilities, procurement of tools and equipment or curriculum development. In order to broaden the financial base for TEVET, the Government established a Skills Development Fund (SDF) in 2016. This fund is financed through a levy worth 0.5% of the employer's wage bill and is payable by employers whose annual wage bill is above USD 65 000 (MNDP 2017). A Skills Development Management Committee (SDMC) has been set up which comprises government, the private sector (mostly contributors to the SDF), civil society and sector associations. The committee identifies the priority sectors that require support using the SDF. Recently, two employer training programmes have been funded through TEVETA based on specific skills gaps identified by private sector.

Overall, Skills Development in Zambia is largely supply-driven, with little or no input from the private sector (employers) in the design and delivery of skills development programmes. Furthermore, there is currently no formal mechanism to assess the demand for skills in the various economic sectors.

Training programmes are overly theoretical with limited opportunities for students to apply their learning in practice due to weak internship and apprenticeship programmes. Without the opportunity or incentives to upgrade their own knowledge and skills, many instructors have a limited understanding of current industry practices (including issues related with resources efficiency, clean production, health and safety) and the needs of the labour market. While many instructors have specific technical qualifications and work experience, they have not had the opportunity to update their technical skills in line with modern technologies and practices and international quality, environmental and safety standards. For this reason, building capacity among TEVET instructors and exposure to work floor demands is considered an urgent priority.

c) Weak land governance

Zambia currently has a dual legal system of customary and statutory law. The customary land, administered by traditional authorities (the Chiefs) officially comprises 94% of the whole Zambian territory¹⁹ and suffers from a lack of codification and no legally authorised governance/administration systems. On state land the leasehold arrangement limits the tenure to 99 years, even though the draft land policy reform currently under discussion proposes to reduce the lease duration to 25 years only. It is important to note that since independence, successive governments have tried to develop a land policy, but all the past efforts have failed.

¹⁸ TEVETA, Dialogue towards jobs for youths, December 2018.

¹⁹ Recent estimates, also claimed by the government, suggest that customary land would be 80% of the Zambian territory, which seems to be more realistic.

The current legal framework for state land administration is outdated²⁰ and is considered an obstacle to the development of a market-oriented land governance system. The lack of an agreed Land Policy is an aggravating factor as some of these laws cannot be adopted until the Land Policy is approved. Recent efforts by the government to develop the Land Policy encountered strong resistance from the traditional authorities citing attempts by government to reduce traditional powers to land administration of customary land.

The Land Act of 1995 determines rights of men and women to land. The law and procedure relating to acquisition and allocation of land in Zambia is substantially gender-neutral. Men and women can, in terms of the law and procedure, apply and be considered for allocation of land on equal terms. However, in practice, women remain disadvantaged mainly due to cultural constraints, cumbersome procedures and low awareness of some statutory laws that offer them opportunities to acquire land and the procedures they need to follow to get access to land. This can be attributed to literacy gaps and an education system that in the past did not deliberately target the inclusion of women.

In 2014 the government started the National Land Titling Programme (NLTP) with the objective of titling all state land in Zambia. The titling exercise has encountered a number of challenges including legal challenges (the outdated legislative framework on land administration depending on the approval and ratification of the Land Policy), technical and organisational challenges (slow data collection - often paper-based, poor coordination between different departments within the Ministry of Lands and Natural Resources (MLNR), limited number of staff), and financial challenges.

Land titles are being issued by only two offices: one in the capital Lusaka and another regional office in Ndola in the Copperbelt province. Although issuance of titles by the two offices has increased to about 15,000 title deeds per year, this is way below the presidential instruction to issue about 300,000 titles annually. The situation has been negatively impacted by the increase of unauthorised or informal settlements, which is as high as 70% of the city of Lusaka and is the result of government's failure to provide alternative authorised sites and to gazette these unplanned settlements into planned locations and subsequently issue title. As an interim measure, the Local Authorities issue occupancy licences with tenure security for only 30 years. This process is currently limited to Lusaka city only due to lack of adequate funding to upscale the exercise.

The lack of titles on land results, on the one hand, in a loss of government revenue (as those who have titled land pay taxes) and, on the other hand, is an obstacle for people to access credit due to the lack of recognised property documents to be used as collaterals. The titling of state land is also made difficult by the fact that citizens wanting to title their land have to go through a cumbersome and rather expensive process. The lack of land title also has a negative effect on investment flows in the country due to insecurity of tenure. Even though most investors integrate land administration challenges into their business models, challenges in navigating the MLNR, local councils, Forest Department to secure permits and rights to carry out investments persist.²¹ Private sector has clearly indicated that the provisions in the recent draft Land Policy calling for the elimination of foreign ownership of land and the reduction of lease duration from 99 to 25 years would have a very negative effect on investment in Zambia as this timeframe would be way too short to recoup major investments which normally take a longer time.

²⁰ The legal framework include the Land Survey Act, the Land and Deeds Act and the Lands Act.

²¹ Zambia land and resource tenure sector, overview & recommendations for future engagement, USAID, 2018.

The weak institutional framework²² on land management, including fragmented and opaque information management and poor communication, represents a further obstacle to effective land governance. While the MLNR holds the main title registers, local authorities are also responsible for registers for lesser interests such as occupancy licences. This makes the monitoring of registered land very difficult. A lack of an e-land governance platform enabling citizens to apply for land title online has equally contributed to the slow processing of land applications and issuance of titles.

The management of information systems, including information on land records, is also challenging. The current registers are overcrowded, with the majority of the documentation kept outside the filing system. Zambia's Integrated Land Management and Information System (ZILMIS) is a three tier land information system that was developed from 2013, with the objective of storing all land records and related transactions. While initially it had been quite successful, it is now recognised that there is a need for enhancements to make it fit for this purpose. The bottlenecks have largely been due to lack of upgraded hardware, lack of automation and lack of connectivity to banks to allow payment of bills resulting in low revenue collection. Currently, the Government does not have records of how much customary land has been converted into state land.

Overall, the support towards land governance under this programme will ensure that interventions are in line with international codes of conduct as guided by the voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security (VGGT) and the African Union Framework and Guidelines on Land Policy in Africa.

²² The main institution dealing with land is the Ministry of Lands and Natural Resources (MLNR). Other key players include the Ministry of Agriculture, Ministry of Local Government and the local Authorities (under the Vice President's office), Ministry of Tourism and Arts, and Ministry of Chiefs and Traditional Affairs. Chiefs play a very important role in the administration of customary land.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of ownership from the main stakeholder (government, private sector).	M	Ensure effective involvement of all relevant stakeholders, including senior government officials, in all phases of project implementation, through the specific Technical Working Groups (TWGs) and Programme Steering Committee.
Limited political will to support gender-responsive rights-based approach regulatory reforms and reforms linked to skills development and land governance.	M	Support project implementation with regular policy dialogue on relevant issues including international commitments on human rights and gender equality.
Insufficient human resources and limited capacities in the government ministries to implement and monitor the programmes activities in line with gender-responsive rights based approach.	M	Capacity building will be provided for key stakeholders to ensure that they can fulfil their mandate, including gender responsive right based-based approach. Implementation modalities will be diversified that includes a more prominent role for the private sector. Monitoring and reporting will based on disaggregated data in order to track impact on different groups.
Possible overlaps with programmes funded by other Cooperating Partners (CPs).	M	The programme has been designed in close consultation with CPs and other stakeholders. Appropriate coordination structures will be put in place during the inception phase.
The participating private sector may violate human rights/labour rights.	M	UN Guidelines on Business & Human Rights will give guidance on the implementation with the private sector. Labour rights and health and safety issues will be supported as integral components of the TEVET curricula.
Government approves the Land Policy currently being discussed in a way that is considered by the European Union as negatively impacting on investments.	M	Support project implementation with regular policy dialogue on the Land Policy.
Assumptions		
<ul style="list-style-type: none"> • The Government of Zambia is consistent in its action to support pro-business reforms. • BRRRA consistently review regulations in consultation with private sector. • The Government of Zambia demonstrates willingness for a more strategic role of the private sector in TEVET governance. • Private sector is willing to participate in the development and revisions of TEVET curricula. • Private sector is willing to take in TEVETA graduates for internships if conditions are in place. • TEVETA will have the capacity to accommodate an increased demand for services. 		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The EU has in the past financed interventions involving regulatory reforms and support to private sector, though it has not directly funded programmes in the area of land governance and skills development in Zambia. Lessons learnt can also be drawn from programmes supported by other Cooperating Partners and those funded by the Government. The following have informed the formulation of this programme:

- The need for continuous policy dialogue at all levels in order to contribute to solving issues arising during implementation of private sector reforms and to get buy-in from government and implementing agencies to avoid resistance to reforms;
- There is a need to develop capacities for public-private dialogue as a basis for building a conducive policy and institutional environment and as part of the consultative process to ensure buy in from the private sector and sustainability of reforms;
- Project design is critical and should allow the project to align with beneficiaries' objectives and needs. A comprehensive assessment of the absorption capacity of the main beneficiaries is important to ensure a successful project implementation. Specifically, the management capacity, the competence of staff, and the commitment of the main beneficiaries are critical when deciding the project governance structures.

Specific lessons drawn from the implementation of the EU-funded Capacity Building for Private Sector Development (CBPSD, 2005 to 2008) are that there is need for the private sector development reform action plan to be fully embedded in Government ministries. Failure to do so will result in the lack of full ownership of the programme and fragmentation at institutional level and most likely poor implementation.

Other specific lessons were drawn from initiatives supported by CPs, including:

- From the World Bank's (WB) Land Government Assessments Frameworks report of 2015, the weaknesses in land governance in Zambia was confirmed with recommendations to the Government to prioritise urban planning and development in order to reduce the high rate of informal settlements which currently stands at over 60% national wide;
- From the Zambia-Technical Education Vocation and Entrepreneurship Training Development Support Programme funded by the World Bank (2002–2010), the following are important for success: (i) within Government, there should be sufficient discussion between the political leadership and the technical staff to ensure that both parties have similar understanding of the policy and reforms; (ii) there should be adequate dissemination of the reforms; and (iii) there should be appropriate technical expertise on the donors' side;
- The review report of the Ministry of Education Sector Plan (2007) emphasised the need for strengthening of linkages between high schools, skills training centres under TEVETA and higher education institutions.

3.2 Complementarity, synergy and donor coordination

The programme will seek to ensure complementarity and synergies with EU funded programmes in closely related areas and other initiatives by CPs in support to key government and private sector reforms and programmes. The government has undertaken a number of business and investment climate reforms with key reforms prioritised in the area of business licensing, MSMEs development, labour reforms, land management and property registration, public and private sector reforms and trade expansion. These include:

- The EU funded programme to support country-wide capacity building development and awareness-raising campaigns in the promotion of renewable energy and energy efficiency in Zambia. Complementarity will be ensured specifically with activities relating to supporting the development of a Curriculum on renewable energy and energy efficiency for higher education and training and scaling up expertise and capacities across the country to improve energy efficiency;
- Ongoing ICT reforms to improve service delivery, which are being spearheaded by the Smart Zambia Institute (SZI). Initiatives include ensuring that all ministries and public agencies are connected to e-government;
- Online mechanisms have been operational since 2015 and have improved Patents and Companies Registration Agency (PACRA) service delivery. The National Pension Scheme Authority (NAPSA) also introduced online registration for social security, resulting in easier registration (reduced to half-a-day). The Zambian Revenue Authority (ZRA) also introduced the Tax Online System which enables registration and facilitates online payment;
- The introduction, establishment and operationalisation of the Zambia Integrated Land Management and Information Systems (ZILMIS) and the service centres under the Ministry of lands & Natural Resources (MLNR) has contributed to a reduction in the number of days required to complete the registration of property as the process is more transparent and contributed to a reduction in reported levels of corruption;
- Automation of the Construction Permit System for the Lusaka City Council (LCC). This has improved the construction permitting system at the LCC and includes operationalisation of the automated construction permitting system at LCC.

Complementarity and synergies will be sought with other programmes funded by other CPs such as the WB, Finland, the United States Agency for International Development (USAID), Africa Development Bank (AfDB), International Labour Organisation, UN-Habitat and the UK Department for International Development (DFID).

The WB is currently providing support under the Zambia Agribusiness and Trade Programme (ZATP) which, among others, aims to strengthen the regulatory and institutional framework in the area of agribusiness and trade. Synergies will also be ensured with the programme funded by Finland to support the private sector, which aims to ease access to finance for companies, facilitate trade and innovation, and ease access to business services. Complementarity will be key with the AfDB programmes - Support to Science and Technology Education (SSTEP) and the Skills Development and Entrepreneurship Programme which focuses on review of curricula and support for internships and enhancing skills in five key sectors, namely wood processing, agro processing, metal fabrication, gemstone polishing and consumable auto parts manufacturing. Further complementarity will be ensured with the USAID Integrated Land Resource Governance project as it focuses on tenure rights to all forms of land resources, in particular on the rural land tenure rights. Equally, this programme will be complementary to the United Nations Human Settlements Programme (UN-HABITAT) with Ministry of Local Government supporting issuance of Occupancy Licences for residents in unplanned settlements:

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** is to contribute to sustainable and inclusive economic growth and job creation in Zambia.

The **Specific Objectives** are as follows:

SO 1: Improved business climate and investment opportunities

SO 2: Improved employability of labour force of both women and men

SO 3: Improved inclusive land governance and management system

The objectives will be achieved through three complementary areas.

Component 1: Inclusive regulatory environment conducive to business and investment is improved

- Outputs**
- 1.1 The BRRA and selected regulatory bodies are institutionally strengthened.
 - 1.2 Regulatory Service Centres (RSCs) in selected provinces are operationalised.
 - 1.3 One Stop Shop Integration System (OSSIS) and E-registry are improved.
 - 1.4 The Single Licensing System in selected priority sectors is set up.
 - 1.5 The existing Public-Private Dialogue platform under the Zambia Private Sector Alliance is strengthened.

Component 2: TEVET system produces relevant skills for labour market needs

- Outputs**
- 2.1 Capacities of TEVET Institutions and selected TEVET Regulatory bodies are enhanced.
 - 2.2 Curricula are reviewed and updated to respond to labour market demands, including promotion of green jobs and adherence to international human rights framework such as UN guiding principles on Business and Human rights.
 - 2.3 Private sector access to relevant skills in selected strategic sectors improved.

Component 3: Land governance and management systems are improved

- Outputs:**
- 3.1 Legal framework is assessed from gender equality perspective to match current trends and human rights principles of equality and non-discrimination.
 - 3.2 The Land Management Information System and the Geo-Information Infrastructure that captures disaggregated data is improved.
 - 3.3 Number of titles and occupancy licences issued is increased.
 - 3.4 The effectiveness of the national audit system which is gender-responsive and rights based is improved.
 - 3.5 Decentralised land registry is developed.

Main Activities

R1

Activities linked to 1.1- Capacity building for BRRA and selected regulatory agencies

- Support to the BRRA towards the full operationalisation of the institution through procurement of Information Technology equipment and technical support for the monitoring activities to ensure consistent regulation, curb red tape and abuse of regulatory powers and that regulatory bodies discharge their functions effectively and efficiently.

- Design and implement an effective Monitoring & Evaluation system for the Zambia Development Agency (ZDA) which links to the Zambian Revenue Authority (ZRA) and economic institutions for ease of sharing economic disaggregated data. This will include routine performance monitoring of investment projects (both Zambian and foreign), job creation, non-traditional exports (NTEs), contributions to GDP by various types of investors.
- Training of key personnel in regulatory agencies, ministries and government departments on how to conduct gender responsive and rights-based approach Regulatory Impact Assessments (RIA), in particular targeting personnel in charge of policy matters (e.g. Planning and Information Departments in various ministers). Support will also be considered for the establishment of RIA units in selected regulatory agencies.

Activities linked to 1.2- roll out of Regulatory Service Centres (RSCs)

- Currently there are 4 regulatory service centres in the southern province (Livingstone), eastern province (Chipata), Copperbelt province (Kitwe) and Lusaka province (Lusaka) which hosts various agencies such as the ZRA, Patents and Company Registration Agency (PACRA), and the National Pension Scheme Authority (NAPSA), among others. The programme will provide soft support to operationalise the service centres that will operate as One Stop Shops (OSS) in other provinces and will further capacitate the existing ones to improve service delivery to the private sector. This will include provision of Information Communication and Technology (ICT) equipment, linking the IT system of the different agencies domiciliated in the Centres, office furniture and internet connectivity in order to operationalise the Centres.
- Further support in the form of training (including a component on gender-responsive rights based approach on the sector) will be provided to technical staff working in the RSCs on the use and maintenance of systems and building team cohesion for the various institutions that are working in the RSCs, as well as the development and implementation of service-level performance standards and/ or a standard Service Charter for all RSCs participating institutions.
- Support to the branding of all the RSCs across the country (so that they become easily identifiable and visible to the private sector and general public). The branding should be beneficial to all participating institutions.

Activities linked to 1.3- One Stop Shop Integration system (OSSIS) and E-registry

- Support to the development of an e-registry for the BRRA. The e-registry will provide a database for all licences and payments a company operating in Zambia needs to comply with to operate a business, including on-line payments. The system exists and is operational for the tourism sector only. The programme will support the roll out of the system to other sectors in terms of support to gathering sectoral disaggregated data, linking of difference agencies to the system, linking the local authorities to the system and ensuring data is kept updated.
- Design, development and implementation of an applicable third-generation OSSIS portal. This will include support towards procurement of OSSIS-ready systems and infrastructure for all the participating institutions. The pilot phase of the first generation (which has been partially rolled out to NAPSA, PACRA and ZRA) is currently operational. Migration to the third generation will largely involve adoption of the latest OSSIS technologies or major upgrade of the current system and roll-out to other regulatory institutions that have not yet joined the OSSIS.

- Systems integration between the OSSIS environment and participating regulatory or public institutions. This will ensure that all participating institutions are connected to OSSIS and are able to share information in real time (connection of main offices and RSCs for all the participating institutions).
- Support the undertaking of benchmarking/learning visits to ‘Third-Generation OSSIS’ implementing countries such as Rwanda and Mozambique. Such visits will provide lessons to the BRRRA and key implementing institutions (including ZRA, PACRA, NAPSA, the Workers' Compensation Fund Control Board (WCFCB) and others) on how to successfully implement and rollout the OSSIS.

Activities linked to 1.4 Single Licensing System (SLS)²³

- Support to undertake sector and sub-sector in-depth studies for each priority sector in order to ascertain all required licences and permits for businesses operating in a given sector. This will also involve building consensus of all relevant stakeholders (BRRRA and the Ministry of Justice are the lead institutions) on streamlining of laws, regulations and policy measures.
- Design and operationalise the SLS for selected priority economic sectors, in line with national development priorities for industrialisation and job creation under the 7th National Development Plan (7NDP).

Activities linked to 1.5: Public Private Dialogue platform

- Support the strengthening of the Zambia Private Sector Alliance in order to have a High-Level structured dialogue between government and private sector, including on skills, land and business and human rights issues. Where appropriate, support will be extended to build capacity of individual member associations²⁴, support the consultative process for the development of agenda items and to the secretariat to ensure structured Public Private Dialogue meetings. Consideration will be made to support specific sectoral dialogue focusing on some value chains. Throughout this process, it will be important to raise awareness on green entrepreneurship and a call for business-related environmental regulations. The European Union Zambia Business Club (EUZBC)²⁵ will play an active advocacy role in this dialogue process.

R2

Activities 2.1 - Capacities of TEVETA, TEVET Institutions and selected TEVET Regulatory bodies are enhanced

The activities will focus on the governance and management structures of Zambia’s TEVET system, the upgrading and maintenance of training facilities and curriculum development. Private sector involvement will be consistently sought, in particular for the updating of the curricula.

²³ According to the business regulatory act, Single Licensing System means a licensing system designed to facilitate compliance with multiple licensing requirements by multiple regulatory bodies through a single regulatory point or a Regulatory Services Centre.

²⁴ A capacity assessment of member associations will be undertaken in the inception phase of the programme.

²⁵ The EUZBC was officially registered in 2017 and currently has 145 members comprising EU and Zambia companies.

The programme will undertake the following activities:

- Support to the enhancement of TEVETA's assessment/examination and certification capacity, including the equipping of the TEVETA Examination Centre currently under construction with IT system.
- Support to TEVETA in the area of Research and Innovation activities to keep abreast with market trends, industry demands and requirements to facilitate uptake of TEVETA students and graduates. This will help to inform curricula development and review.
- Support to the development of an industry driven Monitoring and Evaluation system to ensure that skills are developed and aligned with private sector demand and to monitor how TEVETA graduates are making their way (or not) into the labour market.
- Support activities to raise the development of a campaign to promote a new image of the TEVET sector and increase awareness on the opportunities for obtaining TEVET skills. These activities could include undertaking skills exhibitions and shows, promoting skills clubs innovation and competitions.
- Build the capacity of TEVET institutions to implement gender responsive rights-based approach training initiatives by ensuring that gender equality and human rights are key parts of the programme and curricula design.
- Support training of trainers at TEVET institutions in order to increase their technical and methodological knowledge, as well as their understanding of sustainable industrial practices (sustainable production practices) and technologies based on the reviewed/new curricula.

Activities 2.2 Curricula are Reviewed and updated

- Conduct an initial comprehensive skills audit to assess the current demand and supply of relevant skills in targeted sectors. The findings will be critical input into the process of review of curricula with the participation of the private sector. Follow up mechanism to keep information updated will be identified.
- Based on the skills gap analysis, support to the review of existing curricula and the development of new curricula focusing on four key priority sectors – sustainable Agriculture, Renewable Energy, Non-traditional Mining and Eco-Tourism - with the aim of improving the quality and relevance of TEVET in line with international standards, including focusing on curricula that prioritise knowledge and skills related to green professions and practices, as demanded by the labour market demand. To achieve this, private sector will be involved at different levels including ensuring private sector representation on the TEVETA Board of Directors, curriculum review and development to be subjected to adequate stakeholder consultations and to ensure input from private sector and private sector associations during curriculum review. Currently over 200 (out of 250) curricula need to be reviewed to align them to international business and human rights framework, industry standards and the National Qualification Guidelines. To build bridges between both continents, as a contribution to the Africa-Europe Alliance, the implementation of this activity will prioritise cooperation between Zambian stakeholders with some of European's leading TVET centres in the prioritised sectors.

Activities 2.3 - Private sector has access to improved skills in selected strategic sectors

This programme will target a limited number of sectors namely Eco-Tourism, Renewable Energy, Non-Traditional Mining and Sustainable Agriculture. These four sectors have been selected, mainly because of their contribution to job creation and their potential for increased investments in the country. They are also in line with the priority focus areas in Zambia's 7NDP and the jobs and growth compact²⁶. Innovative approaches will be used to support sustainable Public and Private sector collaborations to train students, focusing on women and youth, paying special focus on business and human rights and inclusion of those from marginalised groups who are living in vulnerable situations²⁷, in line with actual market demand.

Specific activities that will be supported include;

- Identification of key TEVET institutions through an institutional and capacity assessment selection process to work in close collaboration with the private sector, with the aim of delivering quality training services including support for the procurement of equipment for the selected TEVET institutions in order to capacitate their training workshops in collaboration with the private sector.
- Identification of specific skills with high potential for women employability, in line with demand from the industry and private sector in the key priority sectors.
- Support establishment of Quality Apprenticeship and Internship Programmes and operationalise the programmes through formal partnerships between selected institutions and private sector companies. This will involve identification of private sector companies within the selected sectors who can provide work based learning, internships and apprenticeships. Support will include establishment of formal partnerships between the selected institutions and private sector companies to support and facilitate internships and apprenticeships. Consideration will be made to cover incidental costs relating to internships and apprenticeships, such as transport costs for interns and apprentices on a cost sharing basis with private sector. In addition, there have been discussions recently on the possibility of introducing tax and other financial incentives through the Skills Development Levy to encourage private sector to play a more active role in the development of skills by offering internships and apprenticeships to TEVET trainees. The programme may support further dialogue between the government and private in this area based on lessons learnt from best practices within the region and the EU.
- Develop a transparent participatory communication strategy to keep private sector informed on calls for participation in the development and review of policy and curriculum, calls for partnerships with training institutions and trained skills (graduates) available on the market. Employee and business sector associations will be capacitated in order to enhance their ability to participate effectively in the curricula review processes.

²⁶ Under the Jobs and Growth Compact the priority broad sectors identified are Agriculture, Mining and Tourism. There are several sub-sectors under these.

²⁷ Persons with disabilities, discriminated minorities and HIV affected families.

R3

Activities 3.1 - Legal Land Reform Support

This will involve support through technical assistance to the Ministry of Lands and Natural Resources (MLNR) for the review process of a number of Acts to bring them up-to-date and responsive to the needs of the sector (including private sector investors), inspired by other relevant modern land governance legal frameworks in other countries of the region. The targeted acts include the Land Survey Act, the Land and Deeds Act and the Lands Act. The support may also be extended to the development of new Systematic Adjudication Act, a Digital Evidence Act as well as the Customary Land Act (in consultation with the traditional authorities).

Activities 3.2- Support to Land Management Information System and other Geo-Information Infrastructure

Since 2013, the MLNR has been using the Zambia Integrated Management Land Information System (ZILMIS) to provide secure, transparent and traceable information on land transactions. Currently, the system is serving around 200 users, but mostly in Lusaka at the Ministry Headquarters. In its current form, the ZILMIS is unable to contain all the records and is very slow. Closely linked to the ZILMIS is the National Spatial Data Infrastructure (NSDI) which was developed by the Ministry in 2014 to assist with the collection of data that forms the basis for titling and sharing information.

This programme will therefore support the following activities:

- Support to upgrade the ZILMIS storage servers (software and hardware) including the removal of duplicate and inaccurate data.
- Support to the roll out of ZILMIS system to other districts to make it accessible to the public so to allow citizens to view, interrogate and track the progress of any application through a transparent system.
- Support the development of a linkage system between ZILMIS and selected banks and mobile money applications for purposes of billing and payments.
- As part of geo-information upgrade for provision of accurate data to input in the ZILMIS, the programme will also support the development of a Continuous Operating Reference System (CORS) network in specific high economic areas in order to facilitate the collection of surveyor data. A CORS is a system that provides GPS data to support accurate positioning of land coordinates, improving efficiencies in spatial data collection and reducing the cost of surveying and overall costs of land titling. Development of the CORS will require establishment of a CORS data centre in the forms of a network of GPS stations that correct the errors on other GPS surveys to ensure high accuracy surveys.

The above interventions are important prerequisites to the national land titling programme that was initiated by the Ministry of Lands and will be further supported by this Programme.

Activities 3.3 - Support to National Land Titling & issuance of occupancy licences

Under the titling component, the programme will complement government efforts under the National Land Titling Programme including:

- Support the activities to collect and consolidate disaggregated data from the field. This involves physical inspections in the field by land specialists. The information collected is further processed by the MLNR and integrated into the ZILMIS. Consideration will

also be made to support government's efforts to roll out titling centres to the provincial capital.

- Support the automation of the typing process of land titles which is currently being done manually and hence slowing the issuance of titles.
- Provision of equipment and other equipment to support the printing of title deeds.
- Development of digitalised storage system of titles by the Ministry. This will also include procurement of scanners for scanning title copies and maps.

The programme will also support the MLNR, working together with Local Authorities and the Ministry of Local Government for the issuance of occupancy licences in unplanned settlements in Lusaka and other towns such as Livingstone, Kitwe, Ndola, Choma, among others. Occupancy licences are documents issued by local authorities that give legal rights to ownership of land for a period of 30 years with a possibility of converting them to a title deed. The programme will support the issuance of occupancy licences by:

- Facilitation of the identification of stakeholder in the informal settlement areas, facilitating participatory mapping and development of enumeration.
- Support the development and configuration of a simple land information exchange platform for the Ministry of Local Government and the local authorities to be used to process data which will form the basis for issuance of occupancy licences. Currently the local authorities use a manual system to capture data.
- Capacity building will be undertaken at National, Local and community levels involving the development and use of the information platforms and training of staff at Ministry of Local Government in enumeration, mapping using the land information system. At Local and community level, capacity building will involve training the selected local residents in the participatory mapping and enumerations of the target communities.
- Support the printing of the occupancy licences to be issued to the residents upon payment of required fees. Consideration will be made to procure printing equipment and other equipment to support the process.

Activities linked to 3.4 - Support the National Land Audit

The programme will support the national land audit exercise, which is being carried-out by the MLNR to provide information on conversions that have taken place and land use by investors. This is of high importance as there has been a public perception that lease conditions, especially for Large Scale Land Based Investment (LSLBI), are sometimes flouted by investors who, after having obtained land, change the use for which the land was initially obtained. This has resulted in public pressure for government to restrict the length of investment leases to guard against non-compliance of lease conditions.

The programme will support:

- Stakeholder consultations at both national and district levels and set-up of coordination mechanisms with Local Authorities (as they are custodians of the land registries at district level). The action will promote active participation of representatives of local communications and civil society in the stakeholder consultations.

The process of identification of parcels of land under lease, on title and without leases. This exercise will also determine whether existing leaseholders are complying with the use conditions in the lease. Collection of land rates will be based on updated information in the Land Management & Information system.

Activities linked to 3.5 - Land Registry Decentralisation

- Support the development of a unified National Land Register as a single register of all land titles, with information on parcel location, rights and right holders to be made available to all users, including the MLNR, local authorities and other relevant stakeholders.
- Possible support to the devolvement of the lands and deeds registry in districts will be considered and to link local and national land registries and to facilitate management of documents digitally.

4.2 Intervention Logic

Zambia faces a number of economic challenges, with job creation being a major constraint to further develop the country. The private sector continues to play a key role in ensuring inclusive and sustainable economic growth and creating jobs in Zambia. The programme will contribute to creating the conditions that enable private sector actors to further develop and thus increase the productivity, resource efficiency and competitiveness of the country and ultimately provide more employment and sustainable investment opportunities.

The programme will firstly address the challenges in the regulatory environment. The action proposes interventions supporting the rolling out of regulatory service centres in order to take government services such as company registration, registration for tax purposes, filing of returns and accessibility of information on fees and charges required to operate businesses closer to the people. The introduction of a single licence system will further simplify business activities. The assumption is that by making the regulatory and business environment more predictable, accessible and transparent, this will facilitate increased compliance by economic actors (in particular the private sector) and will lead to reduced cost of doing business. This is because the private sector will be operating in an environment that is supportive of business and impacting positively on their profits as a result, will be able to create employment for the citizens, especially women and youth. The envisaged reforms will be supported and accompanied by a reinforced dialogue between public and private sectors to ensure ownership and sustainability of results.

Skills development is critical to inclusive and sustainable economic growth and the private sector in Zambia is hampered by the insufficient number of skilled youths. For these reasons, the programme will pursue an integrated and systematic approach in addressing challenges in the TEVET sector that will involve industry players, government ministries, and training institutions. The programme interventions will be focused on improving the quality of skills and competencies as well as the access to vocational training. The TEVET system will be made more responsive to industry demand. Through the development of curricula that aligns with UN Guiding Principles on Business and Human rights and responsible industry needs, and by equipping selected TEVET institutions with appropriate training tools and systems and the enhancement of the capacity of TEVETA and TEVET trainers in the training institutes, this will lead to the provision of quality training that is closer to the labour market requirements which will, in turn, contribute to attract new and greener investments, and enhance the competitiveness of Zambia in the global market. The programme interventions are designed in such a way as to enable to private sector involvement at all levels.

The land governance component of the programme aims at enhancing the overall land administration system to improve the attractiveness of Zambia for investments. By supporting the revision of different laws, the programme will impact positively in lowering the cost of land administration through a more efficient system. By increasing and making more transparent government's control over land through the title system, the current unpredictable land rights will be limited. The information gathered through land titles will allow the government to increase its revenues through appropriate ground rent, rates and other charges and will generate resources to develop new planned settlements, delivery of services and improve infrastructure in existing settlements. Equally, the anticipated outcome from the titling exercise will be beneficial to the private sector, as investments will be secured business will be able to access credit through use of titles as collateral. Ultimately, these interventions will lead to a more predictable land administration that will increase government and spur private sector investment which will leads to economic growth.

4.3 Mainstreaming

The programme will address the following cross cutting issues:

Gender and women empowerment: The programme proposes to mainstream gender at all levels in the implementation of activities for the different components.

Under the support to regulatory framework, the programme will address the regulatory challenges that prevent women in business from participating fully in economic activities. For instance, the current system of renewing certificates and licences on an annual basis is cumbersome and time-consuming as it entails travelling and waiting in long queues. The fact that licence renewals are usually done at limited points aggravates the delays on the part of women as they experience time constraints arising from their multiple roles.

Therefore, interventions will include support to automation to ensure connectivity of systems for different agencies such as ZRA, NAPSA and PACRA to reduce the time spent by women to register a business or file for tax and company returns. The roll out of Regulatory Service Centres to selected provinces will take services closer to the people and reduce time constraints faced by women. Decentralisation of these services will also address financial constraints faced by most women entrepreneurs. Under the skills component, the programme will support selected training institutions to have effective gender policies, facilitate establishment of gender committees to ensure the principle of gender equity in the enrolment and recruitment processes. Equally, training institutions will be supported to put in place awareness activities on gender and human rights issues among staff and students and to ensure student statistics are disaggregated by gender. Curricula development and training for trainers will take into account gender considerations. All these interventions will contribute to increased access to skills training for women and girls, which is currently very low. The support to internship and apprenticeship initiatives will ensure that women are provided with equal chances of being selected by the private sector, based on inclusive and transparent selection processes. Under the land component, the complexities of bureaucratic organisation and procedures relating to land acquisition and allocation penalise women, who constitute the majority of the illiterate population of Zambia. Therefore, the programme will support the sensitisation of Government officials concerned with the allocation of land and administration of land policies. It will be necessary, in this respect, to educate officials to adopt correct and official procedures of allocating land and to ensure that women and men from all groups and age including those from the most vulnerable population are treated equally in this process in practice, not just in law.

Environment sustainability: The impact on the environment across the three components of the programme may be limited due to the nature of the interventions. However, possible adequate environmental impact may be anticipated under the skills development interventions, involving (among others) the use of equipment for training the students. By aligning curricula to modern industry needs, this may largely (positively) affect the labour force and their capacity to produce and consume in a fair and environmentally sustainable way. As an additional measure to promote behavioural change towards greener production patterns, the action will include awareness raising on the use and disposal of related machinery and materials such as oils and chemicals, emphasising on sustainable production and consumption. At the level of direct impacts, appropriate measures will be taken to minimise possible noise pollution due to the use of machinery.

Awareness raising will be extended to the private sector on the use of environmentally friendly methods and the promotion of green jobs. The programme will ensure best practices on the use and disposal of ICT equipment. Land governance is closely linked to the use of land as poor land governance often leads to poor land use. Therefore by addressing tenure issues the programme will contribute to minimising poor land use and to reducing the impact on environmental (mainly soil) degradation.

4.4 Contribution to SDGs

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 8 which promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, while also contributing to SDG 9 which promote industry, innovation and infrastructure, SDG 1 that aims to end poverty in all its forms everywhere (specifically indicator 1.4.2 focusing on inclusive land rights) and SDG 5 on Gender Equality. The inter linkages between the four SDGs will be addressed through a multifaceted approach for interventions in the areas of regulatory reforms, skills development and land governance, skills development which will converge towards improving the business climate and investment opportunities which will lead to ultimately sustainable and inclusive economic growth.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

5.4.1 Procurement (direct management)

The activities under output 3.4 of component 3 relating to Land Governance and Management Systems will be implemented in direct management. The EU Delegation will procure services relating to the implementation of the National Land Audit exercise identified under section 4.1. The launch of a framework contract is foreseen for the development of terms of reference for the technical assistance service contract to be concluded under this component.

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Technical Assistance	Services	3 rd Quarter 2020

5.4.2 Indirect management with an International Organisation

A part of this action may be implemented in indirect management with the **International Labour Organisation (ILO)**. This implementation entails the activities foreseen under Result Area 2. The envisaged entity has been selected using the following criteria: extensive experience and expertise in implementing skills development and employment promotion projects in agriculture, construction, energy and tourism, as well as enterprise development. Through the Zambia Green Jobs Programme, ILO supported the creation of sustainable and green jobs among micro, small and medium enterprises (MSMEs) in the building construction industry. Specifically, the project aimed to create potential for job creation through, green business development services, skills development and creating a more conducive and growth-oriented environment for MSMEs. ILO has also implemented a project to enhance employment and self-employment opportunities for young People through access to skills development under its Zambia Decent Work Country Programme 2012-2015. Other relevant programmes include promoting Rights and Opportunities for People with Disabilities in Employment through facilitating access to mainstream skills development programmes and other relevant training, and to promote respect for the rights of persons with disabilities and an enabling legal and policy environment.

5.4.3 Indirect management with the partner country

A part of this action with the objective of improving inclusive regulatory environment conducive to business and investment (Component 1) and improving land governance and management systems (parts of Component 3) may be implemented in indirect management with the Republic of Zambia according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex-ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex-ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex-post control for procurement contracts up to that threshold. The Commission will control ex-ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for direct labour and contracts below EUR 300 000 for procurement and for grants.

The financial contribution does not cover the ordinary operating costs incurred under the programme estimates.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the partner country.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative Budget

	EU contribution (in EUR)
5.4.1 Procurement (direct management) – Component 3; output 3.4	3 500 000
5.4.2 Indirect management with an International Organisation (ILO) - Component 2: outputs 2.1, 2.2 and 2.3	6 500 000
5.4.3 Indirect Management with Zambia - Components 1 & parts of component 3 (3.1, 3.2, 3.3 and 3.5) of which:	9 000 000
- <i>Programme Estimate (indicative amount) – Component 1: outputs 1.1 to 1.5</i>	<i>2 000 000</i>
- <i>Service contract (indicative amount) – Component 1: outputs 1.1 to 1.5</i>	<i>2 000 000</i>
- <i>Supply and service contracts (indicative amount) – Component 3: outputs 3.1, 3.2, 3.3 and 3.5</i>	<i>5 000 000</i>
5.9 Evaluation, 5.10 Audit	500 000
5.11 Communication and visibility	400 000
Contingencies	1 600 000
Totals	21 500 000

5.7 Organisational set-up and responsibilities

One Steering Committee (SC) will be set up to oversee the overall implementation of the three main components of the programme. The SC will be chaired by the Ministry of Finance and will include the Ministry of Commerce, Trade and Industry (MCTI), the Ministry of Higher Education (MoHE), the Ministry of Land and Natural Resources (MLNR), the Ministry of Local Government as well as representatives from specialised agencies, regulatory bodies and training institutions under the relevant ministries. Representatives from private sector, Civil Society Organizations and the European Union (as observer) will also be part of the SC. Strong consideration to include gender and human rights expertise in the SC to ensure monitoring of gender and human rights indicators. The SC shall meet twice a year.

Furthermore, three programme-specific technical working groups (TWGs) will be set up, one for each of the component, which will meet regularly depending on need either quarterly or monthly. The Beneficiary, implementing partners, service providers and the EU will be represented in the technical working groups.

5.8 Performance and Results monitoring and reporting

It is expected that under the programme, the performance monitoring in line with the logframe matrix will be carried out by the implementing agencies as indicated in section 5.4 working in close collaboration with beneficiaries and the EU. Under result 1, the reporting by the Ministry of Commerce, Trade and Industry will be done in line with the requirements as stipulated under the Programme Estimates. Under result 2 and 3, the reporting by ILO will be as stipulated under the General Conditions of the Contribution Agreements.

Any monitoring and evaluation will be gender-sensitive, assess gender equality results and implementation of right based approach working principles.

For results 1 to 3, baselines studies will be carried out as part of the project activities to enable an accurate monitoring and evaluation of the programme. As required, external monitoring studies and surveys maybe carried out under the implementing partner's responsibility and specific result area budget lines.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding disaggregated indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term, and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to all areas of EU support in the three key areas of focus of the programme.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that support to land governance and skills development is a new focal sector for the EU in Zambia.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

6 PRE-CONDITIONS

The following condition will apply to the implementation of Component 3: In the event that the Government approves the Land Policy, which is currently being discussed, in a way that is considered by the European Union as negatively impacting on investments, the support to component 3 on Land Governance will be terminated within 90 days from the date of approval of the policy and the available relevant funds will be decommitted at programme level. The termination clause will be inserted in all contracts concluded under Component 3.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To contribute to sustainable and inclusive economic growth and job creation in Zambia	<p>OO1: Global competitiveness score</p> <p>OO2: World Bank Doing Business distance to frontier score** (EU RF L1)</p> <p>OO3: Total government revenue as a proportion of GDP, by source** (EU RF L1)</p> <p>OO4: Contribution of targeted sectors / sub-sectors to GDP (EU Green Economy Sector Indicator Guidance)</p>	<p>OO1: Global Competitiveness reports by World Economic Forum</p> <p>OO2: World Bank Reports</p> <p>OO3: Ministry of Finance Reports</p> <p>OO4: World Bank reports (World Development Indicators)</p>	
Outcome(s) (Specific Objective(s))	<p>SO 1: Improved business climate and investment opportunities</p> <p>SO 2: Improved employability of labour force of both women and men</p> <p>SO 3: Improved inclusive land governance and management system</p>	<p>SO 1.1: Increase in Investments Overall score under</p> <p>SO 2.1: Number of additional jobs created by supported beneficiaries & as a result of improved regulatory environment (disaggregated by sex) ** (EU L2 -2.11)</p> <p>SO 3.1: World Bank Land Governance Assessment Framework (LGAF)²⁸.</p>	<p>SO 1.1.1 World Bank reports, Bank of Zambia private capital flows annual survey report</p> <p>SO 2.1.1 – Labour survey reports, ILO Reports</p> <p>SO 3.1.1 World Bank reports</p>	<p>Stability of regulatory environment and reforms. Continuous dialogue of TVET system with the industry. Transparency and continuity of the land reforms.</p>

²⁸ The LGAF highlights areas for legal, policy or procedural reform to improve governance in land administration over time. LGAF allows to assess arrangements in these countries compared to global good practice along a large number of dimensions, each of which are ranked by stakeholder panels on a 4-level scale (A to D). These cover key areas of good governance identified in 5 topic areas, namely Recognition and respect for existing rights (legal and institutional framework), Land Use Planning, Management and Taxation, Management of Public Land, Public Provision of Land Information and Dispute Resolution and Conflict Management.

OUTPUT 1 Inclusive regulatory environment conducive to business and investment is improved	1.1 – The BRRA and selected regulatory bodies are institutionally strengthened	1.1.1 – Status of an ICT system for regulatory monitoring and analysis 1.1.2 – Status of M&E system for ZDA 1.1.3 – Number of investment projects captured under the M&E system 1.1.4 – Number of staff of BRRA and ZDA trained and gained knowledge on Regulatory Impact Assessments (RIAs) (disaggregated by sex) 1.1.5 – Number additional people trained on RIA (disaggregated by sex)	1.1.1.1 BRRA Annual progress reports 1.1.2.1 – MCTI/ZDA Annual progress reports 1.1.3.1 – MCTI/ZDA annual progress reports 1.1.5.1 MCTI/BRRA/ZDA project Annual report	Key implementing government agencies and private sector players are correctly identified and are willing to work together.	
	1.2 – Regulatory Service Centres (RSC) in selected provinces are operationalised	1.2.1 – Number of regulatory service centres established and operational 1.2.2 – Number of additional people accessing services at the RSC (disaggregated by sex)	1.2.1.1 MCTI/BRRA Annual progress reports 1.2.1.2 MCTI/BRRA Annual progress reports		RIA system is supported with respective regulations.
	1.3 – One Stop Shop Integration System (OSSIS) and E-registry are improved	1.3.1 – Number of additional transactions recorded by RSCs per as a result of enhanced OSSIS 1.3.2 – Status of E-registry 1.3.3 – Number of additional people/businesses accessing the E-Registry per year (disaggregated by sex)	1.3.1.1 MCTI/BRRA Annual progress reports 1.3.2.1 MCTI/BRRA Annual progress reports 1.3.3.1 MCTI/BRRA Annual progress reports	Technical, financial and human resources are devoted to maintain, and develop the ICT systems, RSC, E-Registry, as well as the training programmes introduced with the help of the action.	
	1.4 – Single Licensing System in selected priority sectors is set up	1.4.1 – Number of new sector with operational single licensing systems 1.4.2 – Number of additional businesses using the single licensing system (disaggregated by sex – i.e either women led businesses)	1.4.1.1 MCTI/BRRA Annual progress reports 1.4.2.1 BRRA Annual progress reports		
	1.5 – Existing Public-Private	1.5.1 – Status of private sector dialogue platform	1.5.1.1 MCTI Annual		

	Dialogue platform under the Zambia Privates Sector Alliance is strengthened	1.5.2 – Status of policy papers developed and adopted through the dialogue platform.	progress reports	
OUTPUT 2 TEVET system produces relevant skills for labour market needs	2.1 – Capacities of TEVET Institutions and selected TEVET Regulatory bodies are enhanced	2.1.1 – Number of additional people who have benefited from institution or workplace based TVET/Skills development intervention supported by the EU (disaggregated by sex)** EU RF L2 2.1.2 – Number of enrolment at TEVET institutions supported by the EU (Disaggregated by sex) 2.1.3 – Status of Monitoring & Evaluation system for TEVETA 2.1.4 – Status of TEVETA Skills Information system.	2.1.1.1 Ministry of Higher Education reports, TEVETA Annual reports 2.1.3.1 ILO progress and Annual reports 2.1.4.1 ILO progress and Annual reports 2.1.5.1 TEVETA Annual progress reports	Government will support the strategies to increase the overall number of learners benefiting from both formal and informal TVET and give attention to unqualified youths and positive industry response to participate in TEVET activities.
	2.2 – Curricula are reviewed and updated to respond to green and fair labour market demands and international human rights framework	2.2.1 – Number of additional professions/specialities curricula reviewed/developed with participation of industry	2.2.1.1 ILO annual progress reports	
	2.3 – Private sector access to relevant skills in selected strategic sectors improved	2.3.1 – Number of additional students from TEVET supported institutions accessing internships or apprenticeships with industry (disaggregated by sex) (** EU RF L2 2.15) 2.3.2 – Status of skills gap analysis jointly undertaken with industry. 2.3.3 – Number of additional private sector firms participating in skills development	2.3.1.1 ILO Annual progress reports 2.3.2.1 ILO Annual progress reports 2.3.3.1 ILO Annual progress reports	
OUTPUT 3 Land governance and	3.1 – Legal framework is assessed from gender equality perspective to match current trends and human rights principles of equality and non-discrimination	3.1.1 – Number of gender response legal policies reviewed with participation of various stakeholders, including women groups.	3.1.1.1 Ministry of lands Report 3.1.1.2 – Programme Annual reports	Ministry of lands & Natural resources and its officials are committed to embrace the programme interventions and show a

management systems are improved	3.2 – The Land Management Information System and Geo-Information infrastructure that captures disaggregated data is improved	3.2.1 – Status of ZILMIS IT capacity 3.2.2 – Status of linkage of ZILMIS with banks 3.2.3 – Status of the development of CORs	3.2.1.1 Ministry of lands reports 3.2.2.1 Programme progress reports 3.2.3.1 Steering Committee and Technical Working Group progress reports	sustained resolve to undertake land reforms that support economic growth.
	3.3 – Number of titles and occupancy licences issued is increased	3.3.1 – Number of titles issued with support from EU (Disaggregated by sex of beneficiary) 3.3.2 – Number of occupancy licences issued with support from the EU (Disaggregated by sex of beneficiary) (** EU RF 2.03)	Programme Annual reports	
	3.4 – The effectiveness of the national land audit system which is gender-responsive and rights based is developed	3.4.1 – Status of the land audit with supported from the programme	3.4.1.1 Programme Annual reports	
	3.5 – Decentralised land registry is developed	3.5.1 – Status of decentralisation of the land registry 3.5.2 – Number of people accessing the land registry (disaggregated by sex)	3.5.1.1 Programme Annual reports 3.5.2.1 Programme Annual reports	Technical and financial means and human resources are devoted to sustain the systems developed and improved with the help of the action The quality and timeliness of services is assured to motivate the users and informants