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The challenge of sustaining a professional civil service amidst shifting political coalitions: The case of the Ministry of Finance in Zambia, 1991-2018[1]

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Abstract

Zambia experienced a decade of strong economic growth from 2004 to 2014, averaging 7.4 percent a year. This growth has been linked, first and foremost, to the rise of copper prices and international debt relief, but also to the relatively high bureaucratic performance under President Mwanawasa's presidency. This era was preceded by sweeping and controversial reforms that led to the privatisation of state-owned companies and the mining industry and the reduction and reform of the civil service. Both periods saw strong-minded leaders in the Ministry of Finance, who enjoyed support from State House, a prerequisite for the functioning of the Ministry. The productive cooperation between President Mwanawasa and Minister of Finance Ng'andu Magande (2003-2008) was not sustained for very long. The bureaucratic decline and political direction from State House from 2011 onwards expressed itself in a weakening of professionalism and loss of sense of direction within the Ministry of Finance. It has also resulted in a decrease in economic growth, despite sustained copper prices, and a growing debt crisis. National and international political settlements and ministerial leadership are determining factors in the functioning of Zambia's Ministry of Finance.

Keywords: state capacity, institutions, politics, civil service

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1. Introduction

The Ministry of Finance (MoF) in Zambia is seen as high performer, a 'pocket of effectiveness' (PoE), especially when compared to other ministries. Insights gained from expert surveys, interviews and personal observation, indicate that the MoF is seen as a 'different country' compared to the pre-1991 reform era. MoF is relatively well disciplined, well equipped and resourced, and its staff have a high level of professional qualifications and opportunities for training. Whereas the mandate of MoF has not changed over the years,[2] it is becoming increasingly difficult for bureaucrats to fulfil this in the face of rapid shifts in ruling coalitions and political interference. Many civil servants have lost their autonomy and are actively co-opted by partisan interests, others who have been outspoken have been 'retired in the national interest' or transferred to other ministries. From 1991 to date, it is clear that national politics, ruling coalitions and President/State House have a strong impact on the functioning of the MoF, both in positive and negative ways.

The central question of this paper is: Under what political conditions does the Ministry of Finance operate effectively? It explores how the configuration and concentration of power around the ruling coalition shapes the establishment, performance and sustainability of PoEs. PoEs can be undermined when the ruling coalition feels vulnerable, including but not only through competitive pressures.[3] This would be applicable to Zambia, yet, as we describe below, the most effective era for MoF was during the height of political competition during the 2000s. We therefore consider other elements besides competition, including the political fluidity which resulted from the deaths of two sitting presidents (2008 and 2014), which caused huge disruption to the political settlements and weakly institutionalised political parties in which coalitions are fluid and short-lived. In all of this, context matters, as economic crises have also caused political and economic disruption, notably the debt crises (1970s and 2010s) and the privatisation exercise (1990s).

These political developments have had a strong impact on MoF. The potentially powerful Ministry has always been strongly dependent on the character of the president and his ruling coalition. The ruling coalition, in turn, has been strongly influenced by social forces, ranging from trade unions in the 1970s to civil society in the 1990s and 'tenderpreneurs' in the 2010s. The balancing act between bureaucratic advice and populist demands on State House has been challenging and has undermined a sustained performance of MoF. As will become clear, some of these fluctuations have been moderated by international influences and Zambia's requirement to adhere to international/regional standards (IMF, World Bank's Public Expenditure and Financial Accountability [PEFA] ratings, South African Development Community [SADC], etc.). The period defined as a PoE in MoF (2002-2008) has the markers of a ruling coalition that had a common (technocratic) vision, a relatively coherent outlook (formulated in part as a reaction to their predecessors: anti-

[2] A notable exception is the taking in and out of the planning function.
[3] Hickey (2018).

corruption and moderated form of neo-liberal policies). This period saw a relatively high implementation capacity, carried out by a minister and his technically capable management team. The ruling coalition, however, could not be sustained in light of strong political opposition and turnover of regime following the death of President Mwanawasa in 2008 and a change in regime in 2011.

1.1 Methodological approach

This paper will focus on the Ministry of Finance's capacity to manage the budget process. The Budget Office seen as one of the more effective departments, because of a clear mandate and strict timelines in its duties.[4] Tracking the budget performance is a relative objective way of looking at MoF performance over the years, as compared to other indicators, such as economic growth. Zambia is highly influenced by copper production and prices, as copper makes up to 85 percent of export revenues. The budget process can be isolated from these external factors, as it under the direct control of the MoF and its interaction with the political regime can be tracked over time. How MoF handles its interaction with State House is part of Roll's effectiveness measure, called political management (Roll, 2014).

This paper is based on in-depth qualitative investigation (formal and informal interviews) with over 25 senior Ministry employees, a former vice-president and former finance minister, former State House economic and political advisors, advisors to the Ministry, former employees of large donor agencies, civil society and private sector actors. It is backed by an expert survey that was carried out during 2017 and 2018. Combined with objective indicators, this paper will narrate the development of the MoF's budget office from 1991, the start of multi-party democracy and economic reforms, to date. The literature on MoF is largely confined to (donor) evaluations. The recently published autobiography of Ng'andu Magande, who was the minister of finance from 2003 to 2008, provides a useful insight into this era of high performance for Zambia.

After providing a background to Zambia's political settlement in relation to its (economic) governance in Section 2, this paper will explain the underlying explanation of the periodisation and the reasons why the period of 2003 to 2008 is selected as effective by way of objective indicators. Section 3 explains why Ministry of Finance, and specifically its budget division, is selected as pocket of (relative) effectiveness. Section 4 narrates the three distinct episodes of MoF, providing an analysis of events in terms of its performance in relation to the ruling coalition and State House. One case study analyses the impact of political factionalism on MoF's policy making. The second case shows that, despite the political upheaval, new legislation aimed at tightening fiscal rules is still able to emerge. Section 5 tracks how ministerial leadership, together with internal function/direction and the role of international actors/standards, has led to some level of continuity in MoF professional performance; which leads to Section 6, the final conclusion.

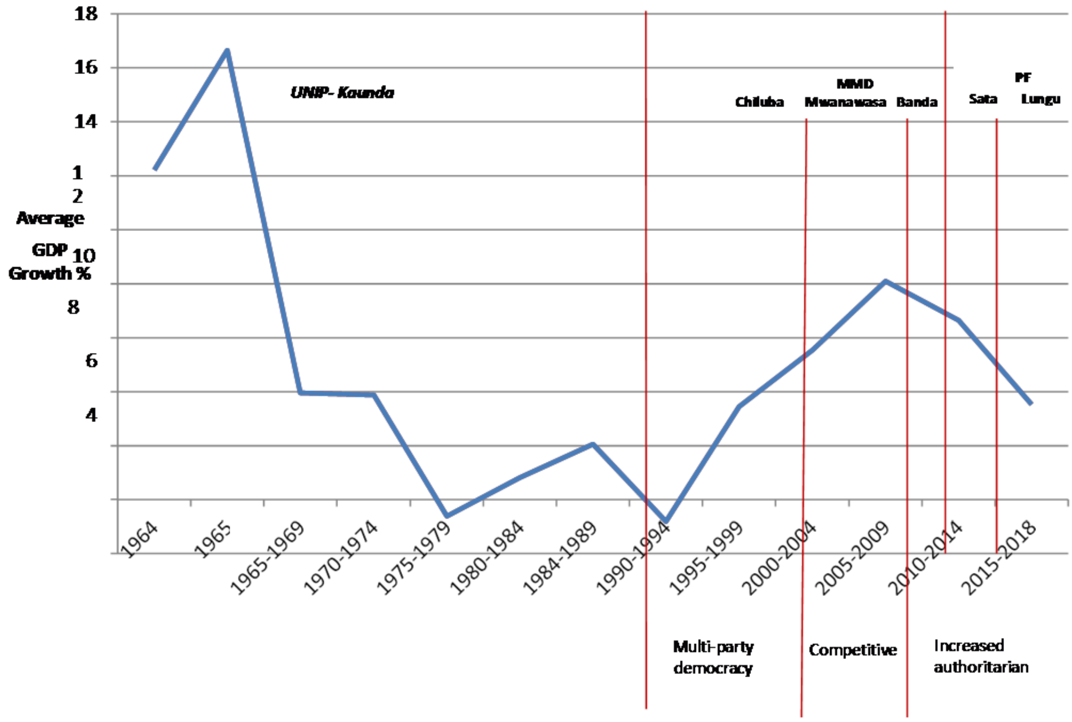
[4] Expert survey 2017/2018.

2. Political settlement and the politics of economic governance in Zambia

Zambia's economic governance has been affected by rapidly shifting political settlements. Political settlement (PS), which underlies the analytical framework of this paper, is defined as 'a combination of power and institutions that is mutually compatible and also sustainable in terms of economic and political viability' (Khan, 2010: 4). Khan states that it is important to understand the balance of power between ruling coalitions and excluded elites capable of taking power (the horizontal distribution of power) and between ruling coalitions and the lower level factions upon whom they rely to maintain themselves in power (which is the vertical distribution of power).

Applying this to Zambia, the following picture emerges: after a long period in which the political settlement was relatively stable and dominant under Kaunda, the re-introduction of multi-party rule in 1991 turned Zambia into a competitive clientelist political system, which has seen two electoral turnovers (United National Independence Party [UNIP] to Movement for Multiparty Democracy [MMD], and MMD to Patriotic Front [PF]). Moreover, changing coalitions within MMD and PF, because of succession and/or deaths of the leaders, has led to further shifting coalitions within these turnovers. This all happened amidst rapid economic reforms in the form of a structural adjustment programme (SAP), which led to the liberalisation and deregulation of the economy and a gradual privatisation of the nationalised industry, most notably Zambia's copper mining companies. The effect of these reforms was the breakdown of the organisational power of some of the economic interest groups, such as the management of the state-owned enterprises, trade unions and agricultural cooperatives. The privatisation of state companies like the mines – the traditional mode of patronage – made State House, political parties and political actors more susceptible to the interest of politico-economic entrepreneurs. In the process, it undermined the relatively formal structures that previously guided accountability and oversight of business lobby and deals (Mosley 2017). While continuing to reflect the features of competitive clientelism, from 2015 onwards, Zambia has been showing signs of becoming a vulnerable/unstable settlement, increasingly authoritarian in character. The apparent lack of institutionalisation of political parties and the lack of ideological coherence within the parties has had a profound effect on state capacity building and policy consistency. Like the UNIP in 1991, the MMD dissipated after it lost powers. The party is split and many members moved to either PF or United Party for National Development (UPND). In the 2016 elections, MMD did not even field a presidential candidate. Lungu's second term is full of controversy and he faces a significant challenge to his hold on power, by an internal rebellion from his own party from those members opposed to his bid to contest the third time in 2021, and a strong opposition from UPND and its leader, Hakainde Hichilema, and other political parties.The shift from one-party state to multi-party democracy in 1991 did little to change the nature of the executive powers of the president. Countervailing powers have been weakened during the SAP era, most notably the trade unions. Increased authoritarian measures against civil society and

Figure 1: Political settlement and growth in Zambia (1964-2018)



Source: Compiled by authors.

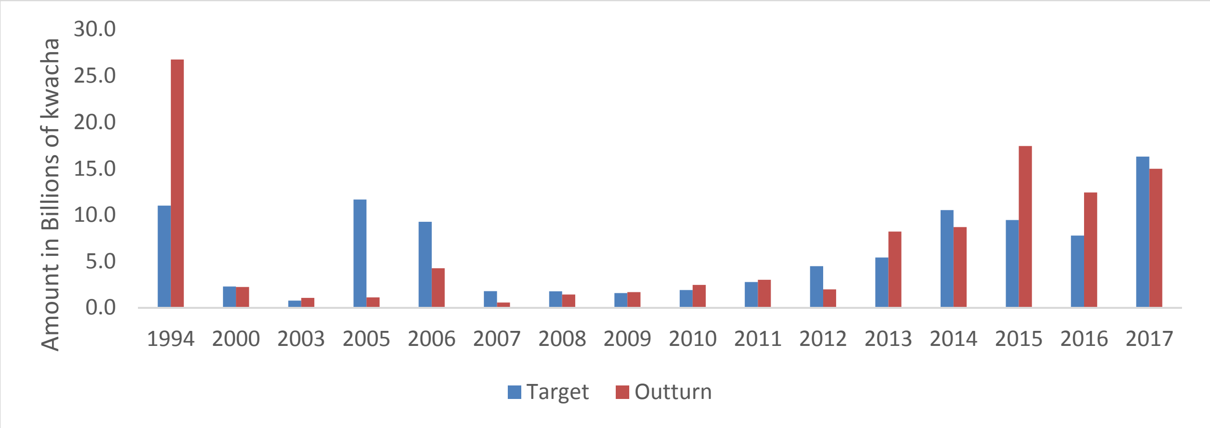
media houses has reduced the civic space. Political interference by the executive in economic governance also remains a key feature.

On the back of sustained economic growth and Enhanced Heavily Indebted Poor Countries (HIPC) completion point from mid-2000s, the role of donors greatly diminished. Their contribution to government revenue has dropped from around 40 percent in the 1990s to less than 2 percent (budget, 2005-2018). This has weakened their leverage vis-à-vis the government, but has also put civil society under financial pressure, which in turn has become more susceptible to political co-optation. The International Monetary Fund's (IMF) role had initially been reduced after Zambia achieved debt relief (HIPC) in 2005. Zambia was assigned lower middle-income country status in 2011, along with Ghana, and has since borrowed extensively on the private markets (eurobonds) and has entered numerous non-concessional loans from China. Zambia's copper dependency (85 percent of export) ensures that mining companies are hugely influential when it comes to economic growth (see Figure 2) and policy making, as will become evident in mineral-related policies and legislation. But, despite high copper prices being sustained, in recent years economic growth has lagged and has gone down to 4.2 percent (project to reduce to 2.3 percent in 2019). The IMF attributes this to Zambia's development strategy targeting a rapid scaling-up in infrastructure spending, which has resulted in large fiscal deficits, financed by non-concessional debt. The domestic debt weighs heavily on households and private sector (IMF, 2019).

3. Zambia's Ministry of Finance as a (relative) pocket of effectiveness

The fiscal deficits from 1994 to 2015 are an objective indicator of MoF's budget performance. While budget discipline has been a constant problem in Zambia, and has led to regular supplementary and excess budget expenditures, there is variety in performance over the years. In Figure 2 below we see the fluctuations over time.

Figure 2: Fiscal deficit trends 1994-2017



Source: Ministry of Finance and budget speeches, Zambia.[5]

Fiscal deficit trends show that deviations before 2000 were much wider and then became narrow up to 2010; this is supported by Economics and Statistics Analysis (2004), which found that in the 1990s there was not sufficient prudence in management of the economy. This resulted in a decline in budgeting, fiscal discipline, public expenditure management and the effectiveness of public resource use. The deviations widened again from 2012 to 2017. Figure 2 seems to suggest that between 2000 and 2011, fiscal deficits were narrow, which could be traced to adherence to fiscal and budgetary discipline on the part of the president and minister of finance . However, due to political pressures, most notably the 2006 elections, deviations widened. Fiscal deficits from 2012 have fuelled a rise in public debt (i.e. both external and domestic), pushing debt to levels to over 75 percent of GDP (IMF 2019).

From the data above, combined with evidence collected in the course of fieldwork, we distil three distinct periods of performance:

- A period of strong *reform, but mixed performance*, especially under Minister of Finance Ronald Penza (1991 to 1998).
- A period of *economic growth and strong performance*, especially during Minister of Finance Ng'andu Magande's tenure (2003-2008), classified as a PoE.
- A period from 2011 which has seen *bureaucratic and economic decline*, especially under Minister of Finance Alexander Chikwanda.

[5] The fiscal deficits are higher than depicted (cash v accrual data).

Table 1 below uses PEFA as one of the objective indicators of MoF's budget performance. This leads us to the following caveat on pockets of effectiveness: while Table 1 shows an improvement in budget performance in the 2003-2008 era, many indicators still do not meet the benchmarks. In the Zambian case, we therefore talk about 'relative' performance and effectiveness, because it never achieved full marks.

Table 1: Trends in selected Public Expenditure and Financial Accountability (PEFA) indicators

Indicator	**2005**	**2008**	**2012**	**2016**
Aggregate revenue out-turn compared to original approved budget	A	A	C	C+
Classification of the budget	C	A	B	B
Extent of unreported government operations	D+	B+	NR	
Transparency of inter-governmental fiscal relations	D+	D+	C	
Oversight of aggregate fiscal risk from other public sector entities	C	C	C	
Public access to key fiscal information	B	A	B	D
Orderliness and participation in the annual budget process	B	C+	B+	
Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	B	B	

Source: PEFA, 2005, 2012, 2016 reports.

The PEFA table sets out the MoF performance in relation to four periods, between 2005 and 2016. While the 1990s predate the PEFA exercise, we picked up information from auditor general reports, the economic annual reports and the World Bank report on cash budgets. Overall, these reports shows a poor budget performance, specifically in the late 1990s, when unconstitutional supplementary budget expenditures led to a number of budget crises.[6] According to the auditor general reports, the year 1996 not only saw 14.74 percent of under-expenditure, which was attributed to the non-release of funds by the Ministry of Finance and Economic Development, it also contained unauthorised expenditure amounting to 11.09 percent of the actual expenditure (auditor general reports 1996-1998). While MoF under the leadership of Ronald Penza was seen to have unity of purpose and was able to implement drastic reforms, this data undermines the MoF's budget department as a PoE. It also points to the impact of corruption during Chiluba's second term.

After an improvement of the budget performance in the 2000s under Mwanawasa, the period we defined as 'effective', the budget performance goes into decline,

[6] World Bank (1999) and interview, senior oficial, MoF, 17 January 2019.

especially after 2012. PEFA indicators show a decline of budget discipline. It notes that, whereas pre-2015 arrears were less than 2 percent of total expenditure, the latest report for 2016 indicates a sharp increase of more than 10 percent of total expenditure (PEFA 2017). It shows a relatively poor performance by almost all indicators for management of assets and liabilities, and predictability and control in budget execution, but budget reliability, transparency of public finances, and accounting/reporting have mixed results (PEFA, 2017).

The PEFA indicators for Zambia show that the MoF has always been weaker than Uganda's Ministry of Finance (Bukenya and Hickey, 2019). Some argue that is due to the fact that all Zambian presidents, apart from Mwanawasa, wanted to make big expenditure decisions themselves and did not want to be challenged by officials in MoF (or anywhere else). These presidents regarded MoF's job purely as administrative – making sure the numbers added up.[7] Others argue that budgeting and governance is a lot more technocratic than acknowledged. They feel that international development partners 'do themselves an enormous disservice when they discount the effectiveness and influence […] civil servants in public budgeting and planning in Zambia.' (UNICEF 2016: 40) Tracking the three episodes in more detail will add more nuance to those two opposing views.

In Table 2 below, we summarise the above findings. The table links the budget performance to the following indicators: economic growth/inflation, public expenditure patterns, international evaluations of budgetary processes and other factors. These underlie the analysis in Section 4.

[7] Former MoF advisor, 25 February 2019.

Table 2: Capturing and explaining MoF performance over time
(PI= performance indicator)

Time period/ *performance*	**PI 1: rate of economic growth**	**PI 2: public expenditure patterns**	**PI 3: international evaluations of budgetary process**	**Other factors**
1991-2001 *Mixed*	Growth: -8% in 1994, 3.9% in 2000 Inflation: peaked 183% in 1993 reduced to 21.4% in 2001	Introduction of cash budget, but did not bring expenditure fully under control, large deviations	Through World Bank reports, a negative assessment	High level of corruption, especially after mid-1990s
2002-2010 *Improved*	Growth: 7.4% pa Inflation 22% down to 8%	Fiscal discipline, except around 2016 elections	PEFA improves in period 2005-2008	Copper prices high, corruption under control, HIPC completion point in 2005
2011-date *Decline/ capture*	Growth: 3.5% Inflation between 7% and 8%	Increased budget allocation to president and State House, SOE run through State House	PEFA records a general decline, but mixed performance	High levels of (unproductive) borrowing and large increase in corruption

4. Tracking the performance of the MoF over time

4.1 Technopols and economic reforms, Minister of Finance Ronald Penza, 1993-1998

After the re-introduction of multi-party democracy in 1991, Zambia was under intense pressure to reform its economy. Zambia was burdened by high debts, low/negative economic growth, hyper-inflation and a shortage of goods. The SAP had the full backing of President Chiluba, rather surprising considering his former position as Secretary General of Zambia Congress of Trade Unions (ZCTU). The president's support to the programme was crucial, because while Zambia was under a multi-party democratic dispensation, the president remained a powerful figure. The new ministers of finance were selected on the basis of their willingness and ability to carry out these far-reaching reforms. The first minister of finance was Emmanuel Kasonde, the MMD chairperson of Northern Province and former permanent secretary (PS) of Ministry of Finance (1967-971). Kasonde was well qualified, highly respected and fitted Chiluba's policy of combining 'old and the new' in his first cabinet. The diverse coalition that initially constituted MMD, ranging from trade unionists to businessmen, fell apart after two years, with a series of high-profile resignations. Kasonde was also part of the group of senior MMD leaders that resigned in 1993, paving the way for a relatively young minister of finance, Ronald Penza, who had been the minister of commerce, trade and industry.

Penza was largely responsible for dismantling the established policies of President Kenneth Kaunda's socialist-oriented and planned economy. He dissolved the National Commission for Development Planning (NCDP), which at the time was highly ranked among Zambia’s economic institutions. It was a left-leaning unit, with many economists trained in the Eastern Bloc (Yugoslavia, Bulgaria, Soviet Union, East Germany). They remained within the MoF, which created some tension: ‘We, as classic economists, looked down upon them. They were utopian in their planning, whereas we at budget were interested in realism and balancing the books.’[8] The closure of NCDP had far-reaching consequences, as it led to the decline of planning capacity and a fragmentation of functions:

> ‘The planning and budgeting functions are overly fragmented, with sector desk officers in each of the National Policy and Programme Implementation Department, the National Planning Department and the Monitoring and Evaluation Department in PEMD, and in the Budget Office….. Fragmentation of planning and budgeting functions in MoFNP results in available staff resources being spread thinly with, for example, individual analysts in the Budget Office overseeing several major ministries and having very little time available for the analytical tasks involved in a policy-led budget process.’ (Bird, 2010)[9]

In 1993, MoF introduced the cash budget system, based on the premises that no cash is released to line ministries and for other budget heads unless sufficient funds are available in the Treasury’s main bank accounts to cover payments (World Bank, 1999). In practice, this measure did not stop over-expenditure, but compared to pre-1991 reforms, central government’s fiscal performance, in the World Bank’s view, improved noticeably. Inflation declined from over 93 percent in 1991 to under 29 percent in 1998. Tightening expenditure, however, led to lopsided allocations and had a negative effect on social sectors expenditures (World Bank, 1999). Aggregate expenditure was controlled, but the distribution was poor. Penza’s commitment to economic reforms earned him some international acclaim. In 1994, he was nominated as the world’s second-best finance minister by the financial magazine, *Euromoney*.

Penza was a typical technopol, namely someone with ‘the capacity of possessing both the technical and political resources required to drive forward certain policy and organisational agendas’ (Hickey, 2018). Penza defended SAP at every opportunity and was able to push the reforms through. During discussion of the national budget in Parliament, Penza would challenge MPs to resign if they did not accept his budget. He could only do so because he had the backing of President Chiluba (Saasa,

[8] Interview with retired senior MoF official, 2 March 2018.

[9] This shortcoming is only being addressed now: the Public Investment Planning Department in the newly established Ministry of National Development Planning (MNDP), is gearing itself up to manage the public investment planning process. Manuals for appraising projects are nearing completion and the Budget Office is to act as a ‘gatekeeper’ into the budget/MTEF for positively appraised projects.

2010:11). For his ability to create an *esprit de corps*, Ronald Penza also gets special mention. Most MoF staff backed the policies that had been introduced, based on the idea that they had to depart from UNIP's command economy. This vision carried out by a strong leader gave the members of staff a sense of purpose and direction:

> 'Whether you agree or disagree with this doctrine, it gave the Ministry of Finance a strong sense of direction. Revenue was collected again, expenditure was under control, cash budgets were introduced (spend what you earn). Training of people took place as well, nationally and internationally. And on-the-job training was introduced. Ministry of Finance became a modern setting. It had expats from Harvard Group, who were specialised in the field of tax, macro-economics and economic management. A similar development took place in the Bank of Zambia: introduction of modernised accounting, bank supervision, monetary policy and IT'[10]

Penza also had the full backing for his economic policies from World Bank/IMF and the donor community, as he dutifully fulfilled the prescribed reforms.

While Penza was an effective minister, he was also implicated in the corruption scandals relating to the proceeds of the privatisation process (specifically land and houses).[11] MMD and Penza's 'wild-west capitalist' type of policies met with resistance from trade unions, civil society and the growing opposition parties. Ronald Penza's reign came to an end when he clashed with the president, which led to his dismissal in 1998 (and his murder, unrelated, in the same year[12]). The second term of Chiluba's presidency (1996-2001) saw an increase in political interference in MoF, resulting in a deterioration in quality of budgeting, fiscal discipline, public expenditure management and effectiveness of public resource use (Ndulo et al., 2009: 8). High levels of corruption negatively impacted the MoF budget division; in 2001, for instance, MoF had to remit K12 billion to President Frederick Chiluba's presidential discretionary fund to generate money for his third term campaign.[13] Expenditure was now completely at the president's discretion and the budget office temporarily lost its oversight role. After an unsuccessful bid for an unconstitutional third term as president, Chiluba left the political scene in 2001 and appointed Mwanawasa as his successor as president of MMD, leaving the party sharply divided. This also led to the departure of Michael Sata, who started his own opposition party, Patriotic Front (PF).

[10] Former leading MoF official, 7 February 2018.
[11] Interview with former Zambian Privatisation Agency (ZPA) official, 15 November 2017.
[12] https://www.independent.co.uk/news/killing-of-minister-alarms-zambia-1185872.html (accessed 4 April 2018).
[13] https://allafrica.com/stories/200104050160.html (accessed 4 April 2018). The so-called president 'slush fund' was not very large, but was demonstrative of public abuse of resources, which affected other ministries as well.

4.2 The short-lived effective political and technocratic coalition of Mwanawasa-Magande, 2003-2008

President Mwanawasa came into power after the 2001 elections with limited political legitimacy. The leader of MMD only won 29 percent of the vote in a first-past-the-post system, less than 2 percent difference with UPND opposition leader Anderson Mazoka. Having resigned as vice-president in 1994, in protest at the rising levels of corruption under Chiluba, Mwanawasa was now under pressure to distance himself from Chiluba's corruption scandals, rebuild MMD's unity and regain public support. These circumstances gave him a strong impetus to fight corruption and to establish a credible and technocratic cabinet to rebuild confidence to tackle the ailing economy. Emmanuel Kasonde was re-appointed as minister of finance by Mwanawasa because of his track record as PS and minister, as well as his good working relations with the donor community (EIU, 2002: 2). But, after serving less than two years, Kasonde was fired. In his letter of dismissal, President Mwanawasa raised three issues – the contract for the purchase of maize by a Zambian company, the claimed loss of 20 million US dollars at the ministry under mysterious circumstances, and Kasonde's tendency not to consult others over major decisions. Kasonde described his own differences with Mwanawasa as a difference of perception over a policy concept, adding 'it is impossible for a market economist to agree to some of the policies that have socialist connotations'.[14]

Mwanawasa found a like-minded technocrat in Ng'andu Magande, Kasonde's successor. Magande served as minister of finance from 2003 to 2008, the period we have qualified as a relative PoE. In his recently published autobiography, Magande provides insights into his appointment, the internal party workings, and the relation between minister of finance and State House. Magande came in as a political outsider, as he had been the right-hand man of Anderson Mazoka, the leader of UPND, who narrowly (and controversially) lost the elections to Mwanawasa. Moses Banda, State House economic advisor, selected Magande as a potential candidate, but Mwanawasa sealed the appointment after he 'tested [Magande] rigorously to judge the sincerity and intentions.' (Magande, 2018: 286). As Magande notes, by appointing him, 'Mwanawasa removed the jinx that prevented a Tonga from being appointed Minister of Finance since 1969 when Elijah Mudenda was removed from the Ministry' (ibid: 322). Consequently, Magande was self-consciousness about ethnic balancing within the ministry (ibid: 297). Validation of his appointment as minister of finance came from the international donors and the US ambassador, who regarded him as an experienced and capable technocrat.

Magande's outlook was influenced by a long career in Zambia's civil service, the private sector (ZANACO) and international financial organisations. He was part of the group that had been shaped by the NCDP, where he worked as permanent secretary in the 1980s, and 'superintended over the production and coordination of national development programs of all the ministries and in all sectors of the Zambian

[14] http://www.panapress.com/Ex-Zambian-Finance-minister-denies-wrongdoing--13-484134-18-lang4-index.html (accessed 29 May 2019).

economy.' (ibid: 289) His visit to China and North Korea left an impression as well: 'Discipline in all activities, due to the ideologies that fostered national unity, obedience, and self-reliance' (ibid: 150). While vehemently opposed to the radical structural adjustment programmes of the 1990s, as a director of budget in the MoF in the 1980s, he was 'confronted with the rampant abuse of subsidies (i.e. coupons-subsided maize going to paid workers, who exchanged them for household goods), which has built my strong dislike for this particular safety net' (ibid: 155). The Economic Association of Zambia (EAZ) meetings that he attended in the late 1980s increasingly became a platform of discontent around the state of the economy and the failure of socialist policies. Another influence on his career was his stint as secretary general of the African Caribbean and Pacific Group (APC), which consisted of trade negotiations with the EU (ibid: 263).

The task at hand at MoF was tackling the budget deficit left by his predecessors, which led to an austerity budget. Policy measures like a wage freeze led him directly into conflict with trade unions and civil servants. Facing these challenges, Magande realised the importance of keeping close relations with the special advisors in economics at State House to maintain support from the president:

> 'I was fortunate that Moses Banda was the one who headhunted me and we started working closely together, even before I was appointed. The special advisor was a vital link for me to the president. Whenever I had a strong view, I made a draft reply to myself and then negotiated with the special advisor to finalise the letter and put it on the president's desk for his consideration and signature. By the time I received the president's answer, I would have already worked out the implementation process' (ibid: 295).

Magande and the MoF Secretary of Treasury,[15] Evans Chibiliti, were examples of bureaucrats who had 'embedded autonomy' in relation to their political principals, whereby they had a close enough relationship with rulers to be trusted and empowered to carry out their jobs and sufficient autonomy to avoid being captured by rulers (Hickey, , 2018). This modus operandi seems to have been common under Mwanawasa, as other former cabinet ministers confirm that cabinet meetings at the time were the most consultative and non-deferential compared to any other period in time. [16]

Both Mwanawasa and Magande saw the pitfalls of the economic reforms of the 1990s and when they acquired the fiscal space from the mid-2000s, they were able to change course. Taxation policies vis-à-vis the mining sector were one such example. While copper prices boomed, revenue remained low as a result of the

[15] Secretary to treasurer's (ST) position was created in 1996, presiding over the two permanent secretaries within MoF. The ST turned out to be a crucial position in the ministry in the coming years, in terms of its functioning vis-à-vis the executive.

[16] This mode of work is confirmed by others who worked at State House and in Mwanawasa's cabinet (i.e. special advisor politics), former minister of lands and former minister of mines/home affairs.

development agreements (DAs) that had been entered into with the mine owners during the privatisation process. These DAs were negotiated when Zambia was under pressure to privatise rapidly, in order to achieve HIPC, and when copper prices were depressed. The DAs entailed low tax rates, extended tax holidays, casualisation of labour, etc. A team of technocrats across the institutions that deal with the mining sector was asked to renegotiate the DAs and advise on a new fiscal and regulatory framework. With the full support of the president, these recommendations resulted in the Mines and Mineral Development Act 2008, which unilaterally revoked the DAs and led to the short-lived windfall tax. The increased tax revenue, as a result of the windfall tax and relief of debt obligations, combined with increased royalty taxes and corporate taxes as a result of the end of the tax holiday, resulted in a reduced dependence on donor support. On the back of economic growth, donor support in Zambia declined from 40 percent in the 1990s to less than 2 percent of the country's budget in 2017 (Annual Budgets, 2002 to 2018). Magande's policies vis-à-vis the mining companies can be seen as part of the resurgence of 'resource nationalism', defined as the maximisation of public revenue from resource extraction; the regulation and ownership of extractive industries by the state; and the enhancement of developmental spillovers from resource extraction (Saunders and Caramento, 2017). Of course, Magande, being a liberal democrat, did not take a radical approach, i.e. re-nationalisation of the mining industry was never on the cards. The increased fiscal space ensured MMD's political survival. By (re-)introducing maize and a seed input programme (the so-called Farmer Input Support [FISP] programme), as a so-called provisioning pact, MMD was able to obtain loyalty from rural voters (albeit with mixed results), which made up for the lack of urban popularity.

While donors' influence was on the decline, in the 2000s, it was an undeniable factor in the functioning of the MoF. It was responsible for the Public Sector Reform Programme, dating from the 1990s, which aimed at merit recruitment and capacity building. One of the outcomes was the Economic Policy Management Programme (EPM), based at the University of Zambia, set up by the African Capacity Building Foundation and the World Bank in May 2007.[17] Another programme, supported by GIZ, was an internship programme that recruited the 18 top students from the economics department at the University of Zambia (UNZA) over three successive years, who work for six months as interns, with many being retained as employees.

Following the breakdown of donor relations at the end of Chiluba's reign, Mwanawasa made renewed efforts in building the relationship between government and donors, which from 2005 was based on the Paris Declaration on Aid Effectiveness:

> 'After HIPC was introduced to help in reducing debt burden, donors moved to what was called direct budget support. The assumption was that the recipient

[17] See https://www.acbf-pact.org/what-we-do/how-we-do-it/grants/projects-regions/eastern-southern-africa/zambia/economic-policy

> would make rational choices, be disciplined financially, productive expenditure, procurement systems in place, etc. It was a clean plate; no more debts and budget support now came in the form of a pool. It worked under Mwanawasa because he was allergic to corruption.'[18] .

While direct budget support was seen as an improvement in relations, donors also felt an increased tension in dealing with government. As the previous head of the Canadian International Development Agency (CIDA)/ Program Support Unit (PSU)) recalled,[19] civil servants became rather indifferent to the technical advice from donors. There was an irritation with the donor fixation with multiple conditionalities which still dominated the process, as opposed to the Paris Declaration, which supported a learning/capacity development process within government. The donors on their part struggled with the notion of 'Zambians being in the driver seat', as they lost power and control over the processes. Ministries were now able to express their discontent, as their dependency on donors had much reduced. The consultative 'joint steering committee' meetings between donors and civil servants became increasingly tense, most notably since 2008, when Rupiah Banda came into power.[20] Following the large-scale corruption scandal in the Ministry of Health unearthed by the Anti-Corruption Commission (ACC) in 2009, many donors withdrew their support. Senior civil servants acknowledged that donors played a disciplining role, as they brought in rules, and insisted on adherence to budget and measurable outcomes through the Performance Assessment Framework. Musokotwane, who was the secretary to treasurer under Mwanawasa and minister of finance under Rupiah Banda, recounts how donors assisted him to withhold pressures from 'above'. He used the donor agreements to shield himself from interference from the president, thereby limiting deviations from the budget.[21] To date, GIZ and the US Treasury remain supportive of MoF and still have technical advisors attached to the Ministry. The message that Zambia is less eligible for aid because of its middle-income status 'devalues what is to be gained by political actors in partnering with international development' (UNICEF, 2016:. 44).

The World Bank country programme evaluation for the years 2003-2013 noted that with the initial impact of HIPC completion point, Zambia had a steady improvement in the overall fiscal balance between 2005 and 2012 (World Bank, 2015:18). Zambia was among the 10 fastest growing Sub-Saharan African economies in 2012, attaining lower middle-income country status by the end of the period. Annual inflation rates declined from about 30 percent in 2000 to 7.2 percent in 2011 (World Bank, 2015: 2). While MoF was seen to be relatively effective under Magande and part of the overall success story when it came to economic gains, it also showed a number of structural weaknesses, which, arguably, limited its long-term impact. It was observed that MoF had limited transformational impact on the technocracy as a whole. An evaluation of 2012 notes the following:

[18] Interview with former senior civil servant MoF, 21 March 2018.
[19] 20 March 2018.
[20] Interview with former head of CIDA/PSU, 20 March 2018.
[21] Musokotwane, 6 February 2018.

> 'Given the broad setting of the FNDP [Fifth National Development Plan 2006-2010], the plan has not functioned as an instrument for creating a more integrated set up of sector ministries and promoting the relative strength of Ministry of Finance and Planning vis-à-vis powerful sector ministries. In contrast to several of its counterparts in the region, the Zambian finance ministry is relatively weak politically and, as a consequence, has not been able to involve the sector ministries in an effective reform of public financial management.' (de Kemp, Faust and Leiderer, 2011, 167)

The biggest obstacle in terms of longevity of this PoE era turned out to be intraparty factionalism. The ruling coalition underlying the productive relationship between State House and MoF ended with the death of Mwanawasa. The internal fight for succession within MMD, in which Magande was one of the main contenders, ended his Zambian career. The internal battle within MMD left Zambia saddled with a weak coalition and an unpopular president (Cheeseman and Hinfelaar 2010). Those who supported Magande in the MMD internal succession battle were sidelined. Banda maintained a strong team in MoF, with Dr Musokotwane, a senior economist, as the new minister of finance, maintaining Chibiliti as ST. This coalition was short-lived as well, as MMD lost the general elections in 2011 to Sata's PF.

4.3 The downward spiral of political–bureaucratic relations since 2011 and its impact on MoF

PF came into power on the back of a left-leaning, well developed party manifesto which promised support of social policies, most notably the social cash transfers, an increase in minimum wages, increased tax credit, and improvement of civil service conditions. It also held the position that PF would act as a 'vanguard party', whose party committees would have a direct influence on government policies to ensure the adherence of the party manifesto. As is usual after a regime/leadership change in Zambia, there was a changeover of government positions, ranging from minister to ministerial director level. The first years saw increased tension between politicians and senior civil servants, which was partially due to PF's frustration with slow bureaucratic processes that threatened to deter PF's implementation of its progressive policies. Many senior bureaucrats showed unwillingness in adapting new policies, as they were either pursuing their own interest or simply immovable.[22] PF wanted to exert state control over the economy by (re-)establishing an industrial policy. Government introduced a national industrial policy and established the Industrial Development Corporation (IDC),[23] chaired by the president. The well-intended programme soon fell apart because of internal factionalism and a succession battle.

[22] Interview former vice-president, 15 November 2017.
[23] The IDC was established to create and maximise long-term shareholder value as an active investor and shareholder of successful state-owned enterprises, as well as undertake industrialisation and rural development activities through the creation of new industries, http://www.idc.co.zm

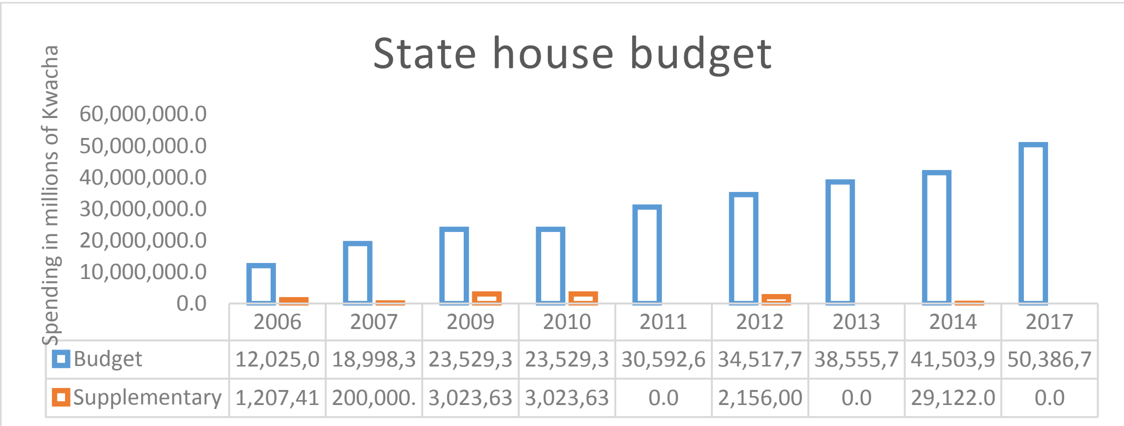
Chikwanda, the former minister of finance and planning under UNIP (1975-1978), was appointed as Musokowane's successor and served as minister from 2011 to 2015. While he did not hold a strong track record as minister of finance in the mid-1970s, he was politically powerful. Not only was he closely related to Sata, being the uncle, he was older than Sata, putting him in a position of authority within the Zambian context. Chikwanda was very dominant in decision-making and habitually went against the advice of senior civil servants in the MoF. After a decade of dominance of fiscal conservatives, the expansionists came to the fore:

> '[Chikwanda] came with the same mentality as when he was Minister of Finance in the 1970s. He accused civil servants within Ministry of being 'fiscal conservative' and started borrowing heavily. The PF's interpretation of development was in terms of 'thing' (roads, schools, etc).'[24]

State House became even more of a dominant institution, as it absorbed the Road Development Agency (RDA), the Public Private Partnership (PPP) unit, while receiving increased budget allocations (see Figure 3). It must be noted that State House budget in Zambia is not audited by the auditor general office and is therefore closed to public scrutiny. The funds generated at State House were used to co-opt civil society leaders, unionist, opposition politicians, etc., especially around the 2015 and 2016 elections (Hinfelaar, Resnick, Sishuwa, forthcoming).

The MoF and Budget Office's function and performance went into decline under Chikwanda. Political interference became commonplace, to the point that the civil servants felt completely sidelined and irrelevant. In the words of a former senior MoF official: 'we reached a point when we stopped thinking about coming up with policies that can work'.[25] Large fiscal imbalances and a rapid increase in government

Figure 3: State House budget and supplementary budgets



Source: Budget estimates.

[24] Senior MoF official, 17 January 2018.
[25] Interview, 10 July 2018.

debt predictably raised concerns about the sustainability of fiscal policies in Zambia:

> 'After several years of prudent fiscal stance (i.e., average deficit of 1.6 percent of GDP in 2007-11), loose fiscal policies in the form of excessive spending in the face of relatively low and flat revenues began emerging in 2012, and by 2013 the fiscal deficit on a cash basis reached 6.4 percent of GDP. Lack of adequate policy response to external and domestic shocks weakened government revenues and led to significant spending overruns and wider fiscal deficits in 2014-15' (IMF, 2017).

The political and economic situation worsened after Sata's death in 2014, as PF's internal succession battle turned out to be even more destructive than Mwanawasa's 2008 succession battle. A new ruling coalition emerged, strongly dominated by Rupiah Banda's former MMD faction. Traditions like ethnic balancing and allowing some checks and balances by civil society organisations, media and the Church were no longer in place and caused an upset to the political settlement, to the extent that it seemed 'unsettled' and very fluid. The new faction was less concerned about its erstwhile social policies and political base, like the urban informal sector.

Felix Mutati succeeded Chikwanda as minister of finance following the presidential by-elections in 2015. Like Magande, Mutati was a political outsider. In fact, he was the disputed president of one of MMD's factions. While seen to be a well qualified professional, he did not have the same credentials as predecessors like Kasonde and Magande. He introduced a programme called 'Zambia Plus' Economic Recovery Programme, aimed at strengthening the economy, in conjunction with IMF and other cooperating partners. This programme was largely ignored and it was no surprise that his appointment did not last very long. In 2017, Mutati was reassigned as minister of works and supply and was removed from cabinet a year later. In MoF he was replaced by Margaret Mwanakwate, who is part of the inner circle of Lungu. Mwanakatwe is also part of the Rupiah Banda's MMD faction that supported the PF faction which came into power after Sata's demise. Her appointment in 2018 was criticised by Transparency International Zambia (TIZ), who noted that she had an accountancy background, instead of the expected economics degree. Moreover, TIZ, noted at the time of appointment that she 'is not qualified to serve as minister on account of the High Court's nullification of her election as Lusaka Central MP for allegedly engaging in electoral malpractices, a decision she has appealed against in the Constitutional Court.'[26] Some level of reassurance of the controversial selection came with the appointment of Dr Mulenga Pamu as permanent secretary for budget and economic affairs, seconded from the Bank of Zambia (BOZ). Pamu is widely regarded as a respected and highly qualified economist, who prior to the MoF appointment was a director of financial markets at BOZ.

[26] https://www.lusakatimes.com/2018/02/16/tiz-opposes-appointment-mwanakatwe-finance-minister-court-case [accessed 28 May 2019]). The High Court ruling was overturned in the Constitutional Court on 31 October 2018. It is not sure if TIZ will now invalidate the claim that she was unqualified to serve as minister

The continuous interference of State House in MoF has resulted in flawed budget management processes, lack of fiscal discipline and increased debt levels, which are assigned to unproductive infrastructure projects or even to rising recurrent expenditure (ZIPAR, 2017). This period is also defined by a dearth of information, another echo from the UNIP days, in which the 'vanguard' party is privy to certain information. Inaccessibility of information also points to a deliberate attempt to avoid public scrutiny. This closedness also comes out in the open budget survey. According to International Budget Partnership (2018)[27] Zambia's open budget index (OBI) score is now very low. The country scored 36 in 2010, then scored even less in 2011 (4 out of 100).[28] The index increased in 2015, then dropped to 8 in 2017.

To illustrate the influence of party factionalism and party loyalism on MoF bureaucracy since 2011, we detail the controversy around the introduction and reversal of statutory instruments (SIs). The second example serves to demonstrate that, despite MoF's current political weakness, the technocrats (across the economic institutions), with the support of international institutions and donor organisations, have been able to push through constitutional changes and legislation like the Public Finance Management Act. Tellingly, the fiscal disciplinary rules were removed from the draft bill.

4.3.1 Statutory instruments (SI) and VAT rules

Shortly after becoming minister of finance, Chikwanda introduced a series of SIs and VAT rules, which was aimed at controlling and monitoring the foreign exchange and copper markets, a challenge each successive government has had to deal with. In the early period of PF's rule, President Sata and party stalwarts and ideologues like Wynter Kabimba (secretary general) and Bob Sichinga (minister of commerce and trade) had a great influence on government's monetary and tax policies. SIs 33 (2012), which enforced the kwacha as legal tender (instead of the dollar), SI 55 (2013) which empowered the Bank of Zambia to monitor the inflows and outflows of money as well as to monitor international transactions, and SI 89, which entailed the suspension of 10 percent export levy on copper concentrates. The MoF technocrats advised against the introduction of the new legislation, which led to high tension between the politicians and MoF. The debate that ensued was no longer about technicalities, but on the principle of loyalty to the president and the party. The politically ambitious deputy minister of commerce, Mr Sampa, expressed that he was 'grossly frustrated' by Felix Nkulukusa, permanent secretary MoF, accusing him of delaying the execution of Chikwanda's instructions: 'Your office is being used by enemies of the government to frustrate us voted into office from implementing our policies and objectives.'[29] The SIs were consequently implemented, only to be reversed within a short period of time, after negative effects came to the fore. Chikwanda suspended SIs 33 and 55, citing serious implementation challenges.

[27] https://www.internationalbudget.org, 2018
[28] Ibid.
[29] Sampa's letter being quoted https://www.zambiawatchdog.com/frustrated-sampa-accuses-pf-of-working-with-opposition-daily-mail/ (accessed 28 May 2019).

Chikwanda then introduced SI 89 to suspend copper levies,[30] a move that was interpreted as Chikwanda's close relations to the mining companies. The levy was initially implemented by government to encourage value addition by penalising the mines for not processing copper concentrates prior to export. Mining companies had complained that the existing levy caused a backlog of unprocessed copper concentrates, due to Zambia's insufficient treatment and smelter capacities. In suspending this SI, Chikwanda, quite characteristically, had not consulted on this matter, not even with Sata. Within a week of the policy announcement, an infuriated President Sata ordered the reinstatement of the export levy.[31] In addition to this, the value added tax (VAT) rule 18 was amended in 2013, requiring exporters to obtain documentation from the country of ultimate destination in order to qualify to receive VAT refunds. This provision led to a VAT refund backlog for the mines, as they were unable (and some unwilling) to secure all the necessary documentation. Chikwanda wrote privately to President Sata in mid-2014, requesting that the Zambia Revenue Agency begin recompensing the mines an estimated USD $600 million in VAT refunds, without the required paperwork, under rule 18. Wynter Kabimba, PF's secretary general (SG) and his faction opposed the decision and presumably leaked Chikwanda's confidential letter to the media in order to expose his intentions to the public.[32] According to Caramento (forthcoming), these examples demonstrate the different ideological orientation and political interest of the various factions. The effect was ad hoc policy making, resulting in many policy reversals, as well as the sidelining of MoF and other economic institutions. It also came at the expense of capable technocrats, like MoF permanent secretary Nkulukusa, who lost his government position as a result of the SI conflicts.

4.3.2 The 2016 amended Constitution and Public Financial Management Act of 2018

Despite bureaucratic decline and political factionalism, progress was made in public finance management legislation. This seems to be a direct result of interactions with IMF, local donor organisations (DFID-GIZ) and senior technocrats in MoF and Bank of Zambia, who have identified the (urgent) need for strengthening the legal framework to curb the unanticipated spending pressures and excesses.[33] Articles 198 to 212 of the 2016 amended Constitution of Zambia deal with public finance and budget. The Constitution states principles to be applied to public finance, such as transparency and accountability, as well as prudent and responsible use of public resources, among others. Accompanying legislation has been slowly implemented, i.e. the Public Finance Management Act was only enacted in 2018, but without all the provisions that were suggested by the technocrats. This Act provides for: an institutional and regulatory framework for the management of public funds; the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of controlling officers and controlling bodies; enhancement of cash management

[30] Times of Zambia, 24 October 2013; and Mosley (2017: 44).
[31] Times of Zambia, 28 October 2013.
[32] The Post, 29 July 2014.
[33] Senior economist, 15 April 2019 and ZIPAR (2017).

systems to ensure efficient and effective utilisation of cash for the government; and the processes for efficient production of the Financial Report for the Republic.[34]

While some technocrats expressed surprise at the passing of some of the legislation that gives more autonomy to some of the economic institutions,[35] others feel that the president and State House have little to lose in the process, as allocation to State House and presidential emoluments have sharply increased, given sufficient space for clientelist expenditure.[36] The amended Constitution also leaves space for executive powers, namely excess expenditure may be authorised under a warrant authorised by the president (with approval of parliamentary budget committee within 48 hours).

5. Ministry of Finance's effectiveness over time

> 'State performance is enhanced when politicians are able to mobilize support for clear policy preferences and when they can utilize a high-quality bureaucracy (a core element of state capacity) to see these policies transformed into real outcomes' (Centeneo et al., 2017: 27).

Zambia's political settlement is based on highly centralised executive powers, which has resulted in the importance of personality and quality of the leader and his chosen coalition. This at times has produced a positive outcome for Zambia's technocracy, as we have seen during the Mwanawasa, Magande years, but can also produce rather unproductive ones, in which the function and capabilities of the MoF are undermined. Despite the political upheavals, MoF has maintained some level of continuity in quality and 'effectiveness', especially when compared to other ministries. What are the determinants of effectiveness during the course of the three episodes sketched above?

5.1 Organisational mandate, function and international standards

A well-defined mandate and clear function is one of the reasons why expert informants define the MoF as a 'pocket of effectiveness'.[37] They single out the budget office, within the budget and economic affairs division (BEA). This office is in charge of the preparation of the national annual budget and cash management. Its function, tasks, timelines and end goals are very clear. According to a former senior MoF official, the professional level in this division is relatively high compared to other ministries, because of educational opportunities and support by organisations like DFID and GIZ.[38] The budget office currently consists of 20 economists, with an additional 30 staff who were recruited in 2018, with little outside interference, from UNZA and CBU, based on an examination.[39] Their performance is relatively high, for a number of reasons. Overall, this office has the highest concentration of university

[34] Government Act No. 1, 2018.
[35] Senior official, BOZ, 24 December 2018.
[36] See Figure 3 and interview former State House official, 19 April 2019.
[37] Interview with experts, October 2017.
[38] Interview 10 July, 2018.
[39] Senior MoF official ,1 November 2018.

graduates, with more than 70 percent of staff at Masters level.[40] This is high compared to other departments, where even directors have not obtained a Master degree.[41] Because of regular technical interactions with institutions like the IMF, World Bank, African Development Bank (AfDB), Bank of Zambia, Zambia Revenue Authority, etc., they are well versed in (timely) preparation of policy and technical papers, which are heavily scrutinised. A number of staff members also represent government in regional and international forums like COMESA, SADC, UN, International Tax Compact, etc., which is a learning experience. The nature of the work demands fulfilling constitutional, parliamentary and special requirements, such as preparing the economic report, the national budget, appearing before parliamentary select committees, Article IV consultations with the IMF or meetings with rating agencies; thus staff in these departments are always working to meet these deadlines, which gives them an edge to master what they do.[42] Staff are also assigned to work with relevant institutions like Bank of Zambia and Zambia Revenue Authority, to produce revenue forecasts, tax policy proposals and expenditure policy proposals in key sectors, which are required for the preparation of the national budget. Overall, there is a lot of clarity in their tasks. This ties in with Roll's assertion that 'the function an organisation performs determines the degree of specificity of the benefits it delivers (2014: 34).

Professional norms are the main reference point for MoF civil servants, imbued by their training and international experience. A feeling of frustration emerged during the interviews with retired civil servants that Zambia has departed from these norms. The standards are undermined by what some former MoF senior civil servants describe as a rise of 'commercialism'.[43] In their view, materialism was largely absent, or less dominant, during UNIP's rule. With a sharp decline of security of tenure and the absence of guaranteed long-term access to government goods – i.e. use of government houses, vehicles and public pensions – which were common during the UNIP days, civil servants are looking for economic 'survival' in different ways. As noted by Ross et al. (2013), in order for a ruling party to remain in power within a competitive multi-party setting, maintenance of clientele came mainly in the shape of goods. Personal-to-holder cars and houses became rewards for political loyalty and economic success from the re-introduction of multi-party elections in 1991 (ibid: 9). Importantly, these goods are handed out any time leadership changes hands and this results in a situation where senior civil servants have a couple of SUVs in their yard.[44] Despite these shortcomings, when it comes to appointments of MoF staff, professional standards are generally well maintained within this Ministry. When comparing the CVs of all ministers of finance from the 1970s to date, the overall trend shows that technical qualifications for this position have always been adequate.

[40] Interview with senior MoF official, 10 July 2018.
[41] Personal observations, one of the authors having worked in ministry of home affairs for 10 years.
[42] Interview with senior MoF official, 10 July, 2018.
[43] Interview with former MoF senior official, 2 March 2018 and former leading MoF official, 21 March 2018.
[44] Interview with former leading MoF official, 21 March 2018.

The majority of ministers were economists or accountants, but we have also seen educationalists and lawyers, who showed competence in their performance. The appointments were mostly merit-based, with no strong ethno-linguistic bias (see Appendix 1).[45] As we discussed above, Chikwanda was one of the most controversial appointments in recent times, as well as Margaret Mwanakatwe in 2018 So while the MoF has maintained some autonomy in the recruitment process through the public service management division (PSDM) at cabinet office, this does not apply to the permanent secretary and the minister of finance, who are directly appointed by the president. Some appointments and promotions, especially in recent years, have been linked to nepotistic/political demands from cabinet and State House.[46]

Donor support. While budget support went into decline, donors still play an important part in supporting the MoF, such as through capacity building, training, modelling, etc., most notably by DFID and GIZ. The donors have a disciplining function, as they insist on performance assessments and timelines, which in turn helps the Ministry to buffer political pressures,[47] and stick to its function. China has emerged as an influential factor in Zambia, in terms of access to alternative finance/capital, though this is tied to projects (infrastructure) and does not offer budget support. So far, it does not seem to act as a disciplinary force. The fact that Zambia is a member of IMF, COMESA, SADC and other international and regional bodies and has to interact professionally on all these platforms, has ensured the maintenance of technical capacity. This is a main contributor to the relatively high professional standards of all senior civil servants within the Ministry and an underlying factor in its effectiveness. At the same time, this arguably 'super-rational' ministry has to interact domestically with influential political actors, who to the technocrats seem to act as highly irrational actors when it comes to economic policy making. The basis of the Paris Declaration on Aid Effectiveness was premised on the notion that recipients of aid make rational choices and did not take the political environment into account.[48]

Ministerial leadership, agency and ideas. Both President Mwanawasa and Magande had technical leadership skills and could see the benefits, both for their own society and the survival of their own coalition, of a functional MoF. Minister of Finance, Ronald Penza (1993-1998) has been singled out for his outstanding leadership skills and for creating an esprit de corps by being able to rally his Ministry behind the SAP programme and implementing far-reaching and unpopular reforms. Without making a normative judgement on the kind of policies that came about and their impact on Zambia's society, this sense of direction within the Ministry did not re-emerge. Mwanawasa/Magande reigned during a period of favourable copper prices and the moment of HIPC completion point. Their success lay in using this momentum to boost domestic revenue, and open up fiscal space to enlarge state capacity

[45] Based on collection of CVs from 1964 to date, compiled by the authors from different sources (primary and secondary literature).
[46] This comes out in all interviews with MoF officials.
[47] Interview, former minister of finance, 6 February 2018.
[48] With thanks to Sarah Gibbons for this thought.

(increasing the number of civil servants, expanding social sector spending, FISP, etc.). Obviously, the quality of the leader/manager – in this case the minister – matters greatly to the functioning of departments. The influence that a minister has on the president and the technocrats will have a bearing on priorities. A politically strong minister can also ring-fence their staff from undue influence from other ministries which would want to prioritise or exceed their own spending. As one senior MoF official comments:

> 'Zambia is a so-called "gatekeeper state", in that the outcome of these processes depends more on the executive than the technocrats. Mwanawasa is the only one who tried to tackle the statehouse gatekeeper syndrome, by appointing independent-minded technocrats as minister of finance and Chibiliti was the only ST [secretary to treasurer] I have come across who could say no to political interference and who did not try to be popular.'[49]

Table 3 below provides a more schematic overview of MoF's performance over time in terms of political settlement dynamics, leadership, organisational culture and transnational influences.

[49] Interview with senior MoF official, 17 January 2018.

Table 3: Explaining MoF performance over time

Time period	**Political settlement dynamics**	**Ministerial leadership**	**Organisational culture**	**Transnational**
1991-2002 *Poor performance* (low copper prices, incomplete and controversial privatisation process, political pressure, corruption)	Competitive clientelist with concentration of power with the ruling coalition Many founding members left MMD within three years, break-up of coalition in late 1990s	Emmanuel Kasonde 1991-1993 Ronald Penza, 1993-1998 Edith Nawakwi, 1998-2001	Under Penza strong leadership and direction Growing reports of malpractice amongst senior bureaucrats	Structural Adjustment Programme, IMF conditionalities. Privatisation of nationalised industry and financial services

2003-2008 High performance	Competitive clientelistism *Less vulnerability of ruling coalition* demands from below (leads to FISP, resource nationalism)	*Stable technocrat; high-capacity ministers, ST and permanent secretary with both political protection and autonomy* Emmanuel Kasonde 2001-2003 Ng'andu Magande (2003): technocrat with 30 years' public sector experience. Enjoys good relations with president and State House economic advisor and cabinet	Positive/supportive environment Training opportunities Meritocratic approach to recruitment and appointments	Growing relations with IMF and World Bank Donors very influential up to the HPIC completion point High-level support (upgrading of financial system, training, capacity, foreign seminars etc.)

2008 to date Uneven/poor performance (political pressures, corruption)	Competitive clientelist, increasingly authoritarian. *Growing vulnerability of ruling coalition to electoral competition and demands from below*	*Stable, politicised, captured* Politically connected minister Shorter ministerial appointments, which are changed with change of coalitions/govern-ment (i.e. Musokotwane (under Rupiah/MMD), Chikwanda under Sata/PF, and Mutati, then Mwanakatwe under Lungu/PF) Weaker political leadership	Fewer training opportunities High turnover of leading MoF civil servants, party loyalty approach to recruitment and appointments, but relatively insulated compared to other ministries, some autonomy in appointments in budget office	Closer relations with China, esp. infrastructure programmes Decline donor, because of HIPC, lower middle-income status of Zambia, corruption Declining IFI influence, tension with IMF

6. Conclusion

MoF's most effective period, from 2003 to 2008, is situated in a politically competitive era. While political competition is usually associated with short-term policy making, this era stood out. The high performance was mostly determined by leaders who reacted against the economic and political mismanagement of the 1990s and who had the fiscal space to chart their own course amidst favourable conditions (copper prices, debt relief). It was characterised by the leadership of an unusually consultative president, who deliberately chose a technocratic cabinet, many of whom were political outsiders. This included the minister of finance. A good working relationship between the minister, secretary to treasury, permanent secretaries and State House (president and economic advisor) was one of the crucial elements for policy consistency and implementation. Wanting to break from donor conditionality and dependency and having the fiscal space to do so, the regime charted its own course, whilst adhering to the norms of the liberal world economic order of the time. Despite the decline of donor influence, international standards remained consequential, as they influenced the appointment of the minister of finance and other high-level technocrats. They also ensured some adherence to economic conventions, such as macro-economic stability, single digit inflation rates and a liberal foreign exchange regime. It is only under the most recent regime that the MoF has started to deviate from standard fiscal policies regarding fiscal discipline and debt management. Professional competency is still there, but has much reduced, because of the political appointments and transfers. A change in permanent secretary could turn around the functioning of MoF, as much of its capacity has been maintained.

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