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State capacity building in Zambia amidst shifting political coalitions and ideologies

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Abstract

This paper summarises research on the 'pocket of effectiveness' (POE) phenomenon in Zambia. It traces the development of three POEs within the Zambia context: the Ministry of Finance, the Bank of Zambia and Zambia Revenue Authority. This paper shows that the performance of these POEs largely depends on structural forces underpinning Zambia's historical trajectory, namely the character of its political settlement, the structure of the economy and global neoliberalism, and of the shifting political coalitions that have governed the country during this period. Originally shaped by the nationalised copper industry and a state-led economy, these organisations were subject to a radical reorientation under the neoliberal reforms of the 1990s. Donor-supported 'capacity-building' efforts and the need to adhere to international standards disciplined Zambia's economic institutions, moderated political interference from the executive and enabled them to be highly functional in a narrow organisational sense. They turned out over time to be politically unsustainable in the face of developmental failures, alternative ideological commitments, elite fragmentation and political populism. Overall, Zambia's governing elite was only fully aligned with this project of technocratic neoliberalism for a relatively brief period during the mid-2000s that ended with the unfortunate death of the then-president. With Zambia's politics becoming increasingly competitive and fragmentary, this mode of economic governance came into direct conflict with both political populism and a residual commitment to a more statist and planning-based approach within the bureaucracy. Despite the rhetoric of economic nationalism, the prioritisation of short-term survival strategies has undermined the quality of economic governance to the extent that rising levels of debt dependency now threaten both Zambia's sovereignty and its developmental future.

Keywords: capacity, coalition, economic, effectiveness, institution, political, public, state, Zambia

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1. Introduction

The shock expressed both within and beyond Zambia by the firing of Denny Kalyalya, a competent governor of the Bank of Zambia, in 2020, revealed two things. First, that the Bank of Zambia (BOZ) had remained, unlike most of the public sector in Zambia, largely unscathed by the politicisation of the bureaucracy that had been increasingly apparent since 2011. Until recently, BOZ had remained an island of professional effectiveness, delivering on its mandate in full adherence to international standards amidst overall bureaucratic decline. Second, while the move was directly linked to the fiscal pressures catalysed by Zambia's populist mode of politics ahead of the 2021 elections, it was also characteristic of Zambia's disruptive relations with traditional donors and international financial institutions (IFIs) and its ability to pursue alternative strategies of obtaining finance. The sharp decline of Zambia's economic institutions stands in contrast to the relative gains that were made in the 2000s, when a technocratic consensus resulted in relatively high levels of organisational performance within an economic technocracy that included but also stretched well beyond the central bank.

In this paper, we trace the development of the three main public sector organisations that have achieved the status of 'pockets of effectiveness' (POEs) in Zambia, namely the Ministry of Finance (MoF), the Bank of Zambia (BoZ) and Zambia Revenue Authority (ZRA). These economic institutions only fully blossomed during the 'technocratic era'of neoliberalism (2001-2008), before then struggling to fulfil their mandates during the Patriotic Front (PF) era (2011 to date). All three PoEs emerged during a period where overall state capacity was undermined by the Structural Adjustment Programmes (SAPs) (Mkandawire, 2017). During this period, economic policies were prescribed by international organisations (IMF, World Bank, bilateral donors) and then carried out by a small political and technocratic elite at the national level. The reforms that led to the 'modernisation' and emergence of the PoE institutions were largely driven by the need to integrate Zambia's economy into the global capitalist order, which meant a clean break from the country's previous state-led economy. While the PoEs become highly functional in a narrow organisational sense, they turned out over time to be politically unsustainable in the face of developmental failures, alternative ideological commitments and, above all, elite fragmentation and political populism.

This study fills an important gap in the literature, as there are limited studies on Zambia's organisations of economic governance, with the partial exception of the revenue authority. This void is partially caused by characterisations of the state in Africa as being '(neo)patrimonial' in character and the related tendency to understudy the actual role of bureaucracy and bureaucrats (Hickey 2019: 12). In terms of methodology, the paper is based on literature review, documentary analysis and in-depth case-studies of each organisation that was based on over 65 key informant interviews with representatives of all key stakeholders (senior bureaucrats, politicians, ministers, governors, corporate lawyers, civil society, embassies) and participant observation.[2] These case-study investigations tracked the performance of each organisation from 1991 to date, with a particular focus on how they dealt with moments of 'crisis', whether political, economic or organisational in nature. The performance trajectories, which included a quantitative analysis of available performance data, were mapped onto political settlement dynamics over time, whilst also tracking other potential drivers of performance (e.g. leadership and management, organisational structures, international support). This approach revealed two distinct performance periods, the first of which ran from around 2001 to 2008, when all organisations delivered relatively effectively on their mandate. This was followed by a period of decline from around 2011 onwards, with the exception of the Bank of Zambia, which, being politically and legally autonomous and further insulated by its role in adhering to international/regional standards, was able to maintain strong organisational leadership and resist political pressures for a longer period than its fiscal counterparts.

The paper continues as follows: Section 2 provides the country context, with an emphasis on Zambia's political settlement and general patterns of governance and public sector performance over time. Section 3 describes how we identified our three organisations, before Sections 4 and 5 respectively set out and analyse their performance trajectories. We conclude with a discussion of the strategic and policy implications that flow from this analysis, and some broader reflections on the future of state-building and development in Zambia.

2. Zambia's political settlement and the technocracy

Zambia's economic governance has been affected by the country's rapidly shifting political settlements over the past three decades. Zambia's bureaucracy has struggled to fulfil its mandate under the pressures arising from a heightened political competition and the short-term goals that accompany the interplay of multi-partyism with an enduring politics of clientelism. However, the continued functioning of the Bank of Zambia goes against the understanding that competitive clientelist political settlements automatically undermine the coherency and consistency of bureaucratic decision-making (Khan 2010), and points to the fact that there are other factors at play that shape bureaucratic performance. The prospects for an institution to emerge as a PoE are also shaped by organisational factors, namely the scope and clarity of its mandate; the strength and political linkages of its leadership; and its internal culture and cohesiveness (Grindle 2012; Roll 2014). Transnational actors[3] and regional epistemic communities also play important roles in shaping the incentives, ideas and also the relative autonomy of bureaucratic actors.

Since independence, Zambia has had a highly centralised and presidentialised system of governance. In Kaunda's era (1964-1990) the concentration of power was helpful in terms of offering a longer-term vision and the capacity to deliver. Yet, the broad social foundations of Zambia's settlement required that inclusive coalitions needed to be

[2] One author has cooperated with all three institutions over the course of the last five years.
[3] Multilateral and bilateral cooperating partners, private (commercial) corporations and creditors.

forged through elite-level bargaining across multiple ethnic-linguistic groups. This led to a settlement that was good for stability but less good for development, as it was fairly elitist and carried incentives to buy off the leadership of several different constituencies with public sector resources and jobs (Lindemann 2011). The strategy of building inclusive coalitions and pursuing state-driven development was sustainable when the country's natural resource base was valued highly within global commodity markets. Zambia was one of the few African countries listed as middle-income country, due its rich copper endowment that accounted for 96 percent of Zambia's exports (Cheelo, Hinfelaar and Ndulo 2020). The economic decline from the mid-1970s onward caused by the oil crisis and low copper prices resulted in severe food shortages in the late 1980s, which in turn undermined Kaunda's political dominance. This helped catalyse the re-introduction of multi-party democracy in 1991, with Frederick Chiluba's Movement for Multiparty Democracy (MMD) taking power. The transition was accompanied by an ideological shift from state- to market-led economics that required a restructuring and repositioning of Zambia's economic governance and the civil service more broadly. Liberalisation led to ruptures between those in power and major socio-economic interest groups like the trade unions (Rakner 2003), whilst structural adjustment undermined previously high levels of investment in social sectors, notably health and education.

The reintroduction of multi-party rule in 1991 saw Zambia's political settlement shift from a broad-concentrated to a broad-dispersed form of political settlement,[4] which has seen two electoral turnovers (United National Independence Party [UNIP] to Movement for Multiparty Democracy [MMD], and MMD to Patriotic Front [PF]). Moreover, the coalitional basis of both the MMD and PF has shifted over time, partly through the politics of succession occasioned more than once by the deaths of leaders in office. In addition, 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 interests of politico-economic entrepreneurs. This in turn had a profound effect on public finances, as alternative rents were sought elsewhere within government entities (notably through government contracts, procurement, the national electricity company, pension funds, etc.). In the process, it undermined the relatively formal structures that previously guided accountability and oversight of the business lobby and associated deal-making processes (Mosley 2017).

From 2015 onwards, Zambia has been showing signs of becoming increasingly authoritarian in character, as President Lungu has sought to re-concentrate power, place limits on oppositional politics and undermine certain accepted modes of inclusive incorporation with regards to the broad social foundations of Zambia's political settlement. The shift from one-party state to multiparty democracy in 1991 did little to change the wide powers conferred on the office of the president by the Independence constitution, which mean that the president is not obliged to followed advice tendered by any person or authority. The lack of institutionalisation of political parties and the lack of ideological coherence within specific parties has also had a profound effect on

[4] See Hickey (2019) for more on this typology of political settlements.

state capacity building and policy coherence over time. Like the UNIP in 1991, the MMD dissipated after it lost power in 2011. By 2014, the party had split, with many members moving to either the PF or United Party for National Development (UPND). In the 2016 elections, MMD did not even field a presidential candidate. President Lungu's second term has been full of controversy and he faces significant challenges to his hold on power, from those within his own party who oppose his bid to contest for a third time in 2021, and from opposition parties, particularly UPND and its leader, Hakainde Hichilema.

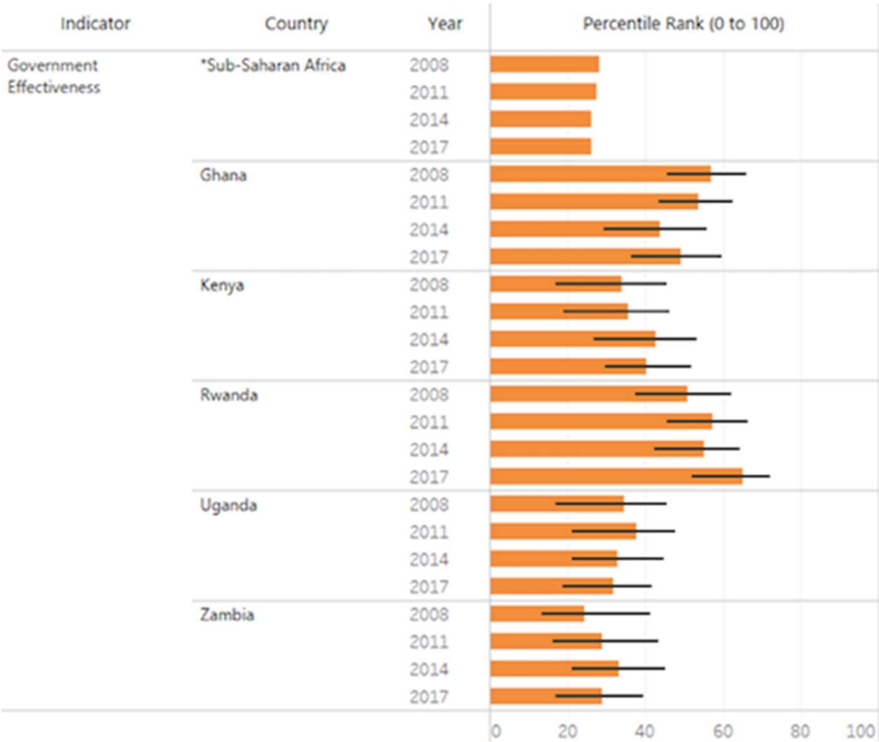
On the back of sustained economic growth caused by the commodity supercycle from 2004, and also Zambia's graduation from the Enhanced Heavily Indebted Poor Countries (HIPC) initiative in 2005, the role of donors in Zambia has greatly diminished. Their contribution to government revenue has dropped from around 40 percent in the 1990s to less than 2 percent by 2018.[5] This has weakened their leverage vis-à-vis the government, but has also put civil society organisations under financial pressure, leaving them more susceptible to political co-optation. Zambia has always lacked a strong domestic capitalist class capable of supporting other export-led earnings or local manufacturing (Craig 1999, Caramento forthcoming) and the ruling coalition has few positive links to productive capitalists, making it very difficult to develop and implement a proactive economic development strategy. International capital, most notably in the form of mining companies which benefited from the privatisation of Zambia's mines at the end of the 1990s, is influential and impacts on the direction of taxation and monetary policy. The IMF, which had been further sidelined from the mid-2000s by Zambia's capacity to borrow on the private markets (Eurobonds) and attract concessional loans from China, has been re-established as an important player since 2018. Amidst growing indebtedness and fiscal indiscipline, Zambia has applied for funding from IMF, but seen negotiations fail, due to its apparent inability and unwillingness to impose discipline within its realm of economic governance. In November 2020, Zambia defaulted on its first Eurobond repayment. [6]

The British-style civil service system that Zambia inherited after Independence was reformed through a process of 'Zambianisation' that saw the civil service expand massively in terms of numbers and functions.[7] Nationalisation of the private sector from 1968 onward also resulted in the establishment of large state-owned enterprises. Following the economic crisis in the 1970s, the pay, skills and also the professionalised culture of the civil service started to erode. In the 1980s, many professionals left Zambia and moved overseas. Weak supervision and accountability mechanisms eventually resulted in weak incentives for civil servants to implement formal rules, and

[5] National Budget Speeches, 2005-2018. See https://www.mof.gov.zm/?page_id=5248 (accessed 29 June 2021).
[6] See https://jubileedebt.org.uk/blog/zambias-debt-default (accessed 29 June 2021).
[7] By February 1964, only 38 of 848 administrative and professional posts filled by Africans, and only 26 percent of Division I and II posts. In 1964, Zambia only counted 100 graduates. In 1969 only 6 percent has university degree, 22 secondary school O'level, 67 percent had less education, 25 percent only primary. Early 1973 nearly half of 27 PS in posts had no university education. Also undertrained. Afraid of political consequences as well, when making decisions. No emergence of 'overpowering bureaucracies' in Zambia (Tordoff, 1980: 267).

the allocation of resources became gradually more determined by the relative bargaining power of civil servants vis-à-vis their bureaucratic and political peers and local 'strongmen' (Simutanyi and Hinfelaar, 2018). This in turn undermined governance capabilities, such as technocratic competence, policy coherence and public accountability. The second effort at reforming the public service crisis came in the wake of the structural adjustment programmes launched during the 1980s with the support of the IMF and the World Bank. Introduced in 1993, the Public Service Reform Programme greatly reduced the number of civil servants and dismantled most state-owned enterprises. The next reform civil service programme was Zambia's Public-Sector Capacity Building Project that took off in 2000. In the various evaluation reports, these reform programmes show mixed results, but overall no great improvement as compared to some other countries (see Figure 1).

Figure 1. World Governance Indicators: Government effectiveness



Source: World Governance Indicators.[8]

Political will is cited as one major hindrance for these reforms, but Zambia's continued dependence on copper, a commodity subject to volatile and unpredictable pricing shifts, also helped place the country under constant fiscal stress. The boom in commodity prices from the mid-2000s enabled government to steadily increase the number of ministries and civil servants, reversing the earlier lean period for the civil service. With PF taking power in 2011, public-sector wages were increased by 35 percent in 2012, contributing to an enormous wage bill that grew by 20.1 percent per year on average over 2012-2014 (with real GDP growing at 5.8 percent per year on average) compared to 9.1 percent per annum during 2009-2011 (with the real GDP

[8] https://databank.worldbank.org/source/worldwide-governance-indicators

growth rate averaging 8.4 percent per annum).[9] Because of fluctuating revenues, Zambia has a long history of cash budgets replacing appropriated budgets, which has undermined budget predictability. The flip side is that a public sector career is now seen as an attractive option, offering better wages and more long-term security than the private sector or civil society and has helped to reverse the earlier brain drain. One has also witnessed a professionalisation in specific departments, especially within the Ministry of Finance, Zambia Revenue Authority, Ministry of Commerce, and Bank of Zambia. Ideas around fiscal responsibility, debt levels and macro-economic stability became quite firmly settled within these departments during the 1990s and 2000s and, although controversial in terms of the implications for Zambia's development trajectory, this shared ideological perspective arguably helped these organisations to gain greater coherence and develop a shared organisational culture across the economic technocracy. In terms of leverage in wage negotiations, the civil service has overtaken the erstwhile power of the mineworkers' trade unions. Indeed, recent political upheavals have revealed the resilience of the Zambian bureaucracy, even whilst State House increasingly controls decision-making regarding the allocation of substantive rents (e.g. state ownership of resources, major contracts, trade agreements, etc.).

The literature on state capacity and public sector performance in Zambia is very limited. Many research outputs are linked to evaluations of IMF reform programmes, meaning that the discussion of state capacity 'has been within a highly normative framework so that only capacities to do what is deemed desirable by particular individuals or institutions are considered.' (Mkandawire 2017:184). Di John finds that while Zambian economic policies might have been weak, the state had been resilient 'against all odds' (2010: 6). He argues that despite the pressures of both economic and political liberalisation, the ruling party MMD largely kept its centralised patrimonial system, with the executive presidential system almost unchanged (ibid: 32). The pressures on state resilience seem to mount from the late 2000s onwards with the de-institutionalisation of the political parties, as the result of growing factionalism along regional and ethnic lines (Cheeseman and Hinfelaar 2010). This in turn started to affect political stability and state resilience, and the functioning of the state as whole. The rapid turnover of presidents, parties and factions had a negative effect on the bureaucracy as changeovers were constant, ranging from State House staff all the way down to the level of directors of departments in ministries and embassy staff. Ministries were variously added, removed and renamed and the boards of regulatory bodies overhauled by every new government (2011, 2015, 2016). Appointments are now widely seen to be based more on party political affiliation and being representative of a particular social identity, rather than on competence.[10]

[9] Complied and computed from Central Government Operations tables in (various) MOF Annual Economic Reports for 2006 to 2016.

[10]As further explained in Section 3 (below), there was no pre-existing information or secondary data source measuring or describing the performance of specific ministries, departments and agencies in Zambia in terms of institutional 'effectiveness' to fulfil mandates. Thus, the authors undertook a survey of experts which sought to identify high-performing 'pockets' or institutions in the public sector, using a survey methodology detailed in Hickey (2019). This observation on appointments was taken from the expert survey.

Despite some of the contradictory views exposed here (Di John v Mkandawire), both interpretations are correct. State capacity saw an increase in the late 2000s in the context of widening of fiscal space and departure of the structural adjustment regime. When PF came into power in 2011, state-led development made a come-back, as it rapidly expanded the size and salaries of the civil service and revived some of the state-owned enterprises (Zamtel and Industrial Development Corporation). Yet, this ideological shift also impacted on the functioning of the neoliberalised economic institutions and slowly undermined them. By positioning itself as a vanguard party, PF increased political interference in the running of the technocracy and saw an influx of political cadres, without the required qualifications and experience, into ministries, regulatory bodies and state-owned enterprises.

3. Identifying PoEs in Zambia

In the absence of secondary data on the performance of specific ministries, departments and agencies within Zambia, we undertook an expert survey to try and identify high-performing parts of the public sector. The methodology for this survey is detailed in Hickey (2019). From July to October 2017, 20 interviews were held with public sector experts, derived from the private sector, international organisations, think tanks, academia and civil service. Despite its methodological limitations, the survey revealed some interesting insights.

All informants observed that most ministries in Zambia had become less effective over the past decade, except for one respondent, who declined to comment on this question. All point to this decline being caused by political factors, namely the increased political interference within the civil service since PF came into power, even more so since Lungu's election in 2015. Whereas before it was common for ministers and permanent secretaries to be largely political appointees, respondents noted that this politicisation had now reached director level within ministries, introducing a sense of insecurity amongst public servants, with the civil service no longer regarded as a 'job for life' and officials incentivised to be risk averse. The same decline was identified with regulatory authorities, with many of our experts arguing that they have become a hindrance to the functioning of both the private and public sector and consequently a threat to the growth of the economy. Survey respondents also noted that despite high political interference, some leaders, including ministers, permanent secretaries and directors, function well, despite the circumstances. Inevitably, the importance of personal leadership amidst a fast-moving context of political change and subsequent staff turnover is a further source of instability.

The consensus was that the financial and economic ministries performed better than the average, particularly parts of the Ministry of Finance, the Bank of Zambia and the Zambia Revenue Authority.[11] Survey respondents noted that this was largely because of their mandates, the political incentives to ensure that they functioned effectively, and

[11] Other organisations singled out for praise included the Seed Certification and Control Institute.

international pressure. Their status and higher levels of budget allocation enable them to attract higher capacity human resources, as some of our respondents suggested:

> 'Any ministry or agency that carries big projects and has big expenditure. It attracts the best professionals (and that's a small group in Zambia). That's where capacity goes.'
> 'Those ministries and agencies just look smooth walking in. Disciplined, well-furnished, clean. In contrast with, for instance, Ministry of Lands, which resembles a marketplace.' [12]

Nonetheless, and as our in-depth case-studies of these high-ranking agencies reveal, the performance of these key nodes of economic governance has fluctuated significantly over time, often in line with shifting political settlement dynamics.

To validate and cross-check the results of the expert survey, we undertook an extensive review of the secondary and grey literature (official government policy, planning and strategy documents) and also dug deeply into the available statistical data on each institution, selecting institution-level indicators that quantitatively reveal the organisation's level of performance or effectiveness in meeting its mandate. The secondary data were analysed using descriptive statistical analysis and stylised facts analysis. The reference periods for the analysis varied from institution to institution, depending on the data available and underlying institutional characteristics (e.g., ZRA was only established in 1994, as compared to its longer-standing counterparts). As discussed below, the performance periods that this data analysis yielded for each organisation are largely consistent with the hypotheses generated for this project, which suggested that certain types of political settlement dynamics provide more favourable conditions for bureaucratic performance than others (Hickey 2019).

4.The ups and downs of Zambia's 'pockets of effectiveness'

Zambia's Ministry of Finance

The Ministry of Finance (MoF) was established in 1959 during the colonial period. Although the Ministry of Finance (Incorporation) Act invested the legal authority to discharge the mandate of the finance ministry in MoF, this soon came to be in tension with Zambia's shift to one-party rule after 1973. Before the reforms of the 1990s, policymaking was determined by the National Commission for Development Planning (NCDP), which was highly ranked and influential 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). In the 1990s, this unit was dismantled and integrated back into the MoF. This created some tension:

[12] Quotation from the Expert Survey held in 2017, see footnote 10.

> '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.' [13]

These changes had far-reaching consequences for the MoF, as it led to the decline of planning capacity and a fragmentation of functions with available staff resources spread thinly (Bird, 2009: 9).

The MoF was now mandated to maintain a stable macroeconomic environment, formulate revenue and expenditure policies that finance the national budget and manage a sustainable level of debt. Between 1991 and 2002, Zambia's growth rates and fiscal balance fluctuated significantly. In 2002, Zambia improved its performance, especially from 2006 onwards after graduating from HIPC and benefiting from historically high copper prices. From 2015, the third performance period, there has been a deterioration across most indicators. Overall, we distilled three distinct periods of performance since the 1991 reforms:

- 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.

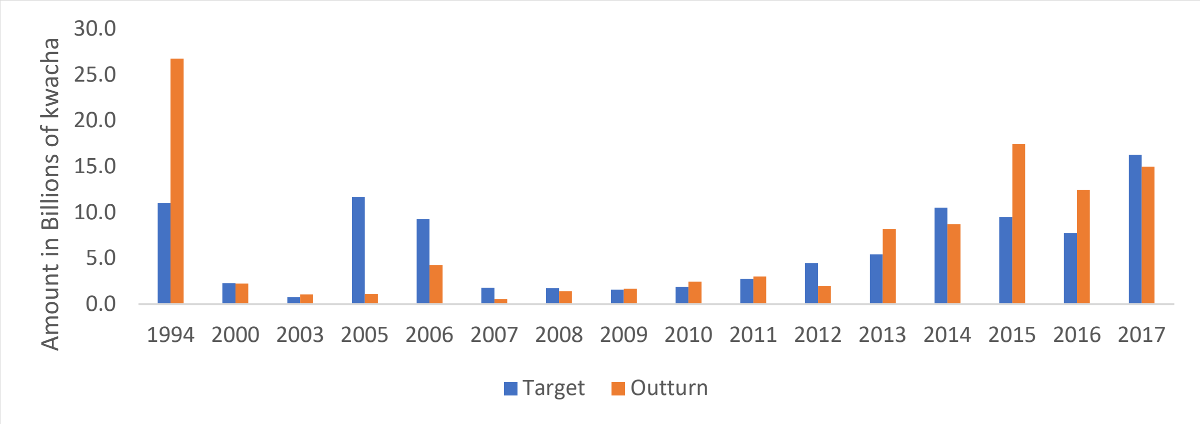
Indicators

The Budget Office was identified seen as one of the more effective departments within MoF and tracking budget performance offers a relatively objective and precise way of looking at MoF performance over the years, as compared to other indicators such as economic growth, which are affected by a wider range of factors beyond the control of the ministry (e.g. copper production). 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 in terms of fiscal deficits from 1994 to 2017.

Fiscal deficit trends show that deviations before 2000 were much wider and then became narrow up to 2010. The deviations widened again from 2012 to 2017. Figure 2 seems to suggest that between 2000 and 2011, fiscal deficits were narrow, which in our interviews we traced to adherence to fiscal and budgetary discipline on the part of the president and minister of finance. The main exception during this period involved an episode of significant deviation around the closely fought 2006 elections. From 2012, fiscal deficits 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).

[13] Interview with retired senior MoF official, 2 March 2018 quoted in Hinfelaar and Sichone (2019).

Figure 2. Fiscal deficit trends 1994-2017



Source: Ministry of Finance and budget speeches,[14] Zambia.

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 by international standards.

The PEFA table sets out the MoF performance in relation to four points in time 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

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 intergovernmental 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.

[14] Available at: https://www.parliament.gov.zm/taxonomy/term/54 (accessed 29 June 2021).

on cash budgets. Overall, these reports reveal a poor levels of budgetary performance, specifically in the late 1990s, when unconstitutional supplementary budget expenditures led to a number of budget crises (Economics and Statistics Analysis 2004).[15] According to the auditor general reports, the election year of 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 reputation 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, especially after 2012. PEFA indicators show a decline of budget discipline: 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).

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. 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, and also a shared commitment to a technocratic mode of governance aimed at embedding neoliberal economic policies.

Counterintuitively, MoF's most effective period, from 2003 to 2008, was marked by high levels of politically competition, yet a coalition of political and technocratic actors were able to hold out against the short-termism usually associated with these pressures. 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 members of which were political outsiders, including 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 sought to chart its own course, whilst

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

adhering to the neoliberal norms of the prevailing orthodoxy of the time (Jepson 2019). MoF gained support from State House, but also achieved more autonomy from external donor advice. 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.

However, the productive cooperation between President Mwanawasa and Minister of Finance Ng'andu Magande (2003-2008) was not sustained for 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 MoF. 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 MoF. 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. A higher degree of professional competency than is generally found in the Zambian civil service remains within the ministry; although much reduced by political appointments and transfers, this could potentially be reactivated under new leadership.

Zambia Revenue Authority

The Zambia Revenue Authority was established in 1994 as part of the Structural Adjustment Programme (SAP) wave that unfolded across Africa during the 1990s and ushered in far-reaching reforms in Zambia's public sector. It was set up in the context of falling revenue earnings in Zambia, with tax earnings having dropped from average highs of around 30 percent of GDP per year in the early 1970s, on the back of high copper prices and a highly formalised economy, to an average of only 13 percent of GDP per annum in the early 1990s.[16] When the MMD came into power in 1991, Minister of Finance, Emmanuel Kasonde, announced tax reforms in his first budget speech. Parliament subsequently enacted the Zambia Revenue Authority Act in 1993 and in 1994 ZRA was formally established as a semi-autonomous agency. Donor support from the IMF and World Bank in 1991 and UK's Department for International Development (DIFD) in 1992 had already started when the revenue authority was still a fiscal affairs department within the MoF. Donor influence was apparent in ZRA's leadership, which was in expatriate hands until 2001. Tax governance in Zambia is guided by MoF, which preserves political responsibility and policy oversight. Parliament has to approve and enact taxation laws, while ZRA administers tax policies and laws. ZRA is headed by a commissioner general, who is appointed by the president, without the need for approval from the National Assembly.
Performance periods were identified as follows (Cheelo and Hinfelaar 2020b, 4):

- From 1994 to 2005: a period of relatively low tax revenue and uneven performance during the formative years of ZRA. Strong political commitment to

[16] External ZRA website: https://www.zra.org.zm/about-us/ (accessed February 2020).

building the authority as a semiautonomous institute and technocratic appointments such as ZRA's commissioner generals (CGs) and directors, including Zambian appointees after 2001, undermined by a weak tax policy regime and the collapse of tax revenues in the face of trade liberalisation (IMF 2005); tax/GDP ratio varied from 17.2 (1994) to 13.7 (2005).

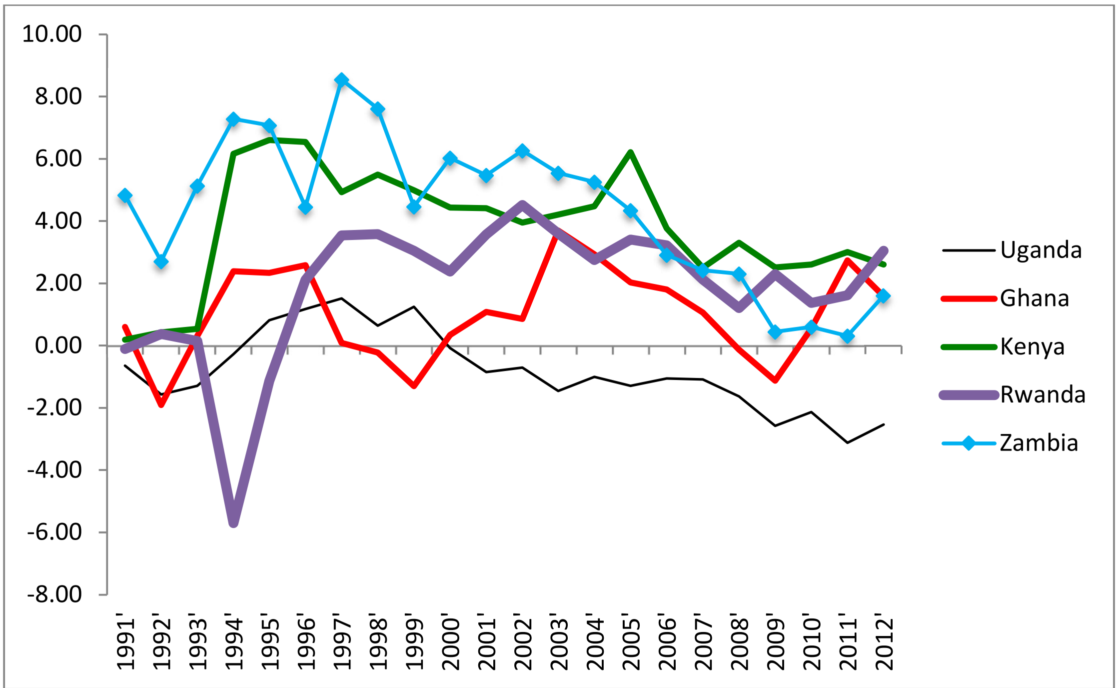
- From 2006 to 2014: a period of relatively good performance amidst fiscal prudence, economic growth, enhanced professionalism, ZRA's reorganisation, in an era of technocratic consensus, which involved strong political backing for domestic revenue mobilisation to counterbalance reduced levels of donor support. A new political regime from 2011 brought the promise of raised revenues via resource nationalism but this was undermined by the increased fragmentation of tax policy. Tax/GDP ratio started low at 14.08 percent (2006) but increased to 18.2 percent (2014).
- From 2015 to 2019: a period of relatively weak performance, despite ZRA receiving relatively high rewards and incentives. The period was characterised by the undermining of ZRA's professionalism through politically motivated appointments of unqualified staff and a controversial CG. An incoherent tax policy regime characterised by episodes of 'start-stop' policies and reforms, including the shift of policy influence from MoF to ZRA over the failed proposed reform from VAT to sales tax in 2018/2019. Tax/GDP ratio remained uneven and stagnated to an average of 15 percent of GDP.

The Zambia Revenue Authority (ZRA) is regarded as a relatively high performer within the country's public sector, and also performs well in comparison to regional revenue authorities. While Zambia's overall tax effort was slightly above the average held by the rest of the African Tax Administration Forum's 37 member states in 2017, the ZRA ranked fourth for revenue productivity (revenue per tax employee), making it one of the most efficient authorities on the continent (African Tax Outlook 2019: 136). However, ZRA's performance has been uneven over time. With MoF directing tax policies, and with the president appointing the commissioner general, ZRA has been vulnerable to ad hoc policy shifts and the political expediency of the ruling class because of its legal placement under MOF; however, this vulnerability only became fully apparent after the Mwanawasa era. From the mid-2000s, ZRA maintained a good level of professionalism, due to a clear mandate and targets, leadership, internal organisational factors and its membership of regional and international epistemic organisations. During most parts of the period under study, ZRA sustained a favourable level of professionalism and leadership, which in turn supported an effective tax collection effort. However, since 2011, and particularly after 2015, the organisation has seen a notable decline in both adherence to professionalism and in its ability to meet its mandated administrative functions in the later part of the review period.

Indicators

In charting ZRA's performance over time, reference is made to Yohou and Goujon's (2017) comparative tax effort graph (Figure 3). Tax effort can offer a more useful indicator than tax-to-GDP, as it takes into account the level of taxation that a country might be expected to generate, given the structure of its economy. For the purposes of studying ZRA, the graph shows a high effort shortly after the formation of the authority in 1994, followed by a steep decline. A far-reaching tax policy reform programme in 1992 preceded the establishment of ZRA (Di John, 2010) and led to a significant increase in tax effort (Figure 3). The reforms were geared towards attracting foreign capital investment, in competition with other countries in the region which went through similar reforms. Finance Minister Ronald Penza implemented economic reforms to the fullest, sweeping away the policies that had underpinned the state-led economy under Kaunda. Importantly, Penza had the political backing of President Chiluba, as well as the support of the IMF. ZRA benefited from DFID's financial and technical assistance. Because of the ongoing privatisation process and low copper prices, the mining sector did not contribute significantly (or at all) in the period. From 1997 to 2008, Zambia's tax-to-GDP ratio largely flat-lined at around 17-18 percent per year on average, arguably because expenditure was fairly flat over the period, which meant that there was little pressure being exerted to raise taxes.

Figure 3. Zambia's tax effort 1991-2012 in comparative perspective



Source: Yohou and Goujon (2017).

Having achieved Heavily Indebted Poor Countries (HIPC) completion status in 2005, Zambia qualified for debt relief, which led to the opening up of fiscal space from 2006 onwards. Revenue collection, on the other hand, remained relatively low, despite the rapid rise in copper production and record high copper prices. Mining tax reforms were urged by civil society, the media and the opposition parties, but also donors, all of whom rallied around the 'Windfall Tax', which led to a new mining tax regime. The emphasis on domestic resource mobilisation, and the accompanied building of specialised capacity of ZRA from 2006 onward, resulted in an improved, but initially unsteady output, for reasons we detail below. The new tax regime had the support of all cabinet ministers,[17] but was met with some resistance by some MoF technocrats, most notably the Secretary to Treasurer, Musokotwane, who argued that the taxation would completely stifle the profits of the mining companies. As it turned out, the Windfall Tax was never fully implemented, as it coincided with two events in 2008. On the domestic front, the passing away of President Mwanawasa, which led not only to an intraparty power struggle but also to the departure of many cabinet ministers championing the Windfall Tax, notably the Minister of Finance Magande. Crucially, on the international front, the new tax regime coincided with the global financial crisis of 2008, which led to intense pressure (and leverage) from the mining companies to modify the taxation. One year later, in 2009, many of the new incentives that would ensure larger government revenue from the mining sector were revised under the guidance of Musokotwane, who was appointed as the minister of finance under President Rupiah Banda. The Windfall Tax was replaced by a Variable Tax and even though the tax regime changed, it was an improvement from what was in place prior to April 2008 (Fjeldstad and Heggstad 2011: 73). This was borne out by an improvement in tax revenue, which was sustained until 2014.

The World Bank reflected on this period as follows:

> 'After ten years of rapid growth and a doubling in size of the economy from 2004 to 2014, Zambia emerged from being a country with a high aid dependency to one where, in 2015, grants provided a meager 1.4% of revenue compared to 98.6% domestic revenue earned largely through taxation. Revenues increased in real terms as the economy grew from the early 2000s and by 2013, with domestic revenue reaching 16.9% of GDP. It rose further to 18.2% of GDP in 2014 and 18.5% in 2015' (World Bank 2015: 25)

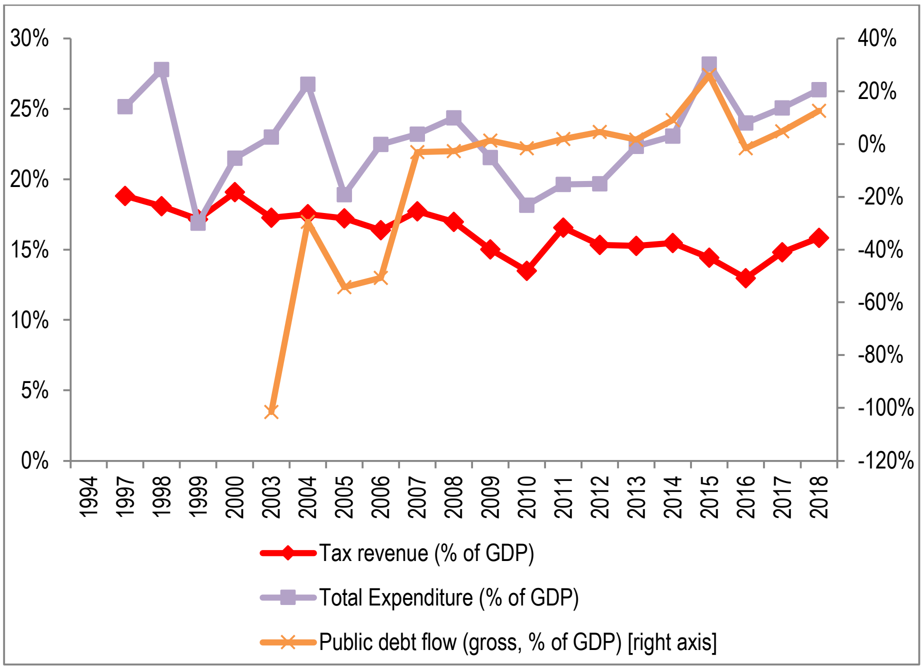
We complement Figure 3 with other indicators, not only to ensure coverage of the period from 2012 to 2019, a crucial era in the development of ZRA, but also to put more grain to our analysis. Thus, in this paper, the tax revenue-to-GDP ratio interacted with other ratios, notably: the *expenditure-to-GDP ratio*, a proxy for the amount of fiscal pressure that public spending places on revenue authorities to raise tax revenue; the *non-tax revenue-to-GDP ratio*, a proxy for the amount of fiscal relief in terms of an alternative fiscal revenue source aside from taxes; the *ZRA grant-to-GDP ratio*, a proxy for the amount of aggregate financial incentive for the Authority to raise tax revenue; and the *public debt-to-GDP*, also a proxy for the amount of fiscal relief through alternative fiscal revenue source aside from taxes. The main point is that ZRA performance was significantly influenced by expenditure policy, public debt position, non-tax revenue performance and grant rewards going to ZRA.[18]

PF came into power with expansionary fiscal policies to support its more populist and statist policy agenda. During this period, the World Bank classified Zambia as a lower-middle-income country eligible to borrow commercially. Initially, Zambia's increased

[17] Interview, former Minister of Mines, April 2018.
[18] Interview, former MoF senior official, 8 March 2020.

spending was financed out of borrowing (including 2012, 2013 and 2015 Eurobonds) and non-tax revenue adjustments (2013-2016), so relatively little pressure was placed on ZRA to increase performance in terms of higher tax-to-GDP ratio outcomes. In 2015, as President Lungu came into office, an economic crisis hit Zambia and commercial debt service payments also started to escalate, further eroding the fiscal space that PF had inherited in 2011. This started to exert pressure on tax revenue performance, hence reflecting a marginal increase in tax-to-GDP over 2016-2018, in an attempt to keep pace with a massive and growing expenditure appetite. Figure 4 incorporates the debt-to-GDP ratio, and this offers part of the explanation for the divergence between the (declining) tax revenue and (increasing) expenditure.

Figure 4. Fiscal expenditure and revenue ratios (% of GDP)

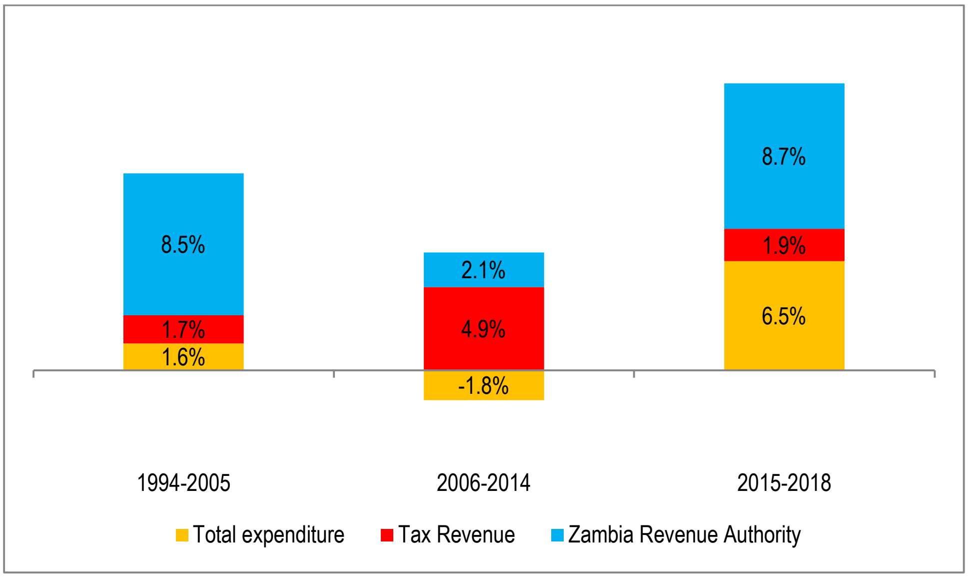


Source: Constructed by the authors from data in Annual Economic Reports and Fiscal Tables.

Moreover, as seen in Figure 5, the considerable over-expenditure on ZRA (8.7 percent above target per year on average) was coupled with significantly higher over-expenditures relative to budget targets than in any other sub-period; the over-spending averaged 6.5 percent per year of the budget target and the over-performance on tax revenue was only 1.9 percent per annum on average during the period. Therefore, the Lungu period saw the largest expenditure effort and reward effort to ZRA coupled with the second weakest tax revenue collection efforts among the three sub-periods.

ZRA's tax performance is strongly linked to Zambia's shifting political settlements. The tax revenue policy function lies mostly within MoF, which in turn is dependent on the functioning of its minister and his/her relationship with State House. With rapidly changing ruling coalitions from 1990s onward, and the varying influence of the international organisations, Zambia's taxation regimes have veered from one extreme to the other. They have varied from fiscal prudence, a policy direction that ultimately

Figure 5. Variance between targeted and actual outcome (% of target)



Source: Constructed by the authors from data in Annual Economic Reports and Fiscal Tables.

undermined MMD's ruling coalition in 2011, to populist resource nationalism, which was an important platform for the PF (Caramento 2019). But in all cases, taxation has always been closely linked to the politics of copper (Bebbington et al. 2018). As a result of Zambia's particular political settlements, tax efforts have gone into collecting tax from the large and formal sector, with an uneven effort to tax either the elites (notably on properties and procurement/contracts) or the informal sector. Because of the emphasis on mining companies, the Large Tax Office (LTO) is where most capacity within ZRA was built, with varying results. Beyond a brief five-year period of effectiveness in the mid-2000s, ZRA has been heavily undermined by both the country's political economy (reliance on mining and rents from this) and politics (personalised forms of competitive clientelism and, currently, vulnerable authoritarianism). The political interference was not cushioned by autonomous leadership either, as we see with the case of the Bank of Zambia below. Whereas the leadership roles of the CG and the directors of the various tax units are very important for the administrative functioning of ZRA, pitfalls were also noted: one was the direct appointment of CG by the president, which makes it more vulnerable to patronage and political interference; secondly, while the CGs all had the right professional qualification, their functioning can be overridden by the more powerful minister of finance and State House.

Bank of Zambia

Central banking in Zambia started with the establishment of the Bank of Northern Rhodesia in 1938. Commercial banks were foreign-owned and had their head offices in [then] Salisbury and Johannesburg (Bank of Zambia 2014: 6). Their lending practices were geared towards providing export finance to the foreign-owned mining companies and seasonal finance to commercial farmers. The Bank was heavily dominated by expatriate staff until Independence in 1964, after which a process of

Zambianisation was put in place and banking policy was realigned with national interests.

Before 1991, BOZ had a very narrow mandate and limited capacity:

> 'The Bank was like a government department. When I joined [in the mid-1980s] there were only a minority of graduates. The conditions were better in government than BOZ at the time, so people moved from BOZ to the ministries.'[19]

One of the aims of the post-1991 economic reforms was to secure the independence of the Bank of Zambia by means of structure and legislation. The 1965 Bank Act had given policymaking powers to the minister of finance, thereby constraining the governor, who was regarded as a technocrat professional head of the institution. This changed with the 1996 Bank Act, which, in the words of former BOZ Governor Jacob Mwanza, 'provided (BoZ) more autonomy on matters of monetary policy, financial stability and macroeconomic policy' (Mwanza, quoted in Bank of Zambia 2014: 93). In the process, BOZ lost the developmental function it had performed during the 1980s, when it was able to extend credit guarantees to the small and medium enterprise sector.

BOZ's self-described mandate is to achieve and maintain price and financial system stability, in order to foster 'sustainable economic development'[20] via the following functions: ensuring appropriate monetary policy formulation and implementation; acting as the fiscal agent of the government; licensing, regulating and supervising banks and financial service institutions registered under the Act to ensure a safe and sound financial system; and managing the banking, currency and payment systems operations of BOZ to ensure the provision of efficient and effective service to commercial banks, government and other users.

From the 2000s onward, BOZ has been regarded as Zambia's most consistently high-performing public sector organisation (Cheelo and Hinfelaar 2020a). During the 1990s, it transformed from an organisation that existed primarily to service a state-led command economy to a 'modern' central bank that was able to accommodate the requirements of an IMF-led economic policy reform programme. BOZ gained increased autonomy in the 1990s and independence in 1996 through new legislative reforms. Whilst never entirely free from domestic political pressures during this period, when compared to other parts of the public sector, BOZ has remained remarkably immune to even the increased politicisation of the bureaucracy that took place from 2011 onward. This is largely due to the existing legislative framework, a strong tradition of self-assessment and public accountability, and, externally, the acknowledgements by all successive political regimes that the central bank acts as an important 'signaller' to international financial markets. Moreover, the BOZ governor plays a crucial role in

[19] Former BOZ official, 14 January 2019.
[20] BOZ website: https://www.boz.zm/about-us.htm (accessed 28 June 2021).

defending the Bank's mandate vis-à-vis the Executive, aided by the need to abide by international central banking standards. The leadership of BOZ has been consistent in that respect, until last year, when the governor was removed. Gondwe's reign from 2011 to 2015 was more contentious; his appointment coincided with a new regime let by Patriotic Front (PF), whose populist policies challenged some of the neoliberal conventions that the BOZ saw itself as working to uphold.

The effectiveness of BOZ in delivering on its dual mandate of helping to ensure price and financial stability between 1991 and 2018 can be characterised as follows:

- 1991-2001. Weak performance, high inflation and bank closures, in a period of economic decline and high levels of corruption; independence and increased professionalism of staff in 1996 enables the building of a strong economic team.
- 2001-2011. Strong performance, both on price and financial stability, during a period of economic growth and technocratic consensus on economic policies.
- 2011-2019. Mixed performance. Relatively weak BOZ leadership from 2011 to 2015 and pressures on BOZ policies (effects seen in 2015-2016), followed by strong leadership. But, overall, price and financial stability were maintained. The firing of Governor Kalyaya in 2020 has created uncertainty around the autonomy of BOZ (Cheelo and Hinfelaar, 2020c).

BOZ's performance over time, 1991-2019

Starting with BOZ's monetary policy functions, one of the indicators for capturing performance is annual inflation.

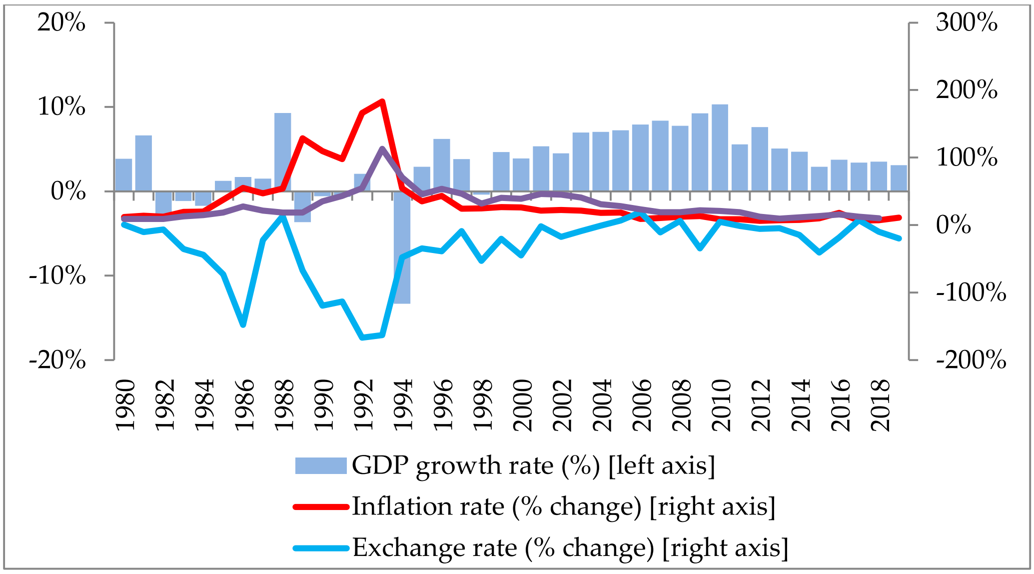
Based on the persistent application of conservative monetary (and fiscal) policies since 1991, the inflation rate, which had risen to a peak of 183 percent in 1993 gradually declined to 26 percent by 2000 (Figure 6). It is noteworthy that the price instability that had emerged in the late 1980s escalated post-liberalisation in the early-to-mid-1990s, 5 percent in 1997, 4 percent in 1998, but the actual outcome closed the year at 26.8 percent in 1999 (compared to a revised 1999 projection of 15 percent).[21]

Improvements in building and maintaining financial stability, particularly sound commercial bank performance, took rather longer for BOZ to achieve and only came in in the late-1990s. The growing banking industry in the early years of reform in Zambia was led by Meridien BIAO,[22] a local bank established in 1984, which grew rapidly after liberalisation to become the third largest commercial bank by 1994 (McPherson 2004). The events that would ultimately culminate in the closure of

[21] (https://www.imf.org/external/np/loi/1999/031199.htm)) and https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr9562

[22] The parent company for the African subsidiaries was Meridien BIAO, whose headquarters were in Luxembourg before being moved to Zambia in January 1995. The Zambian subsidiary was called Meridien BIAO Zambia (MBZ). MBZ is discussed here as a local bank because Meridien had its origins in Zambia.

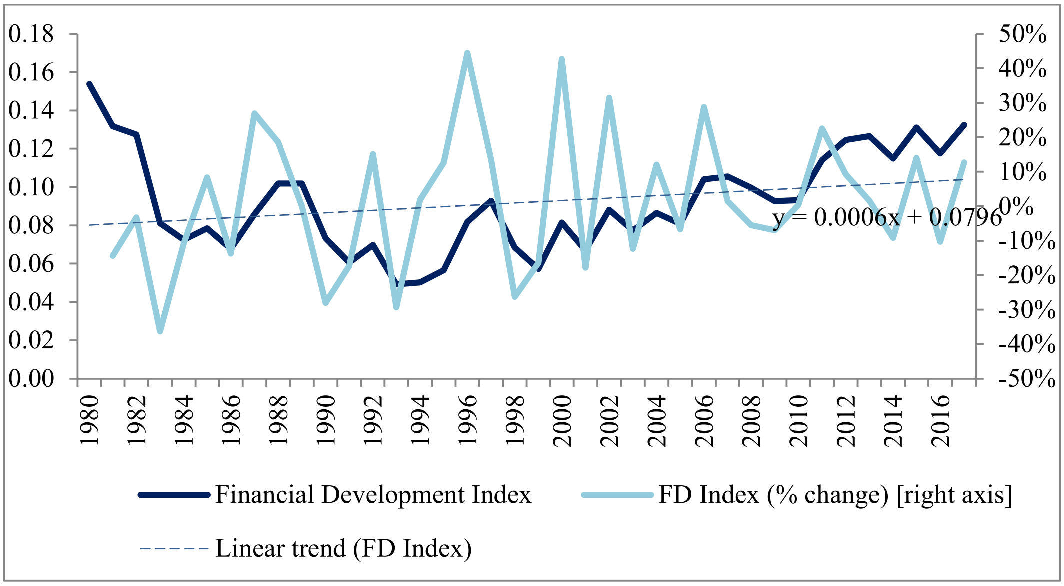
Figure 6. Inflation rate, exchange rate, interest rates and growth in Zambia, 1980-2019



Source: Constructed from World Bank WDI database (accessed Oct 2019).[23]

Meridien in 1995 placed considerable strain on Zambia's financial system and significantly eroded confidence in BOZ's capacity to effectively supervise the commercial banks (McPherson 2004; Mwape 2014). An upward trend in overall financial stability was only established by around 2002 (Figure 7). With the support of

Figure 7. Financial stability in Zambia, 1980-2016



Source: https://data.imf.org/?sk=F8032E80-B36C-43B1-AC26-493C5B1CD33B

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[23] This was constructed from World Bank World Development Indicators (WDI) data (accessed October 2019). The BOZ data start around 1996, and do not go into the 1980s and early 1990s, so we miss the opportunity of showing the high price (inflation) and exchange rate instabilities in the later 1980s and early 1990s.

the United Nations Development Programme (UNDP), BOZ also undertook a number of capacity-building activities to improve the efficiency of the financial system (Maimbo 2000: 8). Besides training, BOZ also responded to these failures by prolifically issuing new banking regulations. Statutory instruments were issued for capital adequacy, insider loans, large loans, fixed assets, interest disclosure, classification and provisioning of loans. In addition to these legislative developments, the department continued to improve off-site supervisory and monitoring techniques.

Historically, the BOZ governor plays an important role in defending BOZ's mandate vis-à-vis the Executive, with the ability to stress the necessity for BOZ to abide by international and regional central banking standards. During the Bank's era of high performance, it was the technocratic cooperation of the Minister of Finance Ng'andu Magande (2002-2008) and BOZ's Fundanga, with the backing of President Mwanawasa, which helped to stabilise monetary headwinds by establishing a favourable financial system in terms of fiscal deficit, inflation, economic growth and financial reserves, and a responsive monetary policy stance. While Mwanawasa's economic team did not counter the dominant IMF orthodoxy, they agreed that the economic reforms in Zambia had been too hasty and had to be moderated (Magande 2018). BOZ's autonomy was briefly under threat in 2011. This transition coincided with a major political and ideological shift, which saw PF's short-lived attempt to confront conventional central banking policies. Gondwe's appointment as governor not only led to internal divisions, but also to a weakened professional stance. The lack of strong professional leadership and internal discord was largely rectified when Gondwe was replaced by Denny Kalyalya in 2015, who managed to strengthen BOZ's autonomy until his removal in 2020.

Overall, we find that the effectiveness of BOZ in maintaining autonomous design and implementation of its policy mandate was influenced by a robust legal framework, the persona of the governor, transparency and accountability backed by proactive stakeholder engagement and institutional collaboration, and the political savviness of successive governors in navigating political settlement dynamics, among other things.

5. Analysis

Bringing the three case studies together, three broad performance periods can be discerned. A period of rapid reforms, but overall poor outcomes between 1991 and 2001; from 2002 to 2011: a period of improved, and focused performance in an era of economic growth and fiscal space; and finally, from 2012 to date, despite the investment in state capacity in terms of expanding and rewarding the civil service, this has been a period of declining outcomes. These periods largely overlap with the tenures of some of Zambia's presidents, Chiluba, Mwanawasa and Sata/Lungu, respectively. However, as was noted in all three studies, notably the Bank of Zambia case, other factors were at play.

Interestingly, the most effective performance period for economic governance across all three of our case-study organisations is situated in an era of intense political competition, whch seems to contradict predictions that such conditions are often associated with short-term policymaking and the politicisation of the bureaucracy (Khan 2010). 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 structural economic conditions (copper prices, debt relief). It was characterised by the leadership of an unusually consultative and largely rules-based president, who deliberately chose a technocratic cabinet and forged a critical axis with a powerful minister of finance. Mwanawasa, it has to be noted, was a lawyer and resigned from MMD in 1994, when corruption creeped in. The active establishment of good working relationships 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.[24] 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 and enabled technical assistance within MoF, BOZ and ZRA. They also ensured some adherence to economic conventions, such as macro-economic stability, single-digit inflation rates and a liberal foreign exchange regime. The investment in ZRA during this period, most notably the establishment of specialised units and a drastic change of the mining tax regime in 2008, saw ZRA's performance improve from 2006 onwards.

This drive was informed by the need for a renewed mandate after a period of upheaval in the late 1990s, consisting of high levels of corruption, questionable privatisation deals and economic decline. It informed Mwanawasa's anti-corruption drive, moderation of privatisation plans (though still disciplined by HIPC conditionalities). Nonetheless, this technocratic coalition was unsuccessful in getting popular opinion behind them, not least because the neoliberal model that they were embedding was failing to deliver inclusive patterns of growth, with levels of poverty and unemployment remaining high, despite impressive GDP figures. It can be argued that Mwanawasa's technocratic mode of governance (and narrow ruling coalition) actually helped engender a shift within the political settlement, and heralded a more populist, somewhat economic nationalist approach. PF, a populist urban-based party, was able to create an opposition coalition with independent media, civil society, trade unions and the informal sector. Mwanawasa's anti-corruption drive was perceived to be narrowly focused on the Bemba-speaking politicians (and their business/intelligence network), which also played into PF's hands. While PoEs were able to emerge during

[24] This group had in common that they had been part of Office of National Development and Planning (which housed the Central Planning Unit under the Director of Planning) under UNIP. Those coming from NCDP carried a 'a badge of honour'. They were also a strong academic background and has been active in the Economic Association of Zambia, which became critical of UNIP in the late 1980s.

this highly competitive period, the increasingly fragmentary nature of intra- as well as inter-elite relations made it very difficult to sustain particular ruling coalitions and their links to bureaucrats over time. The untimely death of Mwanawasa in 2008 was part of the story, but the larger one involved the fragmentation of the MMD as a political force and the country's more general absence of coherent and programmatic political parties. Ideas were important here: the PF's displacement of MMD introduced a challenge to the neoliberal orthodoxy that had at least offered a degree of coherence to Finance, BOZ and (to a lesser extent) ZRA, and made it more difficult for them to deliver on their mandate of maintaining a neoliberal economic order. However, the populism and lack of internal coherence within the PF governing coalition meant that it was neither committed to nor capable of reversing the imbalanced approach to state-building under neoliberalism by restoring the capacity of the relevant ministries of planning, trade and mines. The Office of National Development Planning was revived as the Ministry of National Development Planning in 2011, but remained in a marginal position. The prospects of a more productivist economic development strategy emerging were further undermined by the continued absence of a strong domestic capitalist class capable of supporting other export-led earnings or local manufacturing (see Zambia chapter in Bebbington, et al. 2018).

Zambia's changing political settlement offers a partial explanation for the findings discussed here, particularly for the MoF and the ZRA. Until recently, the BOZ has been more isolated from political shifts. The Minister of Finance is a political position (member of parliament, influential member of the cabinet) and usually comes with political ambition. The Revenue Authority in turn is mostly dependent on the political trajectory of MoF. State House always played an important role in governing both, but increasingly so in recent years.

The social foundation of Zambia's political settlement may offer a better explanation for the politicisation of Zambia's civil service than the concentration of power dimension. The social foundations of Zambia's settlement have always required that an inclusive coalition be forged through an elite-level bargain across multiple ethnic-linguistic groups and associations (trade unions, civil society, church bodies). In Kaunda's era, the concentration of power around an inclusive coalition was helpful in terms of offering a longer-term developmental vision and at least some capacity to deliver. This led to a settlement that was good for stability but less good for development, as it was fairly elitist and carried incentives to buy off several different constituencies with public sector resources and jobs. Once in power, the MMD soon narrowed from a broad-based movement to a much smaller coalition, with previously powerful associations like the trade unions having lost much of their influence. PF started under a broader coalition, with a pro-poor message, but it never became a truly national party in the way that UNIP and MMD were, at some stage at least. Under the current ruling coalition, power has been concentrated around a president with increasingly authoritarian tendencies, who lacks a commitment to forging an inclusive coalition. The perception and reality of exclusion of ethnic groupings (Beardsworth and Mutuna forthcoming) has rendered Zambia's political settlement increasingly vulnerable to instability and further undermined the possibility of merit-based appointments to key bureaucratic positions.

6. Policy implications

Our analysis of Zambia's pre-eminent POEs reveals that the performance of these apex economic institutions has varied, both between them and over time, largely depending on structural forces underpinning the country's historical trajectory (the character of Zambia's political settlement, the structure of the economy and the far-reaching influence of global neoliberalism) and the incentives and ideas of different ruling coalitions seeking to navigate this terrain. From the foregoing, some of the key policy and strategic implications are:

Generally, the strengthening of the respective legal frameworks of ZRA and BOZ has helped to protect these apex institutions from undue political interference. However, the protection and insulation of the legal frameworks has been to varying degrees: because the establishment and mandate of BOZ, including the parliamentary ratification of the president's appointment of the governor, are all enshrined in the Republican Constitution, the insulation and autonomy that the central bank's legal framework accords for independent monetary policy making is quite robust. On the other hand, ZRA is legally established as a subsidiary authority under MoF, offering the institution relatively less protection from undue political and other institution or, conversely, leaving it relatively more vulnerable to political interference and even possible state capture. Efforts to strengthen the revenue authority's legal framework, giving it similar constitutional-level independence to BOZ or, at least, subsidiary law-level autonomy similar to that accorded to the Auditor General's Office, could enhance institutional protection.

Although all three institutions have achieved high levels of organisational capacity and performance at various times, the extent to which this was an inherent part of a structured internal reform process was quite limited. Establishing internal processes of continuous human resource, business process and financial programming reforms such as succession and continuity planning could help enhance the professionalism, operation efficiency and continuity of all three organisations in relation to their policy formulation, policy implementation and policy coordination functions.

In order to enhance the level and quality of incentives offered in autonomous economic institutions, it will be important to explore options for benchmarking conditions of service in these institutions against similar organisations in the sub-region (i.e., in COMESA and/or SADC) and not pegging them to the general conditions of service prevailing in the civil service under the Cabinet Office. This sort of recognition will increase the chances of a culture of professionalism and resistance of political interference growing in these apex institutions. Of course, the extent to which this option could be extended to MoF might be limited, given its inherent entrenchment as a civil service organisation.

To enhance POEs, it will be worthwhile to explore options for the (re-)establishment of national inter-organisational peer review and coordination mechanisms as well as regional peer exchange forums, platforms or communities of practice, which domestically and regionally foster peer support, policy coordination and convergence and professionalism, including the avoidance of political capture and interference.

While the structural adjustment programmes aimed at turning BOZ and ZRA into more autonomous institutions so as to insulate it politically, in the process the institutions became disconnected from each other. In addition, it has created a hierarchy, in which crucial ministries, such as the Ministry of Mines, Commerce and Trade and Development Planning, lost their influence and BOZ was prevented from playing a more proactive developmental role. This helped to embed a neoliberal project that has so far proved unable to secure inclusive development whilst also undermining alternative development strategies from emerging. The Mineral Value Chain Monitoring Project of the 2010s, which was a Norwegian/EU/UNCTAD-funded project based at ZRA, exemplified the importance of building capacity *across* institutions. While ZRA was central to its project, the project aimed at developing a system to monitor the country's mineral value chain from exploration to export across all relevant institutions, including the Ministry of Mines and Mineral Development. It led to some successful interventions, most notably the mining audits. Although the prospects of such reforms being successful are limited under current political conditions, it is to this more broad-based project of state-building and development that Zambia should seek to return.

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