



REPORT

MOBILISING INVESTMENT FOR CLIMATE-COMPATIBLE GROWTH THROUGH ZAMBIA'S CONSTITUENCY DEVELOPMENT FUND





Climate Compatible Growth

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■ Acronyms and abbreviations

8NDP	Zambian 8th National Development Plan
ACA	Alliance for Community Action
CCG	Climate-Compatible Growth Programme
CDF	Constituency Development Fund
CDFC	Constituency Development Fund Committee
CEEF	Citizens Economic Empowerment Fund
CSO	Civil Society Organisation
DCS	Decentralisation Secretariat
DDCC	District Development Coordination Committee
IDP	Integrated Development Plan
JSM	Joint Spot Monitoring
FISP	Farmer Input Support Programme
GRZ	Government of the Republic of Zambia
LA	Local Authority
LGEF	Local Government Equalisation Fund
M&E	Monitoring & Evaluation
MICs	Middle Income Countries
MGEE	Ministry of Green Economy & the Environment
MLGRD	Ministry of Local Government and Rural Development
MOFNP	Ministry of Finance and National Planning
PACRA	The Patents and Companies Registration Agency
PLGO	Provincial Local Government Officer
TAC	Technical Appraisal Committee
UPND	United Party for National Development
WDC	Ward Development Committee
ZIPAR	Zambia Institute for Policy Analysis and Research
ZMW	Zambian Kwacha
ZNBC	Zambia National Broadcasting Corporation

Executive summary

We explore the potential for Zambia's Constituency Development Fund (CDF) to mobilise external funding into projects that contribute to sustainable development

We do not propose changes to the original purpose of the CDF, which is to promote decentralised growth. Instead, we propose leveraging the CDF's key attributes:

- i. It aligns public funding with projects that support sustainable development
- ii. It embeds multiple tiers of governance and accountability
- iii. It enjoys bipartisan political support, and is popular domestically
- iv. It is demand driven, with project selection aligned with locally identified needs
- v. Its design supports co-funding and risk sharing

Historically, high transaction costs, low deal sizes, information asymmetries and weak governance structures have been hurdles to scaling up external investment in local communities.

We believe that the CDF can help Zambia to overcome such hurdles. However, this requires enhancements to the CDF in the areas of: **i) process optimisation; ii) monitoring and evaluation; iii) governance and inclusion and iv) impact and additionality.**

To understand and evaluate how the CDF is operating, a specialist research team from the University of Oxford spent time in Zambia over the first three months of 2023. The recommendations in this report have been directly informed by field research.

We interviewed community groups in Zambia's urban and rural constituencies, as well as local and central government authorities, members of parliament, traditional leadership, civic society organisations, local media and other stakeholders.

Our recommendations have been validated through close engagement with research colleagues based in Zambia, who are co-authors of this report.

Next steps include socialising a dashboard containing data on individual CDF projects with prospective funders, including philanthropic foundations and impact investors.

Recommendations

1. Process optimisation

- 1.1 More capacity for Local Authorities (LAs):** Our analysis highlights that the 5% allocation within the CDF to administrative costs should be increased to cover the expanded workload faced by LAs. Most find it challenging at present to execute their functions around implementation, monitoring and evaluation.
- 1.2 Incentivise Ward Development Committees (WDCs):** WDCs play a pivotal role in ensuring representation and the identification of local needs. However, they currently operate effectively as unpaid volunteers, with no provision for their travel, subsistence or meeting expenses. Covering these costs would significantly improve WDC engagement.
- 1.3 Reduce information asymmetries:** Levels of trust between WDCs, CDF Committees (CDFCs) and Local Authorities (LAs) need to be higher and better communications would help this. Active WhatsApp groups, mobile data credits and newsletters are low-cost and demonstrably effective ways to stimulate improved information flows and propagate stories of best practice and successful interventions.
- 1.4 Devolve approvals to LAs:** Recent changes to support decentralised decisions have reduced the processing time of CDF applications. We understand that further changes are being proposed. LA's operate within the remit of Integrated Development plans, which should provide accountability.
- 1.5 Integrate climate compatibility into Community Projects:** By twinning the CDF with Community Projects that facilitate climate mitigation and adaptation there is an opportunity to access additional long-term, concessional funding. We propose an integrated engagement with the Technical Appraisal Committees, CDFCs, WDCs and others.
- 1.6 Reform the Disaster Contingency Fund approvals process:** At present, community responses to local natural disasters such as floods are hampered by a long approvals process for public funds. We propose devolving approvals for Disaster Contingency funding to the CDFCs. Such spending remains auditable, so risks of misuse can be contained.
- 1.7 Consider multiplier effects in the planning process:** By approaching investments in local infrastructure on a long-term, holistic basis the CDF can unlock socio-economic multipliers across the provision of energy, water, transport, education and communications. Again, a deliberate and integrated engagement with MLGRD, LAs, WDCs and CDFCs is necessary.
- 1.8 Create procurement opportunities for local contractors:** Small local contractors are often at a disadvantage when bidding for community projects, e.g. due to being unaware of opportunities or due to stringent procurement requirements. A programme to preference local contractors by maintaining lists and socialising projects through local radio could help support local trades.
- 1.9 Facilitate inter-CDFC knowledge sharing:** Our research identified siloed approaches by different CDFCs, and it became apparent that a mechanism to share experiences could accelerate progress and embed best practices. A forum for CDFCs or some other convening event could generate significant impact relative to the cost of execution.

2. Monitoring and evaluation

2.1 Consolidate and disseminate data on CDF activity: Data is being gathered at multiple points within the process but at present this cannot easily be accessed or evaluated. The capabilities to do this exist but some impetus is needed to advance progress. Without this data, it is impossible to see how additional external investment can be mobilised.

2.2 Prioritise M&E for LAs: Capacity constraints for LAs mean that M&E is frequently deprioritised. Developing dedicated M&E resources at the LA level would provide much-needed capabilities, and by engaging with other M&E actors in the information chain (WDC, CDFC, MLGRD etc), data could be recorded in a standardised format.

2.3 Establish an M&E Framework: Existing guidelines do not provide M&E Officers with sufficient information on how to collect high quality data and make that data available. Standardisation is a path to data quality; and digitalisation is a path to data availability. The MLGRD and Decentralisation Secretariat (DCS) are well positioned to work with Smart Zambia to set up a Framework.

2.4 Improve understanding of M&E amongst WDCs and CDFCs: To empower WDCs and CDFCs, they require education on effective M&E, their responsibilities for data collection and management, and how two-way communication with the LA should work.

2.5 Provide templates for M&E indicators: Rather than collecting M&E data for its own sake, the purpose and utility of this information should be made clear to those involved in gathering it. Custom templates may need to be developed, and some calibration undertaken to ensure consistency across projects and constituencies.



Photo by Paul Milley on Unsplash

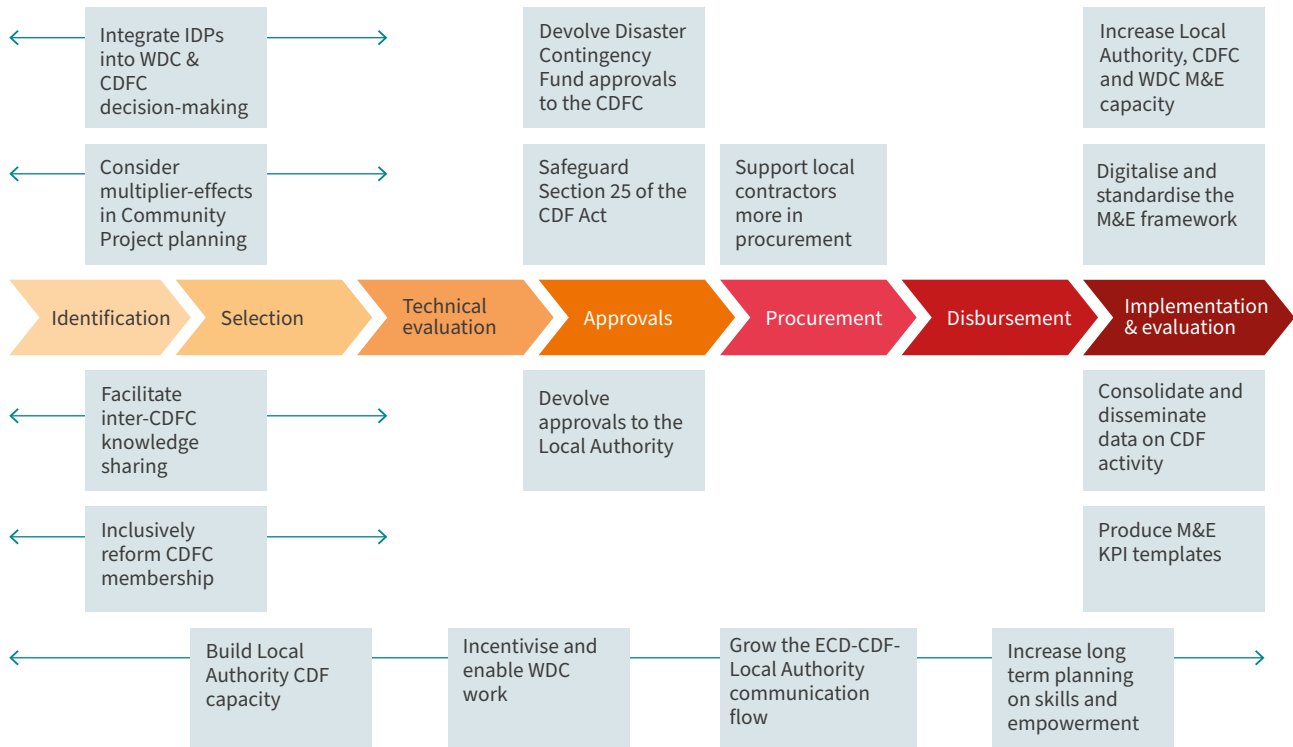
3. Governance and inclusion

- 3.1 Equitable access to CDFs:** Our preliminary analysis of CDF projects identified significant variations by Province in terms of the level of funds disbursed, number and type of projects, and progress to completion. Some of this variation is to be expected given the diverse composition of Zambia's constituencies. However it may also reflect some structural imbalances that merit further investigation.
- 3.2 Composition of CDFCs:** In our field research, stakeholders highlighted that the community representation at WDC level is often much more apparent than it is at CDFC level, particularly in terms of people living with disability. Youth groups do not have a formal voice on the CDFC, and there is often no process for ensuring gender balance. This deserves remedying.
- 3.3 Safeguarding Section 25 of the CDF Act:** The Minister of Local Government and Rural Development currently has overarching power to dictate CDF spending decisions. While centralised decision making can be useful, it risks undermining the principles of the CDF. Directed spending under Section 25 should be limited to avoid undermining community determination.
- 3.4 Wider public consultation on CDF reform:** The mandate and performance of the CDF is a subject of mainstream public interest, and we would propose that future reviews of the CDF Act and Guidelines attempt to include an element of public consultation. This could effectively be coordinated through the same organisational structures that are used to identify projects and disburse funds.

4. Impact and additionality

- 4.1 Employment opportunities for bursary recipients:** Our research highlights a concern that unless follow-on funds are available to support recipients of Empowerment and Skills bursaries, there may not be the high-quality jobs available to accommodate newly skilled labour. A strategy for creating employment opportunities is important for the long-term sustainability and impact of the CDF.
- 4.2 Start-up loans to stimulate economic activity:** The market for repayable CDF finance (i.e. concessional loans) is still nascent. In the medium term, this could be an important source of capital for projects that seek financial self-sustainability. It could be an opportunity to develop e.g. the Citizens Economic Empowerment Fund, and capital providers beyond the government.
- 4.3 Use of Integrated Development Plans (IDPs):** Many indicators of inclusion, need and development impact can be iteratively monitored and incorporated within frameworks that are increasingly being used by local authorities for planning decisions. Our research suggests there is still work to be done in consolidating IDPs within the workflows of CDFCs and WDCs.
- 4.4 Optimising scale for impact:** Whilst the CDF's power is in the local identification of needs, there are risks that this creates diseconomies of scale. There is a need therefore for central Government to maintain a holistic view across CDF projects, ensuring constant improvement through for example annual summary reporting and forum creation.

Figure 1: Integrating our recommendations within the CDF process



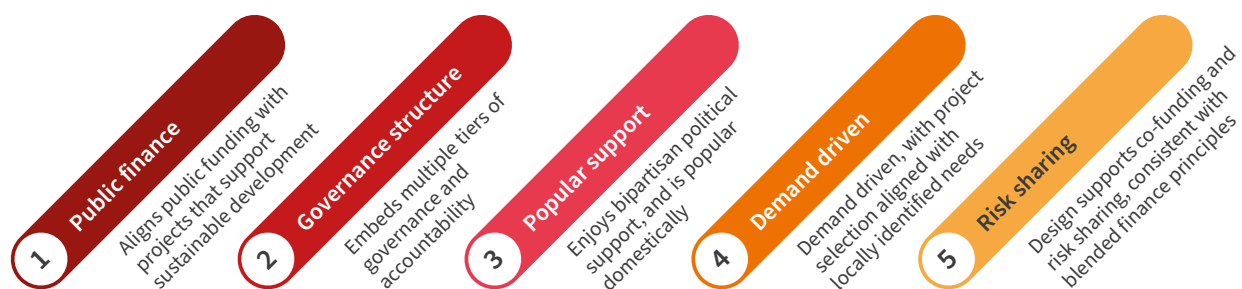
Introduction

The purpose of this report is to provide substantiated recommendations on how Zambia's Constituency Development Fund could support the mobilisation of additional investment. The specific modalities of potential funding – including source, structure and purpose – are the focus of our second report, which will be published later this year.

Constituency Development Fund (CDF) Programmes are a process for decentralising public spending from a national to sub-national scale, typically to finance locally-driven developmental projects. Projects that are financed through CDFs target local infrastructure for sustainable development, such as water, energy, health, education, and economic empowerment. CDFs are often framed in terms of participative democracy and poverty reduction.¹ Proponents, especially on the African continent, have constructed CDFs not only as a vehicle for improving service design and delivery through the decentralisation of state functions to local levels but also as a political tool: one that enhances administrative devolution and local democracy.² In this respect, CDFs enable decentralisation that 'grows' administrative capacity, rather than pursuing decentralisation as a path to avoid central governmental inefficiency. CDFs can offer a participatory alternative to top-down planning and execution of sustainable development interventions. More recently, it has been proposed that CDFs could offer an effective bottom-up approach to addressing the impacts and mitigation pathways of climate change.³

This report focuses specifically on Zambia's CDF Programme, and addresses the question of whether the CDF could be an effective vehicle for mobilising external investments to spur decentralised and climate-compatible growth in Zambia. Under the current administration, CDF allocations have been dramatically increased since 2021 and are now a material source of funding for growth projects in Zambia. We hypothesise that Zambia's CDF is a promising enabling mechanism for mobilising external funding, for five reasons:

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- 1 Francis, K., Nekesa, P. and Ndungu, B. 2009. Best Practices in Constituency Development Fund. Nairobi: Collaborative Centre for Gender and Development. University of Nairobi Press. Nairobi.
 - 2 Lawson, M. and Mwanza, P. 2013. Constituency Development Funds: Transparency in Grassroots development or political patronage. Micah Challenge & Tearfund.
 - 3 Murray, C. 2011. Constituency Development funds: Are they constitutional? International Budget Partnership.

Figure 2: Features of the CDF that support additional resource mobilisation.

The CDF was first introduced to Zambia's constituencies in 1995. It did not have any constitutional backing until 2016 when it was established in law as a mandatory budgetary allocation through a constitutional amendment.^{4,5} The fund has undergone several iterations since inception, reaching an allocation of US\$13,000 per constituency in 2006 and rising to approximately US\$200,000 in 2012.⁶ However, the most significant reform to CDF programming was made by the United Party for National Development (UPND) 'New Dawn' Government which assumed office following the August 2021 general elections. In the 2022 National Budget speech to Parliament, the Minister of Finance, Dr Situmbeko Musokotwane, announced an increment in the CDF allocation to ZMW 25.7 million (US\$1.3m) to each of Zambia's 156 constituencies, stating that this 16-fold increase was to actualise decentralisation "by taking resources closer to the people". The amount per constituency was further increased by 10% to ZMW 28.3 million (US\$1.5m) in the 2023 budget.⁷

The CDF has primarily been designed as a vehicle for decentralised participatory development. This objective is shared by other providers of capital, but historically, high transaction costs, low deal sizes, poor information and nascent governance structures have acted as barriers to scaling up external investment in local community contexts. Our question was whether the current CDF mechanism – or a modified version of it – could overcome these barriers to facilitate the additional investment that is needed to achieve climate compatible growth.

A CCG team comprising researchers based at the University of Oxford, conducted field research in Zambia between January and March 2023 to evaluate the opportunities for accessing blended finance using the CDF framework. The CCG team conducted its field research in close collaboration with a local partner, Lloyds Financials Limited (Lloyds). The research involved in-depth semi-structured interviews with 7 constituencies in Central, Lusaka and Southern province. In addition to focus groups with Local Authority Planning Teams, Councillors, CDF Committees (CDFCs) and Ward Development Committees (WDCs), key informant interviews were undertaken with Provincial Leadership, Traditional Leadership and radio media organisations. Consultative engagements were undertaken with stakeholders at Ministry level, Civil Society Organisations (CSOs) and local financial institutions. A full list of participants can be found in Annex 1.

4 Article 162 of the Constitution of Zambia Act No.2 of 2016.

5 Government of the Republic of Zambia, 2006. Guidelines on the Management & Utilisation of Constituency Development Fund. Lusaka. Ministry of Local Government & Housing.

6 PMRC (Policy Monitoring and Research Centre), 2014. PMRC Constituency development fund analysis: Working towards a more effective decentralised system of national development. www.pmrzambia.com/wp-content/uploads/2015/06/CDF-Infographic.pdf

7 National Budget Speech, 2023. Situmbeko Musokotwane – Minister of Finance. National Assembly of Zambia.

1. The CDF process

The CDF Guidelines⁸ published by the Government of the Republic of Zambia (GRZ) , along with the CDF Act of 2018,⁹ provide a blueprint for how the CDF process should operate. Following the increment in the CDF allocation per constituency in the 2022 National Budget,¹⁰ GRZ comprehensively revised the CDF Guidelines to provide clarity on the structure and management of the CDF process and to introduce new fund components; In addition to Community projects, the CDF was expanded to include two additional components namely Youth, Women and Community Empowerment (Empowerment programs), and Secondary Boarding School and Skills Development Bursaries (Bursaries).

A total of ZMW 4.4bn (US\$228m) has been allocated to the CDF programme in the 2023 Zambian National Budget.¹¹ Of the ZMW 28.3m (US\$1.5m) allocated per constituency (p.c.), just 5% (ZMW 1.4m p.c.) is set aside to support Administrative costs. The remaining 95% of the funding (ZMW 26.9m p.c.) is split into the three main components, as detailed below and in Figure 3:

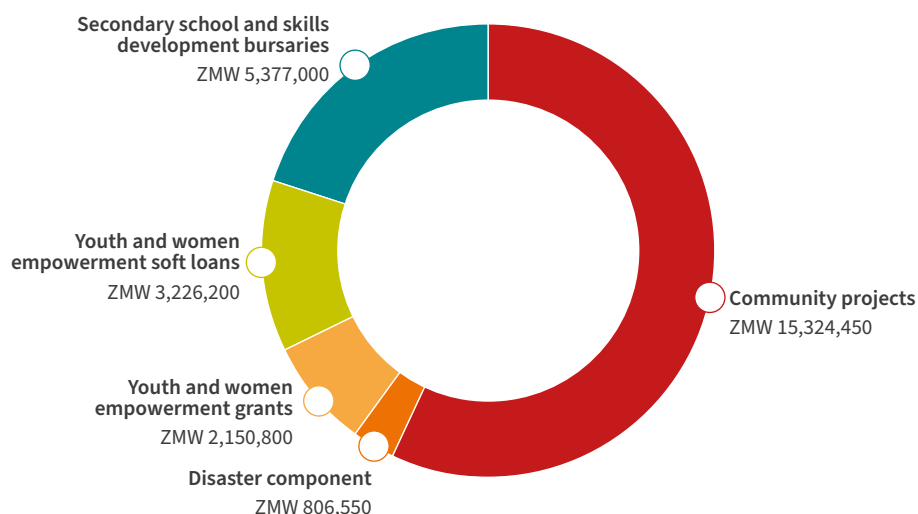
- 60% funds **Community Projects** (with 5% of this amount set aside as a **Disaster Contingency** reserve);
- 20% funds **Youth and Women Empowerment** (40% Grants, 60% Loans);
- 20% funds **Secondary School (Boarding)** and **Skills Development Bursaries**.

8 Constituency Development Fund Guidelines, 2022. Ministry of Local Government and Rural Development, Republic of Zambia.

9 The Constituency Development Fund Act, 2018. National Assembly of Zambia.

10 Zambian Government, 2022. Estimates of Revenue and Expenditure for 2022 – 2022 National Budget. Republic of Zambia.

11 Estimates of Revenue and Expenditure for 2023. Republic of Zambia.

Figure 3: Breakdown of the ZMW 26.9m of non-administrative CDF funding per constituency in 2023.

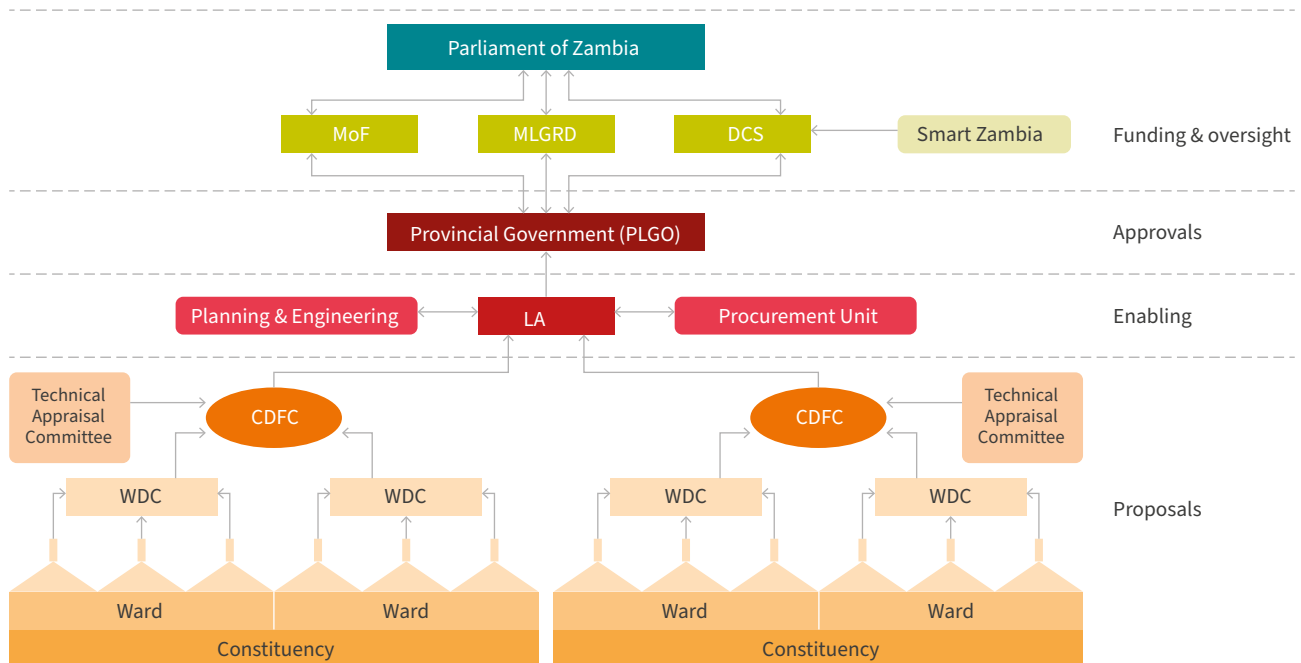
Community Projects are defined by function and are determined by collective interest – for example, projects could include infrastructure, provision of WASH facilities, schools, health posts, police posts, feeder roads and water drainage canals. Projects are supposed to be identified by communities in order of what they feel their community most needs, informed by the local Ward Development Plan (WDP), district Integrated Development Plan (IDP) and the 8th National Development Plan (8NDP).

Youth and Women Empowerment constitutes seed grants given to cooperatives to start small businesses and loans to catalyse growth of existing Small and Medium Enterprises (SMEs) run by individuals or cooperatives. Typical business activities include livestock rearing (especially chickens and goats), small scale agriculture, and services such as hair-dressing.

Secondary boarding school bursaries, meanwhile, are provided to children who would be unable to afford to go to school without support or who have dropped out of school due to financial hardship caused by, for example, a parent or sibling passing away. Skills bursaries are provided to young people (under 35 years old) looking to move into formal employment or to start their own businesses. Typical skills developed include carpentry, construction, and heavy equipment maintenance – skills that often allow effective participation in the implementation of CDF Community Projects.

Multiple organisational structures are involved in governing CDF decision making in Zambia. Figure 4 outlines the key actors involved:

Figure 4 : Key institutional actors in the CDF process.



To understand and evaluate the CDF process, we found it helpful to create a flow diagram (Figure 5), and identified seven discrete components.. We analysed each component with a view to understanding how it could be optimised to support the objective of mobilising additional capital.

Figure 5: Seven components of Zambia's CDF Process Flow.



1.1 Identification

As a decentralised mechanism of development, the CDF identifies local needs via the Ward Development Committee (WDC) and CDF committee (CDFC). The WDC is a long-standing administrative structure which was established by Article 148(1) of the Constitution of Zambia and consolidated in the Local Government Act of 2019.¹² The CDFC was instituted under the Constituency Development Fund Act of 2018 and the Local Government Act of 2019. The WDC compiles applications for funding for the prioritised list of community projects, empowerment fund and school and skills bursary applications to the CDFC. Applications are sent to the CDFC by the WDC on a quarterly basis.

¹² Sections 36, 37, 38 and 39 of the Local Government Act No. 2 of 2019. Republic of Zambia.

The instructions for the application process are outlined in detail in the CDF Guidelines. Local Authorities are required to advertise for submission of proposals for funding before the end of February each year for projects that are to be implemented in the following year.

The CDFC, with assistance from the Technical Appraisal Committee (TAC), are charged with the responsibility to review applications and select a list for onward submission to the Minister of Local Government for final approval. The Provincial Local Government Officer (the Minister's Provincial representative) approves community projects, disaster management funding, applications for youth, women and community empowerment and applications for secondary boarding and skills bursaries. Any variation in fund allocation is the responsibility of the Minister of Local Government subject to approval by the Ministry of Finance and National Planning (MoFNP). While previously all these functions were undertaken by the Minister of Local Government and Rural Development, the changes in the variation process came into effect through a Government Gazette Notice published in December 2022.¹³

The WDCs officially consist of an elected representative from each Zone, the smallest electoral unit in Zambia, often consisting of areas as small as a couple of streets; the elected Ward Councillor; a number of government departmental representatives as well as representatives from marginalised groups (youth, women, those living with disabilities); and representatives of traditional leadership; and the Local Authority. The WDCs elect amongst themselves an Executive comprising a Chair, Vice Chair, Secretary and Treasurer. This Executive administers the CDF application process. The core role of the WDC, as was often voiced by WDC members themselves during our research, was to act as “the voice of the community”. As community members themselves, WDC members see themselves as acutely aware of what the needs of the community are. WDCs are mandated under the Local Government Act (2019) to compile annual Ward Development Plans, and as such the CDF applications are expected to mirror the needs as identified in these Plans. In the context of Community Projects, this may mean a WDC prioritising the construction of a school classroom block in an emerging settlement for example.

Our research revealed that the WDC's identification of needs function is determined by three aspects:

1. Success in communicating the CDF and its processes to the community;
2. Capacity of local community to respond to the CDF opportunity;
3. Capacity of the WDC to interact with other bodies.

First, the legal mandate for information dissemination under the CDF is assigned to the CDFC in conjunction with the Local Authorities and traditional leadership.¹⁴ This has not always been effective, however – previous research in Rufunsa Constituency, for example, noted a lack of community participation in projects due to low community awareness of the funds available.¹⁵ Conversely, stakeholders reported that in 2023 community knowledge of the three CDF components had increased significantly, but largely through ‘informal’ routes. These ‘informal’

13 Gazette No. 7201, Vol. LVIII, No.129 of 2 December 2022.

14 Section 5 of the CDF Guidelines (2018).

15 Chrine, C.H., Tembo, N.T., and Zyambo, E. 2020. An Assessment of the impact of Constituency Development Fund on Rural Development in education and health sectors in Rufunsa Constituency, Zambia. *International Journal of Scientific and Research Publications (IJSRP)*, 10(08): 104–110. doi: [10.29322/IJSRP.10.08.2020.p104110](https://doi.org/10.29322/IJSRP.10.08.2020.p104110)

routes included the WDC themselves, Zambia's highly extensive and influential network of local radio stations, and the national television station (ZNBC). One station we spoke to, KNC in Kabwe, stated that the CDF had been mentioned by their hosts or callers on a daily basis since mid-2022, for example.

Many WDC stakeholders felt that they should have an 'official' role on CDF information dissemination and that this role would enable much greater community understanding of what could be achieved through the CDF. If the most vulnerable are unable to access the CDF because of knowledge gaps, then its effectiveness as a vehicle for impactful blended finance is impeded.

Second, once the local community was aware of the CDF opportunity, there are two barriers that determine success in the identification of needs. The first concerns the ability of community members to fill in forms and have those forms returned. The second barrier involves the ability of community members to form cooperatives to apply for empowerment grants. The CDF application forms are completed by hand and in English, and so community members need to be able to read and write English or know someone that can do so. Despite Zambia's literacy rate being 88% as of 2020¹⁶ stakeholders stated it was common for community members to struggle with these forms – making the role of the WDC members crucial given they could explain how forms are filled. Another challenge concerns the distances between community members and the WDC Executive Committee members tasked to receive the applications (an issue flagged in Katombora Constituency of Kazungula District), as well as the lack of office space for WDCs (ZIPAR finds that only 12.1% of WDCs have designated office spaces¹⁷) meaning community members often have to travel to the home of WDC Chairs.

A critical challenge involves how to achieve quick processing of the numerous applications that are submitted to the WDC. With the current infrastructure it can take up to 3 months for WDCs to screen physical applications, leading to delays in project assessment. Additionally, documents are often found to be incomplete due to attachments being lost. A digitalised system of completing forms would be more efficient (especially as the Local Authority then needs to digitalise selected applications by hand later in the process), but the obvious barrier to this is the lack of digital access and high illiteracy levels in especially the poorest communities. This is an issue that could be remediated by the provision of smartphones to WDC Chairs or Executives – an idea further explored later in this report.

16 World Bank, 2020a. Literacy rate, adult total (% of people aged 15 and above) Zambia. data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=ZM

17 ZIPAR, forthcoming. Monitoring the Implementation of the Constituency Development Fund: Round 1 Report. Zambia Institute for Policy Analysis and Research: Lusaka.

In the case of Youth and Women Empowerment Grants and Loans, whilst businesses and clubs are able to apply for funding, it is far more common for cooperatives to be formed to pool the work and risks involved in enterprises. Cooperatives must be registered with PACRA,¹⁸ and in contrast to CDF applications, applications for cooperative formation can be completed online (being governed under the Cooperative Societies Act (1998)¹⁹). However, the registration still requires applicants to travel in person to Cooperative Offices (typically located near Local Authority offices) to pay registration fees and to deliver documentation proof. For the same reasons outlined above (difficulty in community member application form completion and travel), this poses a barrier to the ability of the CDF to quickly and effectively identify community needs.

Third, the capacity of the WDC to interact with other bodies can become very stretched. Beyond the physical handling of forms (without attachments being lost) to the CDFC, the WDCs also are mandated by the CDF Act (2019) to report to the Local Authority on Ward developmental activities, project evaluation and capacity building opportunities in the Ward. We found that this reporting is crucial for a 'full chain' understanding between the Local Authority, CDFCs and WDCs of what the CDF opportunities are, what the community needs are, and how CDF project selection and implementation is progressing. WDC members are presently not remunerated for their time and or travel. For example, whilst Section 6.5.1 of the CDF Guidelines allows for WDC members to be remunerated for travel exceeding a 50km radius, we found that this remuneration was rarely provided in reality. This is in part because there is no clear system indicating where the repayment should come from and how WDC members can claim such expenses. For a WDC member to travel to hand applications to the CDFC quarterly, or to attend any training at the Council building, for example, instead requires them to pay out of their own pocket. All the WDCs and most CDFCs we spoke to flagged this as an issue, and whilst not all asked for a regular salary (recognising that it was a voluntary role), all asked for expense funding to be made available for travel to CDFC and Local Authority engagement and for food and drink expenses for meetings. Many argued that the provision of smartphones for WDC work and bicycles or motorbikes for WDC travel would also allow them to be far more effective in their role. Box 1 explores how an effective policy providing WDC resource support could work.

The WDCs are a crucial institutional structure in the first step of CDF governance: the identification of community development needs. The provision of additional capacity to WDCs is therefore an opportunity to have an outsized influence on the efficiency of the CDF process flow.

18 The Patents and Companies Registration Agency – according to Sections 5.2.5 and 5.2.6 of the CDF Guidelines, 2018.

19 Cooperative Societies Act, 1998. Republic of Zambia.

Box 1: A proposed strategy for empowering WDC work

There are 1865 wards in Zambia as of April 2023, and of these it is estimated that 257 are urban wards and 1608 are rural wards.²⁰ The two main resources that would empower WDCs to meet their role in the CDF are smartphones and a means of transportation. Smartphones would allow for WDCs to more easily digitalise the CDF application process and would allow for a better flow of communications on project approval, technical evaluation, procurement and monitoring and evaluation between the Local Authorities, CDFC and WDC (as well as the provision of ongoing and dynamic feedback on how the CDF process as a whole could be improved). Transportation would allow for WDC members to more easily visit CDFCs and Local Authorities to, again, improve communication between these bodies. This is especially important for the purposes of training of WDC members, and for the completion of necessary in person tasks (given the digitalisation process will take time).

Given that smartphones need charging and that rural wards do not always have access to electricity, it is recommended that phones would be provided along with solar phone chargers for rural communities. In addition, whilst bicycles may prove fit for urban wards where CDFCs and Local Authorities are close to wards, in rural communities distances are larger (for example: in the Katombora Constituency of Kazungula, one WDC Chairperson we spoke to had to complete a 500km round trip to deliver project applications to the Kazungula Civic Centre). In addition, a number of rural constituencies (eg. Katombola, Itezhi Tezhi, Luena Chirundu, Lumezi, Lundazi, Malambo, Mpika, Mulobezi, Nkeyema) have national parks or are located in Game Management Areas. It may therefore be dangerous to provide WDCs with bicycles to cycle through national parks, given the risk of coming across elephant populations. In rural constituencies, it may be more appropriate to provide WDCs with motorbikes, therefore – a mode of transport that is rapidly increasing in popularity in Zambia.

Based on this reasoning, a programme to provide each WDC with a smartphone and bicycle or motorbike would cost the following:

Item	Item Cost ZMW	Wards	Total Cost ZMW (USD)
Smartphone allowance (for purchase of phone and data sim) *	2,000 ZMW	1865	3,730,000 ZMW (\$186,500)
Smartphone solar charger	340 ZMW	1608	546,720 ZMW (\$27,336)
Bicycle allowance (for purchase of new or 2nd hand bicycle and maintenance)	1,800 ZMW	357	462,000 ZMW (\$23,130)
Motorbike allowance (for purchase of 2nd hand motorbike, fuel and maintenance) **	25,000 ZMW	1608	40,200,000 ZMW (\$2,010,000)
Total Cost			44,939,320 ZMW (\$2,246,966)

(*A note on mobile internet availability: whilst not all wards in Zambia currently have 3G access, the Zambian government is aiming for 100% network coverage by the end of 2024,²¹ ensuring that smartphones would prove effective for communications in wards now and into the future)

(** Regarding motorbikes, there are also a small number of wards which may be better served by the provision of a boat for water transport instead of a motorbike. The same principle applies that the WDC could be provided with a budget for the purchase and upkeep of the water vehicle).

While this is not a low-cost intervention – the ZMW ~45 million figure represents 1% of the total CDF budget for 2023 – it represents a relatively small proportion of funds available given that it would enable significantly increased involvement of WDCs within the CDF process. Moreover, the capital costs could be depreciated over multiple years.

1.2 Selection

Once project, grant, loan and bursary opportunities are collated and screened by the WDCs they are passed to the constituency's CDFC who then select the proposals of highest priority. Before the CDFC makes a final decision on projects to be selected a Technical Appraisal Committee (TAC) is convened to conduct preliminary desk and field appraisals of Community Projects, before providing its advice to the CDFC. When the CDFC has received the final appraisal report from the TAC, it makes its final decision, listing projects to be recommended for the approval of the Minister of Local Government and Rural Development.

In doing so, the CDFCs are free to choose their own methodology for prioritisation. For Community Projects for example, some try to ensure that each ward has projects represented (leading to more smaller projects being chosen), whereas some prioritise large projects of key local priority. For Schools and Skills Bursaries and Youth & Women Empowerment Grants and Loans, constituencies often had far more qualifying applications that met all criteria than they had the money to award. In such a case, we found that successful applications were sometimes chosen randomly, or on the basis of which application was first received. Most CDFCs adopted consensus decision making amongst the Committee members. There is limited guidance in the CDF Guidelines on what criteria CDFCs should use for selection: only that project, bursary, grant or loan selection should reflect “the urgency and scale of the project” and “alignment of the project with the Integrated Development Plan; or any other Local Development Plans”.²² This is a fair approach given that a decentralised approach allows local community determination of choice, although there is an opportunity here to state that selection should be also informed by the long term sustainability of development choices – something that could better include the consideration of climate compatibility, an issue further discussed in Section 4 (Impact and Additionality).

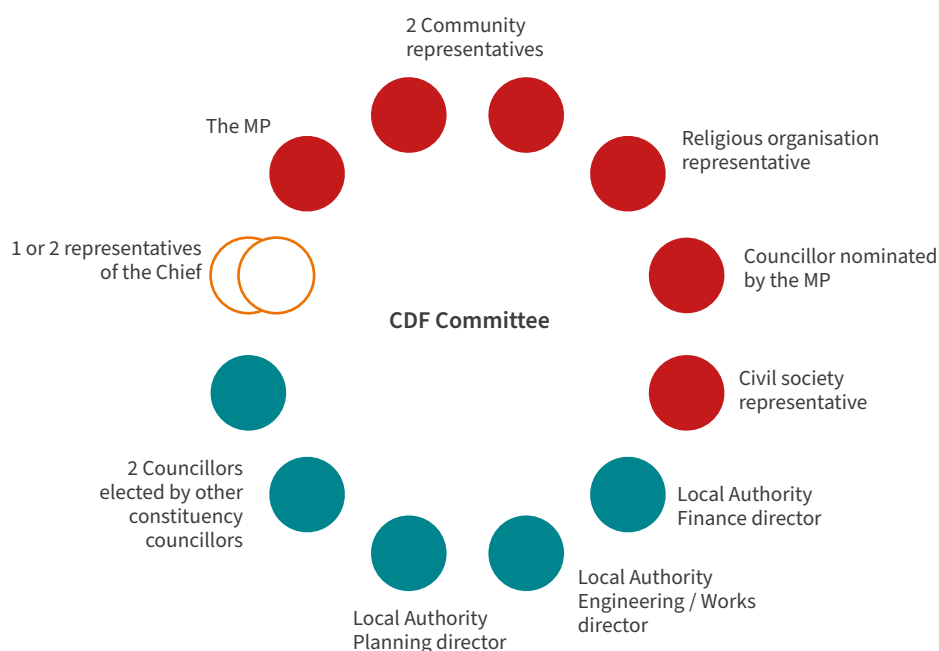
Once applications are selected by the CDFC they are then passed to the Local Authority who digitalise them and pass them onto the Provincial Local Government Officer (as the Provincial representative of the MLGRD for final approval).

21 Zambian Science and Technology Minister, 2022. itweb.africa/content/KPNG878NGowq4mwD.

22 CDF Guidelines (2018) Section 5.1.4

In project selection, multiple authors in the past have raised concerns that Members of Parliament have high influence over the CDFC decision making process.^{23,24} This is due to how the CDFC is composed. The committee structure consists of the following representatives:

Figure 6: Composition of the CDF Committee as stipulated in the CDF Guidelines (2018).



Up to six of the twelve CDFC members are directly elected by the constituency MP, leading to concern that the CDFC could select the projects it recommends in a partisan or clientelist manner. This concern is perhaps motivated by CDF schemes in other countries being prone in the past to partisan decisions and spending.²⁵ However, participants in this research did not consider political interference in the selection of CDF projects to be present, a finding consistent with ZIPAR.²⁶ WDCs and CDFCs often contained a plurality of political views, and the expansion of the CDF programme in general has benefited from broad bipartisan support. With the CDFC containing stakeholders from many different constituency groups, and decisions generally being taken on a consensus basis, party political interference in project selection is not considered a significant issue.

23 Alliance for Community Action, ACA, 2022. The ACA's Position on the 2022 CDF Guidelines. acazambia.org/cdf/#Our-Position.

24 Phiri, P. 2016. Community participation in constituency development fund (CDF) project in Zambia city. The case of Kanyama Constituency. Lusaka: The University of Zambia, Lusaka.

25 Baskin, M., and Mezey, M. 2014. Distributive politics in developing countries: Almost pork. Lexington Books.

26 ZIPAR, forthcoming. Monitoring the Implementation of the Constituency Development Fund: Round 1 Report. Zambia Institute for Policy Analysis and Research: Lusaka.

A final salient point raised about project selection was that some constituencies are significantly larger than others in terms of population, leading to certain CDFCs having to select between a larger number of applications than others. This leads to the CDF in Mandevu Constituency (population: 467,744 in 2022²⁷) in Lusaka having less than half the funding available per constituent than for example Katombora Constituency (population: 173,002 in 2022) in Kazungula District. This issue is balanced by the fact that rural constituencies (often with smaller populations) often have greater development needs. The question of whether it is appropriate to allocate CDF funds on a per capita basis or not is interrogated further in Section 3.1 (Distributed needs).

Compared to the Identification of Needs stage, the Selection stage of the CDF process flow has fewer bottlenecks at present. The CDFCs we spoke to tended to be clear on their role as detailed in the CDF Guidelines, and some considered their position to be that of a “rubber stamping” of the projects already prioritised by the WDCs. Their higher capacity in this manner is perhaps indicative of the fact that CDFCs are remunerated for their expenses in a way the WDCs are not, and also tend to be staffed by more experienced administrative personnel who live in the constituencies. This being said, however, ZIPAR have found that WDCs sometimes feel unaware of which projects are selected and why some projects are prioritised over others. This suggests the communication between WDCs and CDFCs could be improved.



Photo by George Carew-Jones

Box 2: Road building project selection

One example of the different approaches adopted by CDFCs is in road building. The neighbouring constituencies of Katuba and Keembe in Chibombo district have adopted two different and distinct approaches:

1. In Keembe Constituency, the community under the leadership of their MP decided that the best way to address their road infrastructure maintenance needs was to purchase road construction equipment, primarily a grader and support equipment.
2. Conversely, in Katuba Constituency, the community decided that road building should be undertaken through contracting a road construction service provider.

Given that communities cannot purchase equipment for common ownership or engage external contractors directly under the CDF and Public Procurement Act (2020),²⁸ the CDFC must make recommendations on this to the Local Authority who will then organises equipment purchase or road building contracts, and ultimately own any equipment purchased for operation in the constituency that purchased it. The increase in procurement thresholds for Local Authorities from ZMW 2 million to an unrestricted level in 2022²⁹ facilitates this process greatly by allowing the decentralisation of equipment procurement to the Local Authority level.

Each approach has pros and cons. Equipment purchase was seen by participants to allow for cheaper long-term construction of multiple roads, but could lead to CDF money 'leaking' to foreign manufacturers of equipment. It also means that the Local Authority is responsible for equipment upkeep and maintenance cost. Conversely, contracting a provider could generate a local multiplier effect (if a suitable local contractor is available), but could also be more expensive given the high price of road building contracts in Zambia. Ultimately neither strategy has yet proved more successful than the other, and having neighbouring constituencies experimenting with alternative options creates an opportunity to assess efficacy over time. These types of small-scale interventionist experiments can provide helpful empirical data and are a valuable feature of the CDF framework.

1.3 Evaluation

Project selection and technical evaluation take place concurrently. The TAC is appointed by the Principal Officer of the Local Authority to assist the CDFC in undertaking project appraisals and is primarily concerned with Community Projects. It consists of sector vertical experts (in, for example, engineering, fisheries, health etc). Technical appraisal consists of engineering drawings of the projects, project costing, and project viability assessment, and involves both field and desk-based work. After projects are selected by the CDFC and approved by the PLGO, the TAC also creates Bills of Quantities (according to established standards). Stakeholders spoken to for the purposes of this research were complimentary of the work done by TAC and aware of the rationale of using technical evaluation to ensure high quality and long-lasting community projects.

28 The Public Procurement Act (no. 8 of 2020).

29 Zambian Public Procurement Authority, 2022. www.zppa.org.zm

Once project selection and approval has concluded, the TAC forms a core part of the CDF Monitoring & Evaluation function, ensuring that projects are compliant with set standards governed by the respective sector Ministries and Departments.

Whilst the technical evaluation function was found to work well, there is an opportunity to make the process more aligned with broader impacts and opportunities, such as those posed by climate change. Additionally, whilst technical evaluation does take into account environmental concerns, research participants were unclear on how future climate-related risks were incorporated within the analysis. The siting of fixed infrastructure such as school buildings should for example consider any heightened risk of flooding over the usable lifetime of the asset, but this is not something that the TACs have capacity to evaluate at present. Their work in this respect could for example benefit from education and capacity building around climate change adaptation strategies, as well as through guidance provided in an updated national climate change plan.

■ 1.4 Approval

Project approvals have traditionally posed a large delay to the CDF process flow. Following the compilation of a list of selected project, empowerment and bursary applications by the CDFC, it is forwarded to the Town Clerk or Council Secretary for the Local Authority, who communicates to the PLGO (as the Provincial representative of the Minister for Local Government and Rural Development). Before 2023 the selected projects list would be sent by the Town Clerk or Council Secretary directly to the Minister of LGRD, resulting in slow approvals. To speed up the CDF implementation, the approval process was further devolved to the Provincial level.

Stakeholders from the WDCs, CDFCs and Local Authority stated that this devolution of approvals has helped to speed up the process, but that further devolution is necessary to ensure that the approvals process does not pose a large delay in the CDF process flow. The CDF Guidelines do not state a time period in which selected CDF projects by the CDFC should be approved. Most CDFCs argued that a month would be a reasonable administrative window, a target that is not routinely met at present. They felt that decentralising approvals to the Local Authority or CDFC avoids the PLGO simply “rubber stamping” work that has already been undertaken to reflect community need, and ensures community participation in decision making. This is an issue that the Government of Zambia is aware of, and the MLGRD has already indicated an intention to further devolve the approval of projects under a certain threshold cost.³⁰ This threshold is yet to be announced, and based on CDFC and WDC feedback in this research we would encourage the threshold to be set such that only specific high-expenditure and/ or technically complex categories of projects require pre-approval by the PLGO. Given that all CDF spending is auditable anyway, the need for extensive pre-authorisation appears to be of limited use from an accountability and governance perspective.

Once the first round of approval decisions has taken place, Section 5.6 of the CDF Guidelines states that the CDFC should inform the WDC Executive of a list of unsuccessful applicants to give them an opportunity to resubmit corrected applications (a ten day window is provided for resubmission). After resubmission, if they cannot be included in that CDF cycle then they should be retained for the following cycle.

This process in reality had sporadic implementation, with WDCs often not hearing from the CDFC which projects had not been selected, often as the CDFC had not heard themselves from the Town Clerk or Council Secretary which receives and disseminates news from the PLGO. Once more, enhanced communication between these bodies, especially between the Local Authority and the CDFC, would go a long way to resolving issues in the process.

A further consideration here is how disaster contingency fund applications are approved. This K807,000 annual per constituency fund in theory allows for communities to rapidly respond to climate impacts such as bridges being destroyed by flooding or roofs being blown off community buildings by storms. In many ways, the fund is similar in design to automatic ‘loss and damage’ response funds posited under the G7-led Global Shield programme. To be effective in allowing community adaptation to climate disasters, these funds need to be near instant in the release of funds. At current, the CDF disaster contingency applications undergo a lengthy approvals process, often requiring involvement from the MP to advocate on behalf of the CDFC to have funds released. One CDFC told us that it took 8 months from the initial disaster before the community received the funds it needed. The disaster component of the CDF is led by WDC-identified needs and so offers a good opportunity to implement adaptive community-led responses to disasters. However, this requires a modification from the current approach, to include a bespoke approvals and disbursement process that could potentially leverage the existing capacity of CDFCs.

1.5 Procurement

Procurement is a topic of much discussion amongst CDF stakeholders in Zambia, and is generally focussed around issues of type of procurement; transparency in the procurement process; and engaging local versus non-local contractors. Procurement type is determined by the Public Procurement Act,³¹ and is led under the CDF by the controlling officer of the Local Authority (who leads the ‘procuring entity’). Options include a single ‘full procurement’ – inclusive of materials and labour – or multiple separate contracts. The CDFC is able in theory to nominate one member to the Local Authority’s Procurement Committee, although we found this guideline to be only partially implemented, leading to breakdowns in the flow of procurement information between the WDCs, CDFC and Local Authority in some constituencies. Reports from the Office of the Auditor General in 2020 and 2021³² display multiple instances of community projects being stalled in implementation due to some services being procured without ensuring the sufficient supply of materials like gravel and sand. Research participants identified this ‘bit part’ contracting as a major impediment to effective execution, and recommended for procurement to always be full contract (services and materials) rather than ‘labour only’. This ‘full procurement’ model was already further adopted in 2022 with reported additional success.

31 The Public Procurement Act (no. 8 of 2020) S.26 – 27. The Republic of Zambia.

32 Office of the Auditor General, 2021. Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year ended 31st December 2020. Republic of Zambia; Office of the Auditor General, 2022. Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year ended 31st December 2021. Republic of Zambia.

The Public Procurement Act is a complex piece of legislation with multiple procurement mechanisms that make it difficult for the process to be devolved below the Local Authority level. However, many WDC and CDFC members interviewed for this research expressed frustration at their lack of participation in the procurement process. This appears to primarily be a communication issue – given the CDFC has the opportunity to nominate a member to sit on the Procurement Committee the process should be fairly transparent and accessible. However, CDFCs and WDCs complained of invitations to bid for contracts being advertised sporadically over WhatsApp; local contractors not having the ability to travel to Civic Centres to view physical invitations to bid; a lack of feedback as to why one contractor had been chosen over another; and a lack of notification of when a contractor had been chosen and what the schedule of works or detailed work plans were (information that is critical for community monitoring of projects). There is therefore opportunity via enhanced digital communication, procedure education or more formal WDC/CDFC/Local Authority meetings for this information flow to be enhanced, increasing community buy-in to the CDF process. Additional media could also be used to advertise contract opportunities – for example via local radio, billboards, and at community markets, rather than just on private WhatsApp chats. The challenge of involving local communities in the procurement and implementation process has been noted across several projects that we reviewed. In the case of a Butondo street lighting project for example, the lack of community involvement in setting it up contributed to the vandalization of the project and theft of cables 6 months after it was completed.³³

Regarding local versus non-local contractors: CDF Guidelines state that the Local Authority Procurement Unit should procure services from the relevant local ward, constituency or district commissioning the services under the CDF, where possible. This is an intended provision within the Guidelines which exists to ensure that the CDF benefits the local community as much as possible by creating multiplier effects within a constituency. Where local contractors either are unable to find information on how to bid for work (for example due to issues detailed above) or where they are not able to bid because they do not have the relevant technical expertise, then this provision is rendered ineffective. CDFCs reported that local contractors were regularly losing out to stronger competitors from other areas because of being ineligible to bid, despite believing they have the relevant expertise. In this respect, we suggest that the CDF Guideline clause that local services should be commissioned “where possible” is insufficiently emphatic. If the Local Authorities are supported to educate local contractors on how they are able to become eligible to bid, and the burden of past work proof required for local contractors in bidding processes is reduced, this should help with actively (rather than passively) preferencing local contractors.

1.6 Disbursement

The final administrative step before CDF projects can be implemented is the disbursement of funding to and from CDFC bank accounts. Each CDFC is mandated under the CDF Guidelines to have a bank account, and once projects, grants, and bursaries are approved by the PLGO, funding should be disbursed from the MoFNP to the CDFC account. There is also a separate process for loans.

33 Musenge, D. 2013. An assessment of the role of participatory planning in the attainment of community owned CDF projects: A case of Butondo street lighting project, IHS Erasmus University Rotterdam.

Disbursements from the MoFNP to the CDFC bank accounts are organised on a quarterly basis, with each subsequent quarterly disbursement contingent upon funding from the previous quarter being spent. There is thus a high burden on constituencies and Local Authorities to ensure funding is spent, or the MoFNP will retain a significant proportion of a constituency's funding which has been allocated to the CDF. Exceptionally for the 2022 and 2023 financial periods a grace period exists in which funding not spent at the end of the financial year can be retained in CDFC bank accounts and spent in the following year. This is to allow time for CDF processes to be made more efficient and the implementation process to speed up before more stringent deadlines are applied. At present, the speed of disbursement is slow, meaning that significant work needs to be done ahead of 2024 to ensure that CDF effectiveness is not curtailed by funds not having been disbursed by the year end.

For community projects, CDFCs and WDCs were acutely aware of their responsibilities under the Public Finance Management Act (2018)³⁴ and the ongoing drive to reduce public corruption in Zambia, meaning Local Authorities are currently conservative in decisions about the release of funding to contractors and CDF grantees. Regarding contractors, most CDFCs raised the importance of the "certification of works" before funding is released, ensuring that contractors are only paid for work that has been signed off by a recognised authority, ensuring that a financial incentive is maintained to the end of the project. This certification is undertaken by engineers carrying out regular project monitoring, and is based on the Bills of Quantities developed by the TAC in the project selection stage. A switch to this model (from the previous model of paying contractors up front) has generally been welcomed, though the process of certification introduces some delay.

Regarding Secondary Boarding School and Skills bursaries, an acute issue was experienced at the start of 2022 and 2023 in which the school year has already started (in January), but many CDFCs had yet to be provided with money to pay schools for children to attend. This meant that many children were missing the start of the school year, or that schools were allowing children to start but only out of goodwill. With the financial year end being in December and schools starting in January, a more effective system to ensure that all bursary applications are made in time and funds disbursed in time for the start of the school year is needed. Additionally, some participants suggested that an approvals and disbursement exception could be made in the first quarter of the year to include children that sit examinations in December and only receive results in early January (informing them of whether their places at boarding school can be confirmed). A minor realignment of the CDF approvals process would ensure that these children do not miss a school year. Both of these situations can be resolved by devolving the approvals process to CDFC level for bursary applications.

There is a separate process for loan disbursement, and this is more complicated because of the requirement for commercial banks to undertake their own due diligence on CDF applications before making loan approvals and disbursements. CDF loans are currently a novel public-private interaction, with only one constituency we researched (Choma Central) at present able to make loan financing available to the cooperatives that had applied for it. This nascent component of the CDF is as yet insufficiently developed for a rigorous assessment of the process flow and opportunities for optimisation.

A key factor in determining efficiency will be buy-in to the CDF process from the commercial

banks, with each CDFC free to choose the bank they will engage for loan finance. It will be important for CDFCs to be able to share learnings from these interactions with each other, and the MLGRD should act to facilitate fora in which such learnings can be shared. There is also a strong argument for commercial banks to standardise their process for CDF loan evaluation and indeed to share information that could help lenders make judgements, given the limited track record available. Information sharing need not pertain to specific and identifiable loan applications, but rather, around project type, sector, loan size, duration and other factors, which would improve awareness regarding the viability of projects for a loan of this type.

1.7 Implementation

The final stage of the CDF process flow is the implementation of planned activities and the assessment of effectiveness and impact. The Monitoring and Evaluation (M&E) stage of the CDF process flow is so crucial in its importance for internal and external actors that it will be covered separately in this report.

Many WDC members and councillors that we engaged with desired a more “whole process” involvement in the CDF rather than their role ending at the identification of needs. Describing themselves as the “voice of the community”, they felt unable to act upon their mandate to monitor projects in a day to day manner (as a near-permanent presence physically close to the implementation of CDF projects, grants, bursaries and loans) due to the lack of information being provided to them about what work was being undertaken. There is an opportunity for councillors that are embedded both within the Local Authority and the WDC to reduce information asymmetry and support improved community engagement. Historic research into specific constituencies has found that community participation for the majority of local communities in CDF projects is generally limited to consultation and use of unskilled labour.³⁵ Enhancing an inclusive and participatory framework could improve the efficacy of the implementation process.

Overall, however, participants claimed that significantly increased project implementation has been made possible by the increment in the CDF and the revised CDF 2022 Guidelines, and that the new Empowerment and Skills Bursary components have been welcome and largely effective. Across the entire CDF process flow, the themes and lessons flagged here are generally issues that the community is well aware of and is acting to adapt to. Whilst policy frameworks can certainly be optimised to allow a more effective implementation of the CDF plan, the notion that the CDF can serve as a truly decentralised mode of development is widely accepted by the various stakeholder groups that our research engaged with. There has been a significant increase in applications to the CDF from 2022 to 2023, and also in the number of community members wanting to engage through CDFCs and WDCs.

35 Phiri, P. 2016. Community participation in constituency development fund (CDF) project in Zambia city. The case of Kanyama Constituency. Lusaka: The University of Zambia, Lusaka.



Photo by George Catew-Jones

1.8 Recommendations

What follows is not a comprehensive list of every suggested change to the CDF guidelines but rather, a summary of recommendations that in the view of the authors would materially enhance the CDF's fitness as a mechanism for attracting external investment (and in particular, climate-compatible blended finance). We recognise that this is not the primary purpose of the CDF, and nor do we propose that it should be. However, in our view, the CDF offers an important and – in many ways – unique opportunity to mobilise international capital pools that have only recently been established for the purpose of investing in climate-resilient sustainable development. The relevant financial actors will require a minimum level of confidence in the embedded process and governance structures within the CDF if they are to develop mechanisms that can ultimately mobilise this type of investment. A particular attraction of the CDF, in our view, is existing government engagement, and an established process that should, in principle, lower the transaction cost associated with external parties making grants or loans. The recommendations for process optimisation involve a plurality of actors, beyond GRZ. In terms of implementing the recommendations proposed, we would highlight the catalytic role that Technical Assistance (TA) can play. TA – which can be both financial and non-financial – is a feature commonly associated with blended finance mechanisms.

- **Build the capacity of Local Authority CDF functions:** It is clear in the process flow stages outlined above that the Local Authorities of Zambia have a central role in the technical delivery of the CDF. The Local Authority leads on technical evaluation of projects, procuring goods and services, preparing selected projects lists for the PLGO and also monitoring and evaluating projects. Informally, the Local Authority is also a central administrative hub where CDFCs and WDCs can physically come together for training and capacity building purposes. The Local Authority is therefore a crucial facilitating factor that determines the speed of CDF implementation, the success of its monitoring, and also the capacity of the sub-Local Authority actors. It was clear from our fieldwork that Local Authority employees were often those with the best “bird’s eye view” of the CDF process, knowing both what is happening on the ground but also understanding the Guidelines and wider policy landscape. This is particularly important for integrating the CDF with other development priorities such as those identified and prioritised in the Integrated Development Plans or the 8th National Development Plan.

Despite having this key role, Local Authority capacity has not increased significantly since the increment of the CDF in 2021. CDF funds for a given constituency are now frequently larger than that entire Local Authority’s annual budget. In our view, the 5% administrative cost provision of the CDF is generally insufficient to ensure an optimal process and as a result we found Local Authorities to be struggling to fulfil their tasks on time. This is the main cause of delays in Procurement and Evaluation, for example. If only one actor could be prioritised for access to Technical Assistance in relation to the CDF, we submit that it should be the Local Authorities. Funding might be possible from third parties who are incentivised to see the CDF process work better, but in the near term we believe it would be expeditious to draw on Government support through increasing the administrative component of the CDF or, alternatively, creating a discrete Local Authority Capacity Development Fund. Such a fund could be used to engage council employees who focus exclusively on Monitoring and Evaluation, for example, as this is the component that is currently most affected by the lack of Local Authority capacity. A related recommendation would be to consider increasing the existing Local Government Equalisation Fund (LGEF) allocation to Local Authorities.

- **Incentivise and enable WDC work:** WDCs are the closest to the “voice of the community” that exists in the CDF chain. They are the bridge between identifying community needs and accessing the funds to meet them. Moreover, WDCs also could play a significantly heightened role in CDF dissemination, project monitoring and evaluation and sensitization programs. At present, however, they are heavily under-resourced which limits their ability to participate. The provision of travel and meeting expenses, productivity equipment and office space would transform the ability of the WDC to act as the interface between the CDF and the community. Local Authorities should start by ensuring that WDC travel of over 50km is remunerated, something that already should happen according to the Guidelines but rarely does. A system of provision of small travel and meeting expenses should be developed (for example, mediated by the Local Authority and allowing attendance at training days or WDC-CDF-Local Authority meetings at the Civic Centre). As outlined in Box 1, bicycles or motorbikes and smartphones could also be provided to WDC Chairs to enable better facilitation of project submissions by community members in need. These interventions were called for by a large majority of the participants in our research, and there was consensus that they would be effective in improving the true decentralisation capacity of the CDF. In addition, the CDF Guidelines should reflect an official capacity for the WDC for disseminating CDF information – something that WDCs play a vital role in at current but are not trained or recognised for.
- **Grow the WDC-CDFC-Local Authority communication flow to reduce information asymmetries:** Whether it is in relation to project approval, technical evaluation, procurement, fund disbursement or implementation, information symmetries need to exist across the chain from WDC up to Local Authority level. Many of the complaints from WDCs or CDFCs that we engaged with reported feeling “frozen out of the process” by not knowing what the status of affairs is, leading to perceptions that the CDF was not a truly decentralised scheme. There are significant gaps in the feedback process at present. Some Local Authorities have tried to remedy this by using WhatsApp groups, but with many WDC members lacking smartphones or internet access, this is not an effective remedy currently. Yet through the provision of smartphones and official WhatsApp groups, or via more regular newsletters or meetings at the Civic Centres, this communication flow can be improved. We suggest that this is a fairly low cost intervention that not only increases community buy-in, but also allows for sharing of lessons learned, and crucially, improved CDF monitoring and evaluation. The intervention could be made more effective by covering the travel expenses of WDC members to attend relevant meetings.
- **Further devolve the CDF approvals function to Local Authorities:** The devolution of approvals from the Minister’s office to the PLGOs has undoubtedly been a positive step, but the PLGO office still faced large delays in project sign off by having limited capacity to process the volume of applications it currently receives. Both to reduce this delay and to ensure that the CDF is truly a mechanism of decentralised decision making, Local Authorities (led by the Town Clerk/Council Secretary) should be given the authority to sign off the majority of CDF applications. We suggest that only the most capital intensive or technically complex Community Projects should require pre-authorisation by the PLGO. A council-level approvals process would be in line with Article 152 of the Zambian Constitution which states that the Local Authority should “oversee programmes in the district” and that “the Provincial administration shall not... compromise a Local Authority’s ability to perform its functions”. Additionally, with Local Authorities already being in charge of preparing Integrated Development Plans (IDPs) that are in line with national legislation and plans, and with CDF approvals taking the IDP into account, it is expected that project approvals by Local Authorities would anyway be consistent with any decisions made by the PLGO.

Furthermore, by devolving this authority to Local Authority level, approvals will be more transparent to WDCs and CDFCs; and moreover the appeals processes would be clearer to communities.

- **Support WDCs, TACs and CDFCs with integrating climate-compatibility into Community Projects:** The benefits of integrating climate change response into the CDF are covered in more detail in Section 4 (Impact and Additionality). In summary we believe that there is potential to align the CDF with climate change programming, beyond the Disaster Contingency Fund. For example, several informants in our field research noted the opportunity for small-scale solar electrification of communities (in combination with micro-grids) as a climate mitigation measure. But more widely, many informants were also aware that various community projects could provide an adaptive response to climate change, and help build resilience. Whether through infrastructure that adapts to drought (eg. water retention systems), flooding (eg. drainage) or extreme heat (eg. mothers' shelters), several opportunities exist to adapt to climate change through the CDF Community Projects (as well as Empowerment and Skills projects, which are discussed in Section 3 (Inclusion and Governance). Conversely, the risk of climate concerns are integrated into project appraisal; and there is a wider role for maladaptation also exists under the CDF – where poor quality infrastructure is built, it is at greater risk of climate impacts. There is a critical role for the TAC to play in ensuring WDCs to promote climate-compatible projects and CDFCs to choose them. Responsibility also sits with the MLGRD and Local Authorities to educate community members as to the climate-related benefits and costs of the opportunities available, such that the choices made remain demand-led and community-driven, consistent with the principles of the CDF. Within the CDF Guideline review process, to encourage a shift towards climate-compatible thinking, a framework that takes climate compatibility into account in project selection could be socialised amongst CDFCs, Local Authorities, TACs and WDCs.
- **Reform the Disaster Contingency Fund approvals process:** The Disaster Contingency Fund is a promising element of the CDF process in terms of empowering devolved decision-making. In principle, it should allow a rapid community-led response to crises. However, this response is constrained at present by a long approvals process. Reforms to the approvals process should include devolving further responsibility for Disaster Contingency funding to the CDFC level. Given the audit processes that are already in place, the additional risk that this devolution would lead to misuse of funds, is relatively low. Such a reform should enable a more rapid community response, but it could also serve as a basis of trialling what other spending decisions could be devolved to the CDFC level, reducing the administrative burden on actors such as the Local Authority and the PLGO.
- **Consider multiplier effects in Community Project planning:** Fund allocation choices made in one year are likely to affect CDF process flows in subsequent years. For example, well-planned incremental investments in communications technology, roads, energy and education could help to underpin the core socioeconomic and environmental infrastructure that will make the CDF more potent in driving sustainable development outcomes over time. Conversely, poorly-planned interventions may not generate these positive multipliers, and in the worst case may contribute to the failure of future community projects. We therefore advocate for a 'joined up' approach in terms of community project selection, which considers the longer-term multipliers that are associated with infrastructure investment. We are not prescriptive here on the format of this approach, beyond highlighting the importance of meaningful engagement from MLGRD and Local Authorities in supporting WDCs and CDFCs in thinking through optimal choices for long term community impact.

- **Create procurement opportunities for local contractors and suppliers:** Our research highlights that local contractors are currently often not able to compete on an even footing with large non-local contractors when it comes to bidding for Community Projects. This undermines the CDF Guidelines principle that local contractors should be preferred to ensure the CDF spending directly benefits the target community. Options to promote local contractors in the selection process (such as reducing the burden of experience) should be considered, and information on contract opportunities should be made more available to the local community through for example print and broadcast media advertising, rather than relying principally on private WhatsApp groups as is currently the case in many constituencies. In addition, we propose that the Local Authority, as the legal procurement entity for the CDF, should compile and maintain a list of local potential suppliers, grading them in accordance with an approved set of criteria to ensure such contractors are given priority in the procurement of goods and services. Local supplier capacity could also be improved by tailored training, perhaps facilitated through the District Development Coordination Committee (DDCC), which consists of Local Authorities and Government Departments in the District as well as NGOs with the relevant capacities.
- **Facilitate inter-CDFC knowledge sharing:** We recommend the introduction of a process whereby CDFCs have regular opportunities to convene, with the aim of sharing best practices and socialising lessons that have been learned. While the use of online conferencing such as Teams and Zooms is still not widespread outside urban areas in Zambia, adoption rates are rising steadily and this may be an effective medium for e.g. quarterly meetings to take place, perhaps under the aegis of MLGRD. Should this evidence value, it could be supplemented by an annual in-person conference. Specific areas where knowledge sharing would be valuable include the interaction between CDFCs and commercial banks for agreeing the disbursement of Youth & Women Empowerment loans. The CDFCs we spoke to were keen to understand how this relationship might best work, and they were of the view that peer-to-peer learning would be particularly helpful to them. This is an intervention that potentially delivers an outsized impact relative to the small amount of resource that it would take to execute.

■ 1.9 Timing

Subsequent to the 2022 revision of the CDF Guidelines, the MLGRD proactively responded to feedback and has devolved approvals from the Minister's office to the PLGOs, which is certainly encouraging. Moreover, there is widespread expectation of further ad hoc announcements to devolve some approvals to the Local Authority. But even beyond this the CDF Act (2018) is currently under legislative review, and after this process concludes, it is likely that the CDF Guidelines will be revised again. At the time of writing this report (May 2023), consultations with CDFCs were underway across Zambia's ten Provinces, and it was expected that the new Constituency Development Fund Act would begin its passage through Parliament in 2023.

The timing presents a window of opportunity to review the recommendations proposed in this report. The CDF Act is not the only piece of relevant legislation: the CDF process is governed by several laws, including the Local Government Act.

2. Monitoring and evaluation

Monitoring and evaluation (M&E) is fundamentally a data-oriented process. Transparency on fund disbursement is self-evidently important in minimising the risk of misuse. But data on project identification, selection, implementation and impact are equally important in understanding the efficacy of the CDF mechanism. Moreover, without this data it will not be feasible to mobilise blended finance as conceptualised in this paper. Given the increase in the number of projects resulting from much larger CDF allocations, the importance of establishing appropriate M&E protocols and decentralised processes for data collection cannot be overemphasised.

GRZ recognises the importance of M&E within the overall CDF mechanism. However, it is our view that an effective M&E process has yet to be established – at least in terms of what would be necessary to mobilise additional external funding. This is partly due to ‘growing pains’ – rapid scale-up of the CDF has put pressure on multiple points of the process, as described in the previous section – and partly due to a lack of consistency in terms of how different constituencies (and associated stakeholders) engage with the CDF process. For example, standardised outputs on what CDF projects are underway in each constituency are not consistently available, despite MLGRD providing a digital platform for this information to be disseminated. Where data is available, it is fragmented and dispersed, with project detail often in handwritten form. This presents obvious and material challenges in terms of analysis.

Based on our fieldwork research, we believe that most of the CDF data required to support the use of blended finance probably already exists in some format, somewhere within the process chain. Much of it is unlikely to be either standardised or digitised. Progress is being made by GRZ to collate and synthesise information – for example, the SMART Zambia initiative seeks to reduce reliance on paper records and digitally join up government departments; and a CDF M&E Framework is currently being circulated among some Local Authorities in draft form, which will likely address some of the existing process challenges. ZIPAR have additionally found that most WDCs and CDFCs have established M&E teams, suggesting an awareness of the requirement and a need for it to be resourced. There is also an opportunity to address M&E capacity issues in the upcoming CDF Guidelines revision. Here, we highlight the CDF data sources that are in the public domain, and present our rationale for creating a demonstration dashboard.

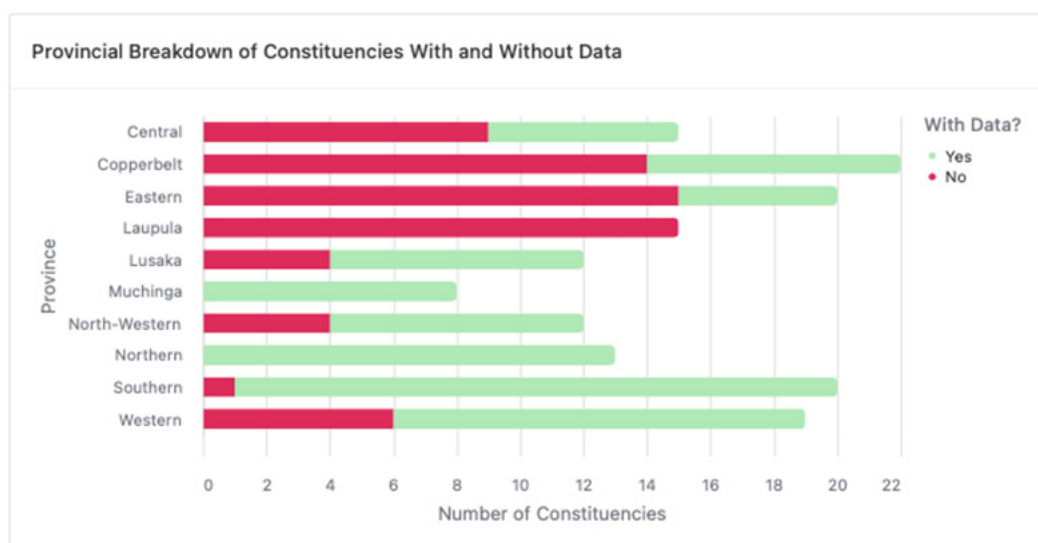
2.1 MLGRD CDF Tracker

The MLGRD currently publishes constituency-level CDF Data on its CDF Tracker web page.³⁶ This is the main source through which information on local utilisation of the CDF is reported publicly.

The Data fields within the CDF Tracker data include total spend on approved CDF Community Projects, Empowerment Grants, and Secondary School and Skills Development Bursaries, for each constituency. However, the CDF Tracker does not detail the spend on any individual CDF Projects within the constituencies, and does not give dates on the disbursement of funding to constituencies. We understand that the responsibility for uploading data to the dashboard is decentralised, and sits with the Local Authority. We have not been able to establish what process is in place for then updating the uploaded data to the CDF Tracker.

In terms of the available data fields, records are patchy. For example, no data has been uploaded for the entirety of Luapula Province, while numerous constituencies across the country have either missing or incomplete data. Overall data completeness at the constituency level is 56.4%, or 88 of 156 constituencies. The utility of the CDF Tracker as a tool is therefore limited at present.

Figure 7: Constituencies with and without data on the MLGRD CDF Tracker, by province (Source: Authors).



2.2 Auditor General

Zambia's Auditor General (AG) produces a report at the end of each financial year. The report contains a section for each local council in Zambia, under which the management of the CDF is reported. For most local authorities, a selection of CDF projects are audited for performance. In

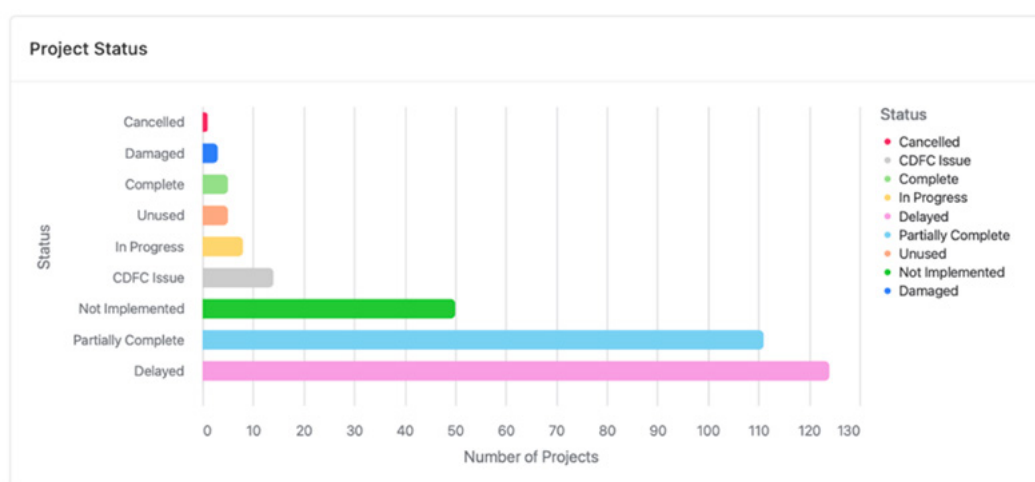
2012 76% of constituencies were audited, and 61% of these had queries around the results.³⁷ It is important to note that the AG's report focuses almost exclusively on a selection of projects facing significant problems, and not those successfully implemented. As such, it is not representative of the overall CDF project portfolio. Nonetheless, the information disclosed in the report included project-level attributes that merit further analysis.

We aggregated information from the AG's 2021 report to identify the main impediments to project implementation and success, by project type and location. The report featured 223 individual CDF projects, across 52 local authorities, with all 10 provinces represented. Of the projects included, just 5 were reported as complete; 124 reported as delayed; while 50 were signed off and had been allocated funding, but the project had not been implemented. One third of the projects had been negatively affected by contractor-related issues. These included the contractor leaving the site, delays, cost overruns and poor workmanship. Contractor issues represented the main impediment to project completion. Nearly 40% of the total CDF allocation was reported as unspent. Funds reported as wasted or misused accounted for <5% of the total, with the primary factors being inadequate technical appraisal leading to project failure, or the disbursement of funds to contractors who never completed the works.

By manually extracting data from the AG's report and consolidating the information, we were able to create a series of visualisations that helped contextualise the status of CDF projects. We have shared some of these with representatives of GRZ in meetings, and will release a separate publication on data visualisation. Here, we include a visualisation of the analysis described above.

The AG reports are static outputs, and subject to a lag between the end of the period under review, and their publication. We have been led to understand that while the public report only features a subset of CDF projects, the AG's office does have access to a more comprehensive list.

Figure 8: Overview of the status of CDF projects listed in the AG's report (Source: Authors).



37 PMRC (Policy Monitoring and Research Centre), 2014. PMRC Constituency development fund analysis: Working towards a more effective decentralised system of national development. www.pmrzambia.com/wp-content/uploads/2015/06/CDF-Infographic.pdf

2.3 Local Authority websites

The SMART Zambia Institute³⁸ is a Division under the Office of the President mandated to coordinate and implement electronic government for improved service delivery. SMART Zambia has been working to equip Local Authorities with the resources and skills to produce and transmit digital records of the work being done under their jurisdiction, as well as to maintain and run their own website.

Each council is therefore given the responsibility to upload project-specific CDF data. To date, these websites have been rolled out to 24 Local Authorities in Zambia, across 8 provinces. The quality of the data that has been uploaded to date is highly heterogeneous. 21 of 24 websites were accessible to an external user as of March 2023. However, only two (2) include granular data on CDF projects within the local constituencies. For example, Chavuma Council³⁹ has provided a breakdown of every approved CDF project, bursary or grant; detailing its allocated budget and status. This level of data is best-in-class, and its presence is highly encouraging, suggesting that relevant information is being collected at the local level, but not necessarily shared. With the rollout of more council websites, and a larger CDF data push within government, it is assumed more reserved data will become accessible over time.



Photo by Birger Strahl on Unsplash

38 SMART Zambia Institute www.szi.gov.zm

39 Chavuma Council, 2023. CDF Project Breakdown. www.chavumacouncil.gov.zm/?page_id=764

Figure 9: Breakdown of the status of the 24 pilot Smart Zambia Council Websites. Data correct as of 16 March 2023 (Source: Authors).

Council	Website status	Any CDF information uploaded?	Project level information?
Chavuma	Live	Yes	Yes
Lusangazi	Live	Yes	Yes
Ngabwe	Live	Yes	No
Serenje	Live	Yes	No
Manyinga	Live	Yes	No
Chilanga	Live	No	No
Luangwa	Live	No	No
Sinazongwe	Live	No	No
Gwembe	Live	No	No
Mkushi	Live	No	No
Chembe	Live	No	No
Kawambwa	Live	No	No
Kalabo	Live	No	No
Ikelenge	Live	No	No
Kafue	Live	No	No
Chiengi	Live	No	No
Zimba	Live	Data link misdirects	No
Mpongwe	Live	Data link misdirects	No
Masaiti	Live	Data link misdirects	No
Lufwanyama	Live	Data link misdirects	No
Chama	Live	Data link misdirects	No
Mambwe	Live	Data link misdirects	No
Mitete	Live	Data link misdirects	No
Kaoma	Live	Data link misdirects	No

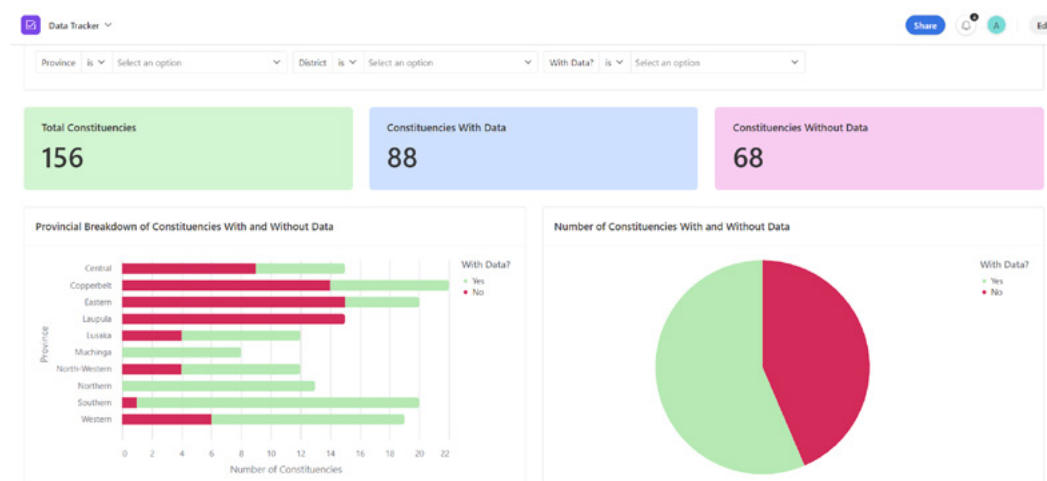
There is a limited amount of other information available online on the CDF, often where local councils have used social media to either publicise the use of the CDF, or where a project is being put out to tender. Prior to the rollout of council websites, many local councils used (and continue to use) Facebook for this purpose. Obtaining this data is a time consuming process, and is not practical as a systematic updating exercise. Moreover, not all Local Authorities use social media in the same manner. For research purposes, we conducted a small-scale data scrape, which yielded limited results on some specific CDF projects.

Mwansabombwe Town Council⁴⁰ uses a Facebook page and regularly provides updates with information on specific CDF projects. The presence of this data in this format adds important context for the Smart Zambia initiative, and suggests there is significant opportunity to reduce the reliance on paper records and to formalise a standardised digital CDF M&E process.

2.4 Demonstration dashboard

To help demonstrate the value that well-structured CDF data could unlock, we collated a sample of data fragments from various sources. Our aim was to demonstrate how using a 'data dashboard' could help identify common bottlenecks to project completion; highlight data gaps; provide comparative benchmarks; and generate key descriptive statistics on the disbursement and spending of the CDF at the local, provincial and national level. By creating some data visualisations, we also wanted to advocate for data transparency and dissemination to a range of stakeholders. We used Airtable,⁴¹ a cloud-based platform, to store, analyse and visualise outputs.

Figure 10: A screenshot of the Airtable CDF Dashboard developed under the CCG Project, here showing an outline of the constituencies which have data uploaded to the MLGRD CDF Tracker, broken down by Province (Source: Authors).



The dashboard has not been developed as an alternative to, or a replacement for, existing initiatives by GRZ to consolidate CDF data, such as the MLGRD CDF Tracker. Our objective is explicitly limited to demonstrating how and why key stakeholders might engage with CDF data; and highlighting the types of data that would be of particular interest in the context of blended finance.

40 Mwansabombwe Town Council, 2023. www.facebook.com/people/Mwansabombwe-Town-Council/100069041355468

41 Airtable www.airtable.com

2.5 M&E Process Flow

According to Section 3.3 of the CDF Guidelines, the following actors have M&E responsibility for specific parts of the CDF process:

- The Local Authority, CDFCs, WDCs, the MLGRD (and the associated PLGO), the MoFNP, and the 'local community' all have responsibility for the Monitoring and Evaluation of CDF Projects;
- The MP has responsibility for Joint Spot Monitoring (JSM) of CDF projects in their community;
- The Auditor General has responsibility for auditing the CDF funds disbursed at a Local Authority and Constituency level.

Section 8 of the Guidelines additionally provides brief guidance on M&E reporting and information flows. Our research indicates that M&E information flows are at present incomplete and sporadic, and the only institution consistently meeting its mandate is the Auditor General's Office. The Local Authority is the primary actor in the M&E process flow, with the WDC and CDFC expected to feed regular information on project progress up to the Local Authority.

For most Local Authorities, the M&E process largely consists of visiting projects under construction to check on their progress, but not necessarily recording information in a consistent manner. Some authorities have developed their own M&E protocols in an effort to standardise and streamline M&E protocols in the absence of clear and audited guidelines from the central government. The Mandevu CDFC is an example of such a case. However, in the majority of cases, M&E takes place in an ad-hoc manner, and only when members of the Local Authority have the capacity and transport to undertake the work. This collected data is then sporadically passed on to the MLGRD, and is rarely made digitally available. It is clear that capacity constraints are the main impediment to Local Authorities undertaking M&E work presently, with the growth in CDF allocations placing a larger administrative burden on Local Authorities. It also seems that M&E is often regarded as a lower order priority compared to project approval. Lusaka City Council, for example, has just one M&E officer who is responsible for overseeing every CDF project under their jurisdiction, in addition to their regular Planning Department responsibilities. There is currently no specific allocation in a constituency's CDF budget for M&E, which also helps to explain this capacity gap.

Transportation services to enable M&E were uniquely supported within the 2022 CDF Guidelines with each CDFC being mandated by the Government to purchase a vehicle for M&E purposes. The vehicle is to be amortised over a five-year period and maintained by the Local Authority, and in September 2022 the Minister of LGRD signed a bulk order contract with Toyota Zambia for 156 Land Cruiser vehicles.⁴² One of the major impediments to effective M&E is that many constituencies cover very large geographic areas connected by unpaved roads, making travel to CDF projects difficult and expensive. Feedback from informants suggests approximately 50% of CDFCs in Zambia have received their CDF vehicle to date, with those receiving a vehicle reporting a positive impact on their ability to undertake M&E responsibilities.

42 Ministry of Local Government and Rural Development, 2022. Land Cruiser Purchase Press Statement. zambianeye.com/ps-explains-purchase-of-156-landcruisers

Official flag-off ceremony of 69 CDF Project monitoring vehicles. Lusaka, 24 May 2023.



When it comes to WDCs, members were not always clear on whether they had a role in the M&E process, confusion compounded by limited communication between the Local Authority, CDFC and WDC on M&E. This is a finding which had been noted in previous research.⁴³ WDC members expressed interest in being involved with the M&E of CDF projects, stating that their regular proximity to project sites and CDF beneficiaries made them uniquely useful for this task. The lack of guidance or templates for monitoring is an impediment to this, as is the lack of available documentation to WDC and community members on specific projects. Documents such as work schedules and Bills of Quantities are essential for the tracking of Community Projects, and we regularly found that WDCs were being refused access to these documents by Local Authorities. This is a research finding corroborated by ACA Zambia during their ongoing WDC training programme, with WDC members complaining that it has been regular in the past for Community Project specifications to be downgraded during construction without penalty due to Bills of Quantities not being available to community members for scrutiny.

Despite these challenges, some Local Authorities are successfully monitoring CDF Projects and learning lessons from this monitoring. For example, the Auditor General's report indicates Community Projects in 2020 and 2021 were regularly stalling due to Authorities procuring on a labour-only basis (meaning the soaring costs of materials during the Covid-19 pandemic led to labourers pulling out of contracts with projects half-completed). This was increasingly remedied in 2022, with more 'all in' contracts being issued.

As discussed, a draft M&E Framework has been prepared by the MLGRD, which will provide more detailed central guidelines under which Local Authorities can devise specific M&E processes. Based on feedback, this Framework will need to strike a balance between delegating responsibility to Local Authorities, whilst still providing common guidelines for data collection.

43 Chrine, C.H., Tembo, N.T., and Zyambo, E. 2020. An Assessment of the Impact of Constituency Development Fund on Rural Development in Education and Health Sectors in Rufunsa Constituency, Zambia. *International Journal of Scientific and Research Publications (IJSRP)*, 10(08): 104–110. doi: [10.29322/IJSRP.10.08.2020.p104110](https://doi.org/10.29322/IJSRP.10.08.2020.p104110)

2.6 Recommendations

As currently operating, the CDF M&E process is not fit for the purpose of mobilising additional capital. While investor-relevant data is being collected, actors in the M&E process flow are faced by two major challenges: a lack of clear guidance on what they should be doing; and a lack of capacity to complete their M&E tasks and communicate with other actors due to inadequate funding and resourcing of WDCs, CDFCs and Local Authorities. As a result, data that is collected is held in silos and not made publicly available. This increases the likelihood of misuse of the CDF and makes it difficult for the success or impact of the CDF to be objectively evaluated and then communicated to relevant stakeholders, including potential funders and the general public. Therefore, in alignment with the objectives of SMART Zambia and the emerging CDF M&E Framework, we have identified the following recommendations to optimise the M&E process for Zambia's CDF:

- Consolidate and disseminate data on CDF activity – data is being gathered at multiple points within the process but at present this cannot easily be accessed or evaluated. The capabilities to do this exist but some impetus is needed to advance progress. Without this data, it is impossible to see how additional external investment can be mobilised.
- Increase Local Authority M&E Capacity: With LA's struggling to manage the administrative burden presented by the increased size of the CDF, it is unsurprising that M&E is not prioritised in relation to prior steps in the process flow such as project approvals and procurement. After all, if no projects are realised, there is nothing to monitor and evaluate. There is thus a need for enhanced capacity in Local Authority M&E officers responsible for overseeing CDF implementation. This could include hiring more M&E officers and ensuring that existing M&E officers are not overburdened with other CDF process tasks. There is also an opportunity to train M&E officers to ensure they are facilitating effective communications with the other M&E actors in the information chain: the WDCs, CDFCs, and MLGRD; and also collecting and recording data in a standardised format. This requires a clear M&E framework.
- Develop a digitalised & standardised M&E Framework: The existing Guidelines on M&E do not provide M&E Officers with sufficient information on how to collect high quality data and make that data available. Standardisation is a path to data quality; and digitalisation is a path to data availability. Currently, in the vacuum of centralised guidance, different LAs (such as Lusaka City Council) are developing their own M&E templates. Whilst a welcome sign of prioritised M&E and entrepreneurial officers, it is undesirable to have data collected in different formats, at different intervals and on different KPIs across Zambia's Local Authorities. It is therefore critical that central standards on data quality are set by the MLGRD and Decentralisation Secretariat. The digitalisation of M&E information faces a number of practical constraints at present such as the lack of internet connection and digital devices for WDC members and the lack of council websites. The Smart Zambia Initiative is resolving some of these issues, and deserves additional political support and funding to bolster its action. Whilst there is political support for e-government, in our opinion Zambia is somewhat lagging her peers in the digitalisation of local government e-services, and so additional support is warranted.⁴⁴ WDC digital capacity could again be improved by the provision of devices or transport allowances to travel for the digitalisation of paper records.

- Ultimately, reporting standardised and digitalised data publicly would serve a dual purpose of ensuring transparency and public confidence in the CDF and increasing government oversight of the fund; whilst also providing the necessary information to support external investment decisions by lowering transaction costs and improving the due diligence process.
- Increase CDFC and WDC M&E Capacity and Communication: Given the size of Constituencies and the number of CDF projects, grants, loans and bursaries disbursed under the new increment, ideally M&E responsibilities would not sit so centrally with the Local Authority. Whilst the CDF Guidelines provide a role for the CDFC and WDC, this role has often been shown to be misunderstood. CDFCs and WDCs are not always well placed to undertake technical evaluations of projects due to their lack of technical training, while many WDC members often do not even have access to project work schedules or names of contractors.
- There is a need, therefore, to empower WDCs and CDFCs to undertake M&E work by educating them on how effective M&E should work, their responsibilities for data collection and management, and how to develop effective two-way communication with their Local Authority. This capacity building could be supported by Technical Assistance programmes, particularly where there is the prospect of introducing blended finance in the medium term. Supporting WDCs with small grants or digital tools (like smartphones) to incentivise their work would also help. External actors such as USAID Local Impact have undertaken M&E capacity building exercises with WDC members in some areas, but for the impact of these interventions to become more widespread, training needs to be embedded and prioritised across all constituencies. Additionally, WDC and CDFC members need to be provided with access to key documentation on project plans. With WDC and CDFC members being those who are regularly proximal to projects being undertaken, they are a crucially responsive set of M&E actors.
- Provide clear templates on specific KPIs for M&E: Whilst the hallmark of a robust M&E process would be the collection and digitalisation of standardised CDF data from each constituency, it is also important that the data points collected are relevant and informative. Typically, a set of Key Performance Indicators (KPIs) are needed, and these should be built into the CDF M&E Framework. Standardised M&E template forms reflecting these KPIs should be downloadable for use by Local Authorities, CDFCs and WDCs.

We propose the following M&E KPIs for inclusion, based on our specific focus of mobilising external capital for sustainable development by leveraging the CDF structures:

Table 1: Suggested KPIs for effective CDF Monitoring & Evaluation

KPI	Unit of monitoring	Metric(s)
Amount of CDF funding disbursed by CDFC (split by component)	Per ward; per quarter	Total ZMW; % of total allocated budget
Number of CDF applicants (split by component)	Per ward; per quarter	Total number
Number of CDF beneficiaries (split by component)	Per ward; per quarter	Total number

KPI	Unit of monitoring	Metric(s)
Date of funding disbursements	Per ward; per quarter – linked to transactions	Dates
Location of beneficiaries	Per ward; per quarter	Coordinates for Community Projects; Ward for Empowerment Grants/Loans; Schools/Skills training centres for Bursaries.
Type of beneficiaries (split by component)	Per ward; per quarter	For community projects: project type and sector; for Empowerment Grants/Loans: type of enterprise; for Bursaries: number of boarding school beneficiaries and type of skills training.
Loan payback schedule adherence	Per ward; per quarter	% paid back; % divergence from payback plan
Community Project completion progress	Per ward; per quarter	% of completion in comparison to work plan
Causes of divergence from work plan	Per ward; per quarter	Qualitative short answer descriptor

As part of the next phase of our research, we will socialise the suggested KPIs with stakeholders within the climate finance and impact investment community. During meetings with senior government officials in Zambia, it was clear that a strong case needs to be made for introducing additional data-gathering protocols, particularly where these protocols are resource intensive, or require building capacity for education, training, monitoring and enforcement. Senior government officials understand that data can be powerful, but equally are reluctant to sanction the collection of data for its own sake. As they describe it, there have been too many well-meaning initiatives of this type that founder due to a lack of clarity on who would use the information, and for what purpose. To mitigate this risk, we will focus expressly on understanding the data requirements from potential funders.

The engagement of SMART Zambia and a CDF Monitoring and Evaluation Framework are highly encouraging developments from the Government, and demonstrate a commitment to recording and disseminating a more robust and consistent dataset on the progress and impact of the CDF. Increasing capacity at the local level through empowering and funding Local Authorities and WDCs likely represents the best route to effective CDF M&E.

3. Governance and inclusion

Aligning development finance to specific community needs is an important condition for optimising efficiency and impact.⁴⁵ Decentralised finance can help address issues that are self-identified by local communities, and can provide these communities with a sense of agency in their resolution. Where the mobilisation of public finance is heavily centralised, as is the case in Zambia, alternative approaches are of particular interest in the context of meeting universal sustainable development objectives.^{46,47}

Decentralised programmes however often generate higher transaction costs which can make them less attractive to external funders. We argue that a key advantage of the CDF is the associated legislation to embed governance mechanisms, which should lower transaction costs associated with due diligence.

The CDF is the manifestation of a theory of change around responsive redistribution – providing citizens access to services whose structure and delivery they can influence directly through their elected representatives. There are aspirations to equity and equality while also fostering participation in local democracy. Zambia’s ‘New Dawn’ government – in office since 2021 – has framed the CDF as a response to local needs; articulated for example by the Minister of Finance in Parliamentary speeches as ‘bringing money closer to the people’.⁴⁸ For many SDG-aligned⁴⁹ impact investors, we consider this will be an attractive framing to encourage their participation. However, evidence will be needed that the CDF programme proactively advances key vectors of development such as gender equality (SDGs 5 & 8) and reduction in the inequalities experienced by youth, those living with disabilities, or those from otherwise marginalised communities (SDG 10).

45 Faguet, J.P. and Pöschl, C. (eds.). 2015. Is decentralization good for development? Perspectives from Academics and Policy Makers. Oxford: Oxford University Press.

46 Ivanyina, M. and Shah, A. 2014. How close is your government to its people? Worldwide indicators on localization and decentralization. *Economics: The Open-Access, Open-Assessment E-Journal*, 8 (2014-3): 1–61. doi: [10.5018/economics-ejournal.ja.2014-3](https://doi.org/10.5018/economics-ejournal.ja.2014-3)

47 Ashraf, N., Bandiera, O., and Blum, F. 2016. Decentralisation in Zambia: A comparative analysis of strategies and barriers to implementation. The IGC: London. Ref: S-41306-ZMB-1.

48 These aims are articulated repeatedly in the speeches made by the Minister of Finance to the National Assembly – such as the 2021 and 2022 budget speeches.

49 UN, 2015. sdgs.un.org/goals

The CDF is, by design, inclusive in its governance. 40% of the funds are directed towards either Youth and Women Small and Medium Enterprise (SME) Empowerment or Skills Bursaries for under 35s who otherwise do not have financial access to education. With a majority of Community Projects also being directed towards school buildings,⁵⁰ the CDF is clearly tilted towards empowering Zambia's next generation – an appropriate focus given that more than 70% of Zambia's population is currently under 30 years of age.⁵¹ In the identification of Community Project needs, the WDC committees responsible should have both youth and gender focal points, as well as a member from “a marginalised community”.⁵² For project selection, MPs must take into account gender equality when selecting CDFC members, although there are no specific seats on CDFCs reserved for youth representatives or those living with disabilities – a provision that should be made in the CDF Guideline review.

When research participants were asked whether they felt the CDF achieved true decentralisation, they often pointed to the fact that through WDCs and CDFCs, they felt the right structures were in place to have their views heard. Where they felt that the CDF was “decentralisation in name only” was generally where there were frustrations with the process flow – for example when CDFCs and WDCs were not made aware of what projects were chosen, why projects had not been chosen, why certain contractors had been chosen, or also when schedules of works were not made available to the community. These are issues that can generally be resolved by acting on recommendations made in previous sections on WDC capacity building and improving communications between Local Authorities, CDFCs and WDCs.

A more substantive issue was when communities felt that spending decisions were being imposed upon them. This feeling was primarily communicated in relation to Ministerial decisions that portions of funding must be devoted to the purchase of certain items. Section 25 of the CDF Act allows the Minister of Local Government and Rural Development ultimate power to determine how CDF money is spent.⁵³ The mandatory purchase of one monitoring vehicle by each constituency has already been addressed in this report (a central decision that will ultimately take US\$53,300 of available CDF money from each constituency), and whilst this is a justifiable expense in many circumstance given the need to strengthen the M&E of constituencies (and was broadly popular amongst participants), there are plans to extend mandatory purchases to include ambulances, police cars and the building of police posts in each constituency. This risks undermining the decentralisation rationale of the CDF: not all constituencies need another police post, or have a hospital for an ambulance to serve. ACA Zambia have criticised Section 25,⁵⁴ labelling the political ‘pliability’ of the CDF Act a threat to the long-term sustainability of the CDF.

50 Office of the Auditor General, 2022. Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year ended 31st December 2021. Republic of Zambia.

51 Population Pyramid, 2023. www.populationpyramid.net/zambia/2020

52 Local Government Act No. 2, 2019. Part V Section 36 (1).

53 CDF Act, 2018. Section 25: “The Minister may issue guidelines on the— (a) payment of funds for approved projects or specialised works; and (b) nature of projects to be undertaken.”

54 Alliance for Community Action (ACA,) 2022. The ACA's Position on the 2022 CDF Guidelines. acazambia.org/cdf/#Our-Position

3.1 Distributed needs

A fundamental rationale for the CDF is to support poverty reduction through grassroots-driven economic growth.⁵⁵ The governance of the CDF was covered in the previous section. Here we consider three dimensions of distributed needs associated with poverty reduction that we explored in our field research: i) rural versus urban needs; ii) the sustainability of pro-empowerment support; and iii) the job prospects for those receiving skills development bursaries.

Firstly in terms of rural development, there are ongoing questions about the capacity of Local Authorities to deliver CDF projects to standard in many rural areas given the limited availability of qualified personnel and the physical size and remoteness of many rural constituencies. Additionally, awareness of the CDF and how it is able to help communities has been reported to be lower in rural areas.

We understand that the GRZ is currently considering abandoning the uniform funding rate per constituency model for an allocation that is sensitive to variables such as population size, poverty indicators, equity and rurality – with internal discussions on this ongoing and no decision having been yet made. Depending on the weighting applied to each variable, this may or may not significantly alter the funding between urban and rural constituencies (given that urban constituencies tend to be more populated and rural constituencies tend to have higher levels of extreme poverty). Some research participants were wary of such a model switch, arguing that it may undermine the bipartisan political support of the CDF as one party may end up with more CDF funding under their influence than the other. This concern is not backed by evidence. For example, in Kenya CDF funding is split on the basis of poverty indicators (in part), and there is no evidence to suggest that this results in increased clientelism.⁵⁶ Managed appropriately, while balancing the distributed needs of constituencies with large or higher poverty populations, adjustments to the CDF allocation mechanism should deliver a positive outcome. Recent research by the International Growth Centre⁵⁷ has evaluated the different allocation options facing the Zambian Government ('equal', 'needs-tested' and 'hybrid') for such an adjustment.

A further point concerns the effect of the upscaled Youth and Women Empowerment Component on local markets for goods and services in Zambia. The ability for the CDF to achieve poverty reduction is premised upon the CDF delivering long-term social value, and this requires the anticipation of unanticipated policy effects in the governance of the Fund. Research by ACA Zambia⁵⁸ has suggested that a significant number of applicants are requesting empowerment grants for similar types of projects (most notably: chicken and goat rearing and seedling cultivation).

Without a deliberate plan to upscale beneficiaries to access larger markets, there is a risk that

55 Sharma, M. 2020. Poverty and equity brief: Zambia. Washington DC: World Bank Group.

56 Harris, J., and Posner, D. 2019. (Under what conditions) Do politicians reward their supporters? Evidence from Kenya's Constituencies Development Fund. *American Political Science Review*, 113(1), 123–139. doi: [10.1017/S0003055418000709](https://doi.org/10.1017/S0003055418000709)

57 Casey, K., Felipe Rodriguez, A., Sacchetto, C. and Wani, S. 2021. Zambia's Constituency Development Fund: Policy Considerations. Policy Paper. London: International Growth Centre.

58 Alliance for Community Action, 2023. Personal communication with ACA's Information and Advocacy Officer Mr Jimmy Maliseni in relation to the ACA WDC Training Programme.

local markets for these goods become artificially saturated and the empowerment grants and loans fail to create a positive economic effect. Whilst CDFCs could be encouraged to only select a certain number of projects of a set type in a given area, this risks people missing out on economic empowerment due to limited business opportunities. Another solution, therefore, is for the Government to proactively invest in standardisation and quality control training for beneficiaries which enables them to access larger corporate customers such as supermarket chain stores that have stringent quality control requirements for suppliers.

Down the line, CDF-funded startups could be graduated to other public funding mechanisms to enable them to grow into fully fledged commercial interests. The Citizens Economic Empowerment Fund (CEEFF) is one such setup which can proactively be assigned to support further growth of thriving CDF empowerment investments. The aim would be to ensure the CDF does not follow the unsustainable route of other economic development interventions such as the Farmer Input Support Programme (FISP, introduced in 2002) – Zambia’s flagship agriculture subsidy programme for subsistence farmers which is considered by many to have limited success in its aim to graduate beneficiaries from the subsistence level to a commercial status.⁵⁹ Beneficiaries instead appear to be caught in a long-term loop of subsidy support without development – something that would significantly limit the CDF’s impact.

Historically, management of Community Projects focusing on livelihoods, local development and welfare has come under the Department of Social Welfare and the Department of Community Development under the Ministry of Community Development and Social Services. These departments manage a large portfolio of Zambia’s social protection policy, have expertise and have built competence from practice. From this standpoint, having these departments in the TAC as stipulated in the CDF Guidelines rather than in the Management Committee might not be the optimal use of available human capital. These two departments are also particularly well-vested in managing programmes targeted at youth, women and people living with disabilities through the national social protection strategy. Empowerment initiatives in Zambia such as the FISP have previously struggled due to lack of management capacity and sufficient monitoring and enforcement mechanisms as demonstrated by the ZIPAR’s study of the National Youth Development Fund.⁶⁰ Hence, incorporating them within the management framework would strengthen the long-term sustainability of the Empowerment component of CDF. It would also enhance the M&E of CDF Empowerment programmes.

Thirdly, in terms of the long-term impact of the Secondary Boarding School and Skills Bursary component of the CDF. It has long been demonstrated that educating the young is not an automatic development panacea, particularly if appropriate sectors are not targeted, or if industrial policies do support job creation for the newly skilled. There is a risk of creating a subclass of “educated unemployed”⁶¹ who can feel marginalised and disheartened at their inability to find work aligned with their skills.

We believe that this risk applies to the CDF in that there is currently no set determination for which Skills programmes should be funded, increasing the risk that those graduating from

59 World Bank, 2021. Zambia’s farmer input support program and recommendations for re-designing the program. Washington, DC: World Bank.

60 Zambia Institute for Policy Analysis and Research (ZIPAR), 2018. Evaluation of the Youth Development Fund (YDF) Report. Ministry of National Development Planning and Ministry of Youth, Sport and Child Development: Lusaka, Zambia.

61 Jeffrey, C. 2009. Fixing futures: Education unemployment through a North Indian lens. *Comparative Studies in Society and History*, 51(1): 182–211. doi: [10.1017/S0010417509000085](https://doi.org/10.1017/S0010417509000085)

the programmes cannot get jobs or start enterprises, and thus remain economically under-employed. There are also no post-graduation arrangements to support the trainees through empowerment programmes. This is a concern that was also shared by several CDF decision makers in the course of our field interviews. A partial solution would be to use the CDF Skills Bursaries and the CDF Empowerment loans in a linked and coordinated way. If a graduate of a CDF-funded Skills Programme (to become an electrician or bricklayer, for example) opted to set up a business or practice, support could be availed to them through the Empowerment component of the CDF or through non-CDF government support programmes such as CEEF.

Integrated Development Plans (IDPs) offer planning-based insight into all three of the wider considerations outlined above. The Urban and Regional Planning Act (2015) mandates Local Authorities to publish comprehensive IDPs which account for the development status, needs and priorities for each District in Zambia.⁶² These should be reviewed and republished every decade (with periodic review within this period),⁶³ and are authored by the Local Authority Planning Departments in collaboration with Ministerial representatives who ensure that the IDPs are in line with the 8th National Development Plan.⁶⁴ In regards to the CDF, they can be considered as offering a “bird’s eye view” of the development needs of Constituencies. Whilst WDCs represent needs from a bottom-up perspective, IDPs should provide a quantitative analysis of whether local services meet the minimum criteria. At present, the relationship between the IDPs and the CDF is underdeveloped. Challenges such as local market goods saturation and jobs gaps could be helped by input from IDPs, but the Local Authorities contacted for this research did not have developed processes through which IDP findings were communicated to CDFCs and WDCs and vice versa. This may be in part because the IDP development process is itself at a nascent stage.

■ 3.2 Transparency and accountability

The CDF Act stipulates the following as the three key principles of CDF – transparency, accountability, and equity. CDFs have a somewhat chequered history in Africa, and the literature highlights instances, where governing elites have used the mechanism for rent seeking: turning CDFs into tools for political mobilisation, entrenching personal brands to secure re-election.^{65,66,67} Whilst from a local democracy perspective, CDFs can foster inclusion by bridging the gap between the electorate and their representatives, in practice this requires fairly high standards of governance and embedded cultural norms of behaviour.

Recommendations from the literature include removing the MP from influencing the structure

62 Banda, B, van Niekerk, D., Nemaikonde, L., and Granvorka, C. 2021. Integrated development planning in Zambia: Ideological lens, theoretical underpinnings, current practices, views of planners. *Development Southern Africa*, 39(3): 338–353. doi: [10.1080/0376835X.2020.1868289](https://doi.org/10.1080/0376835X.2020.1868289)

63 Urban and Regional Planning Act (No. 3 of 2015), Section 19.

64 Ministry of Finance and National Planning, 2022. The Eight National Development Plan (8NDP) 2022-2026. MoFNP: Lusaka, Zambia.

65 Baskin, M., and Mezey, M. 2014. Distributive politics in developing countries: Almost pork. Lexington Books.

66 Fono, F. 2007. A perspective on constituency development in the Solomon Islands. *Pacific Economic Bulletin Policy Dialogue*, 22(2). openresearch-repository.anu.edu.au/bitstream/1885/157861/1/222_perspective.pdf

67 Ndii, D. 2014. Money for small things: Experience and Lessons of Kenya's Constituency Development Fund. Distributive politics in developing countries. Almost Pork. Lexington Books, pp.49-82.

of CDF Committees, as a way to minimise potential political interference.^{68,69,70} Based on participant responses in our field research, however, we do not think this is a particularly urgent or important change to make. CDFCs in Zambia are rarely highly politicised, and there are practical benefits to having a sitting MP on the committee. It would also expend considerable political goodwill to make such a change at this stage. However, community involvement in the governance of the CDF as a whole could be improved. For example, the number of CDFC representatives chosen directly by MPs could be reduced in the new CDF Guidelines, in favour of election by community groups. Furthermore, we would argue that there should be a voice for community groups and the wider public when it comes to consulting on redrafts of CDF governance guidelines and regulations. The recent CDF Act consultation, for example, only featured invitations to CDFC Chairs and Vice Chairs from selected populous Constituencies in each Province, with limited consultation of WDCs or more rural areas. It is clear that the wider public are keen to engage. A WhatsApp group “CDF In Zambia” was set up in April 2023 and already has over 1,000 members with some 850 messages sent to date. Many of these messages contain detailed information about specific projects, and include on-the-ground perspectives that are not available elsewhere.

Overall, and consistent with the increased focus on M&E, much greater attention is being placed on transparency and accountability as part of the governance process. This is self-evidently a critical element if the CDF process is to support the mobilisation of additional capital.

3.3 Recommendations

- **Equitable access to CDFs:** A core aspect of inclusivity is the geographic representation of constituents within the CDF. Our preliminary analysis of CDF projects identified significant variations by Province in terms of the level of funds disbursed, number and type of projects, and progress to completion. Some of this variation is to be expected given the diverse composition of Zambia’s constituencies. However it may also reflect some structural imbalances that merit further investigation.
- **Inclusive reform of the CDFC composition:** Inclusivity is central to the governance design of the CDF. The 2022 CDF Guidelines contain a number of positive provisions which facilitate decision making input from and beneficiary inclusion of youth, women and those living with disabilities in particular. However, these provisions can still go further. People living with disabilities, for example, whilst represented at the WDC level are underrepresented in the CDFC and as beneficiaries of the CDF. Further facilitation is required to ensure that the CDF has good disability access – for example through targeted CDF information being available at health clinics and through quota based fund disbursement to this group. There are also no dedicated youth representatives on the CDFC, and no process through which gender balance is ensured.

68 Mwenzwa, E.M. 2015. From Center to MARGin: An APPRAISal of the Constituencies Development Fund (CDF) as a DECENTRALIZATION STRATEGY in Kenya. karuspace.karu.ac.ke/handle/20.500.12092/1910

69 Phiri, P. 2016. Community participation in constituency development fund (CDF) project in Zambia city. The case of Kanyama Constituency. Lusaka: The University of Zambia, Lusaka.

70 Chibomba, D.N. 2013. The Constituency Development Fund as a tool for Community Development: A case study of Katuba Constituency in Zambia. Master’s Thesis. University of the Western Cape, Cape Town.

The upcoming CDF Guidelines update process is an opportunity to review the MP's influence over the composition of the CDFC. With up to 6 of 12 CDFC members being nominated by the MP, there is potentially an opportunity for additional community determination of CDF governance. A bottom-up approach of community selection of representatives could be trialled in some constituencies, with places being reserved for candidates of specific characteristics (Youth, those living with disabilities) and to proactively support gender balance and inclusion.

- **Safeguarding Section 25 of the CDF Act:** The power of the Minister of Local Government and Rural Development to dictate spending decisions has been used so far to procure a monitoring vehicle for every constituency. Communities also perceived a risk of Section 25 being used to force the procurement of assets and equipment that may not be required or desired locally. Such centralised decision making risks undermining the devolved and inclusive decision making structures of the CDF .

Our recommendation would be for the introduction of 'guardrails' on Ministerial powers under Section 25. CDFCs and Local Authorities broadly welcomed the purchase of the CDF monitoring vehicles, stating that it aided with the administration of the fund. However the mooted forced purchase of ambulances under Section 25 was not welcomed as this was a 'more than administrative' measure that did not reflect individual community needs. A pragmatic solution could be to restrict the mandate of Ministerial spending decisions to 'administrative' measures that build local capacity to comply with the CDF Guidelines. This would enable the centralised procurement of items such as monitoring vehicles, or smartphones and bicycles/motorbikes for WDC members, but would also curtail the prospect of undermining the CDF with centralised decision making on non-administrative spending.

- **Wider public consultation on CDF reform:** Processes in relation to accountability and transparency of the CDF have progressively improved since the significant uplift to CDF allocations in 2021. Further improvements are becoming evident as monitoring and evaluation procedures begin to take hold. These are encouraging developments in the context of the CDF being used as a vehicle to mobilise additional capital flows in the future. To maintain this momentum, we recommend a wider role for engaged members of the community when public consultations on CDF legislation and guidelines are taking place. Consulting only high level officials, CDFC Chairs or technical Local Authority staff may not be sufficient for a publicly-accountable mechanism. Where practicable, WDC members should also be consulted, with the option for citizens to also submit feedback to the MLGRD through digital communication.

4. Impact and additionality

Our thesis is that Zambia's CDF offers a uniquely accessible route to impactful interventions that can deliver climate-friendly sustainable development outcomes. The defining achievement of the UN COP 27 conference in 2022 was an agreement by the world's richer countries to establish a 'loss and damage' fund to support climate adaptation and resilience in nations most vulnerable and impacted by the effects of climate change. Zambia faces precisely these risks, and we believe that the CDF could evolve into an effective mechanism to mobilise capital from a loss and damage fund; while still fulfilling its core objective of facilitating investment in community-driven, decentralised projects and activities.

In this paper, we variously refer to the opportunities of blended finance. Blended finance is a structuring arrangement which typically uses development funding (such as grants, soft loans and other credit enhancements) to mobilise private capital. It is, in effect, a subsidy. A common rationale for using blended finance is to catalyse activities that have positive development outcomes in addition to financial returns. These positive development outcomes can be framed in terms of impact and additionality.

To reiterate, we do not propose any change to the core purpose and objective of the CDF. Instead, we make the opportunistic case for leveraging the CDF to mobilise additional funding. The majority of community projects funded by the CDF do not generate financial return, but many contribute to the socio-economic infrastructure that delivers positive development outcomes. As such, they may be attractive to philanthropic and impact-oriented funders. Meanwhile, projects that generate even modest financial returns may be eligible to access concessional finance at lower rates of interest and/ or with more attractive repayment terms than what is currently available.

■ 4.1 Stakeholder perspectives

As part of our field research, we interviewed a range of stakeholders to identify overlaps between areas of focus for the CDF (community projects, youth and women empowerment, skills bursaries), and categories of climate risk or opportunity that have historically received financial support in relation to climate adaptation and resilience.

Table 2: Climate-related CDF opportunities brought up by research participants from WDC to Local Authority level in interviews and focus groups

Climate risk/ opportunity	Community projects	Youth & women empowerment	Skills bursaries
Drought	Water retention systems (retaining floodwater for drought conditions); solar-powered boreholes; improved irrigation systems	Seedling cultivation for climate-compatible crops (eg. cassava)	Agroforestry skills development
Flooding	Drainage systems; strengthened bridges and roads	Alternative livelihood generation to reduce reliance on deforestation (which makes flooding worse)	Water engineering skills development
Extreme Heat	Mothers' shelters	Local construction enterprises	Civil engineering skills development
Renewable energy	Solar power and micro-grids for rural electrification	Local power installation enterprises	Electrification skills development
Acute natural disasters	Disaster component to reconstruct impacted infrastructure (roofs, roads, bridges etc)	Local construction enterprises	Natural environment remediation skills development

Many participants assumed that climate-compatible projects only include those focussing upon forestry and nature. Few were aware of the discussion on loss and damage funds at COP 27, and there was some understandable scepticism that this presented a viable source of funding.

We asked respondents for their views on the merits or otherwise of including 'climate resilience' as a discrete project category within the CDF framework citizen appetite for climate-compatible CDF projects. In focus groups, participants were also asked for their views on using CDF resources for climate-related projects in their constituency. Responses were mixed; many felt that the fund allocations were already highly sub-categorised (bursaries, grants, disaster funds) which reduced the ability of local communities to use the money in a self-determined way. Additionally, Section 25 Ministerial directives on how money should be spent (eg. on CDF monitoring vehicles and school desks) were seen as centralising decisions which should have been decentralised. Based on this context, the response to a portion of the CDF being labelled as environmental, or associated with climate change was met with negative reactions. Constituents felt that their first priority was healthcare, education and local development.

This is an important finding, and if it is reflective of community perspectives more widely, it may challenge our thesis of the CDF being a catalyst for mobilising additional investment. If CDF funding is to be linked to climate-compatible projects, it is necessary for communities to be informed of the opportunities associated with such projects, and how climate concerns can be combined with local development priorities. Our sense is that in many contexts, climate-compatibility could be integrated into existing decisions. For example, Empowerment grants and Skills Bursaries can be preferentially offered to those applying for climate-resilient industries such as cassava cultivation. Community Project applications can be Technically Assessed by the CDF TAC upon their resilience to climate impacts (eg. are they to be located on a flood runoff pathway?). Communities, too, can be incentivised to apply for climate-compatible projects if there is additional funding available to pursue them. And, finally, communities can be informed of the benefits open to them through choosing climate-compatible options – via sessions led by Local Authorities, the value of water retention systems or bridge reinforcements to the long-term economic empowerment of communities can be explained, which may lead to the community further prioritising climate-compatible projects in decision making processes. And whilst there are existing Governmental frameworks for mainstreaming green interventions such as the 8th National Development Plan and the 2016 Climate Change Plan,⁷¹ this climate-specific national policy is now 6 years old. With the rapidly growing opportunities for local climate investment and intervention, and the rapidly changing global policy landscape, it perhaps should be a priority to pursue an updated Climate Change plan that considers how local climate projects can be best incentivised.

The notion of ‘impact’ is fundamental to these discussions. As discussed in Section 3 (Monitoring & Evaluation), CDF data is currently incomplete and underutilised, meaning that assessments on the climate adaptation and mitigation potential are difficult. With the first step of M&E concerning relatively simple and process driven data (focussing on money spent and locations, for example), there is a requirement for a next step in which more complex data on project impact can be generated. Technical Assistance from blended finance actors could again prove useful here. Moving forwards, consideration needs to be given to what framings could be used to identify desired projects as having additional benefits and impact.

Box 3: Renewable energy installation under the CDF

One of the largest mitigation opportunities under the CDF concerns the installation of local renewable energy generation (primarily solar photovoltaic panels). Similarly to road building, this is an infrastructure that is heavily in demand across Zambia, but which is slightly more complex to deliver under the CDF than other infrastructure projects such as buildings. Whilst road building is organised in part through the Road Development Agency (RDA), decentralised energy is organised through the Rural Electrification Authority (REA).

To integrate the CDF with rural electrification, the REA has recently started signing Memoranda of Understanding (MOUs) with Local Authorities, with 4 such agreements having been completed so far.⁷² These MOUs see ZMW 1 million of CDF funding being allocated by the CDFC to REA, who will then organise grid connection or the development of local microgrids (supported by solar PV). Such plans are currently in a nascent stage, but the outcomes of these pilots will be interesting to monitor in order to understand if this public cooperation agreement yields local electrification results. If so, this would be a particularly interesting investment opportunity for climate-compatible blended finance actors, especially as rural electrification in Zambia is progressing slowly compared to other Middle Income Countries (MICs).⁷³

4.2 Recommendations

- **Generation of employment opportunities for bursary recipients:** There is a risk with the Secondary Boarding Schools & Skills Bursary component of the CDF that labour could be skilled up without appropriate high quality jobs being available, or without the ability of graduates to start their own businesses. A plan needs to be developed to ensure that Skills Bursaries facilitate easy access to high quality employment after graduation. It is important that skills training is ‘future proofed’, i.e. through providing candidates with skills that support resilience and a capacity for adaptation. Integrated Development Planning is a route here to align skills that are being funded through the CDF with jobs that are locally demanded. Another option is to further link the Skills component of the CDF with the Empowerment component, by providing preferential Empowerment loans or grants to Skills graduates, or facilitating their access to non-CDF funds like the Citizens Economic Empowerment Fund (CEEF),

⁷² Lloyds Financials, 2023. Personal communication.

⁷³ World Bank, 2020b. Global Electrification Database. data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=ZM

- **Creation of start-up loans to stimulate economic activity:** There is also a risk with the Empowerment Grant component of the CDF that industrial activity will be promoted without the capacity to scale. There is a requirement here for the GRZ to engage the relevant Ministries (including the MLGRD and likely also the Ministry of Green Economy and Environment (MGEE), and MoFNP), along with CSOs and private sector organisations, and develop a coordinated strategy on market access for small scale enterprises. The strategy should include a focus on standardisation and quality control training for CDF Empowerment beneficiaries, and facilitate building routes to market for small enterprises. Additional links in this strategy should be made between the CDF and the CEEF. There is an opportunity within this strategy to consider how additional empowerment towards climate-compatible industries (eg. cassava cultivation, solar energy installation) can be facilitated.
- **Integration of IDPs into CDFCs and WDCs decision making:** A number of the bottlenecks outlined in the governance of the CDF (especially those of long-term sustainability of Empowerment and Jobs, for example) are also issues of national planning. Indicators of inclusion, need and development impact can all be iteratively monitored and deliberately responded to through a regular process, and that process already exists through the Integrated Development Plans (IDPs). Whilst many are at a nascent stage of being updated, the IDPs offer an opportunity for Local Authority coordination. At present there does not appear to be a process for integrating regional or national IDPs within CDFCs and WDCs. Better communications between the Local Authorities, CDFCs and WDCs would help. Upon the release of the IDPs, for example, Local Authorities could host workshops with CDFCs and WDCs to explain the findings and how the CDFCs and WDCs can best respond to them in terms of CDF project prioritisation. This is a key meeting place where top down planning and bottom up perceptions of need can be productively integrated, ensuring a 'full chain' response to local development.
- **Optimising scale for impact:** Across all of the recommendations discussed in this report, there is a delicate balance to be struck between the decentralised nature of CDFs (and the 'learning by experience' generated from this) and the need to avoid diseconomies of scale. All decentralised models risk reproducing issues in different places where they could be avoided through adequate centralised oversight and control. It is therefore recommended here that the GRZ should maintain a holistic view across CDF projects, ensuring adequate coordination to create economies of scale within the programme. The GRZ has already demonstrated its ability and willingness to do this through the centralised producement of M&E vehicles for each constituency, but we recommend extending this coordination to the writing of annual summary reports of CDF successes and failures, and through the creation of fora for CDF stakeholders to come together to discuss common experiences in order to generate maximal impact and opportunity sharing across Zambia.

5. Conclusions

- 5.1 The transformational expansion of the CDF programme under the New Dawn administration has created an unprecedented opportunity to mobilise additional investment into projects that support sustainable development in Zambia.
- 5.2 The CDF enjoys bipartisan support and domestic popularity. It builds on existing and established structures of governance and accountability that are well aligned with a decentralised decision-making process.
- 5.3 In addition to promoting decentralised activity, in our view the CDF is a valuable tool in helping the Zambian economy achieve strong, climate-friendly growth. We believe that projects identified through the CDF could attract external investment to support 'green' growth.
- 5.4 To mobilise this funding, some changes are needed to the CDF process. In this report we make a series of specific recommendations, based on our research expertise in blended finance. Our recommendations have been informed by direct engagement with a broad set of stakeholders in Zambia.
- 5.5 Our recommendations are focused around four areas: i) process optimisation; ii) monitoring and evaluation; iii) governance and inclusion and iv) impact and additionality. This paper benefits from the perspectives of several co-authors who are based in Zambia.
- 5.6 In terms of next steps, the upcoming review of CDF legislation and guidelines provides an opportunity for some changes. The material increase in the size of the CDF since 2021 has stretched capacity to execute, and now is an excellent time to address this.
- 5.7 The single biggest impediment to mobilising additional investment, in our view, is the **current lack of access to CDF data**. We describe the types of data that would be particularly valuable to external funders, in this paper. We are optimistic that once the protocols for collecting, consolidating and disseminating data are in place, latent interest in supporting CDF projects will become evident.
- 5.8 We will use the feedback received from this report to inform our next research activity, which is to set out specific modalities for external funding. Activities in scope include digital intermediation and 'last-mile' innovative finance for SDG impact. We are identifying relevant stakeholders and will publish our second report later in 2023.

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Annex: Stakeholders and key informants

We acknowledge with gratitude the engagement of our project stakeholders, who provided valuable input into the research design process. We would also like to thank the many key informants who participated in interviews and focus groups during our field research in Central, Southern and Lusaka province.

■ Project stakeholders

- Alliance for Community Action | acazambia.org
- British High Commission, Lusaka | www.gov.uk/world/organisations/british-high-commission-lusaka
- Decentralisation Secretariat, Cabinet Office of Zambia | www.cabinet.gov.zm/?page_id=1210
- Lusaka City Council | www.lcc.gov.zm
- Lloyds Financials | www.lloydsfinancials.com
- Monitoring and Evaluation Division, Ministry of Finance and National Planning | www.mofnp.gov.zm/?page_id=2912
- Monitoring and Evaluation Division, Ministry of Green Economy and Environment | www.mgee.gov.zm
- Ministry of Local Government and Rural Development | www.mlgrd.gov.zm
- SMART Zambia Institute | www.szi.gov.zm
- University of Zambia | www.unza.zm
- Zambia Institute for Policy Analysis and Research | zipar.org.zm

■ Key informants

- CDFC of Choma Constituency
- CDFC of Keembe Constituency
- CDFC of Kabwe Central Constituency
- CDFC of Katuba Constituency
- CDFC of Katombora Constituency
- CDFC of Livingstone Constituency
- CDFCs of Lusaka District
- CDFC of Mandevu Constituency
- Her Worship, The Mayor of Livingstone
- His Worship, The Mayor of Kabwe
- Hivos Zambia
- HRH Chief Munokalya Mupotola IV Siloka III Mukuni, the 19th Chief of the Leya
- Kabwe Municipal Council, Planning Department
- Lusaka City Council, Planning Department
- The Council Chairperson of Kazungula Town Council
- The Council Secretary of Kazungula Town Council
- The Councillors of Lusaka City Council
- The District Commissioner of Kabwe District
- The Provincial Local Government Officer of the Southern Province
- The Town Clerk of Choma Municipal Council
- The Town Clerk of Kabwe Municipal Council
- The Town Clerk of Kazungula Town Council
- The Town Clerk of Livingstone City Council
- KNC Media Kabwe
- Prospero Zambia
- Rt. Hon. Christopher Shakafuswa MP
- WDCs of Choma Constituency
- WDCs of Keembe Constituency
- WDCs of Kabwe Central Constituency
- WDCs of Katuba Constituency
- WDCs of Katombora Constituency

- WDCs of Livingstone Constituency
- WDCs of Lusaka District
- WDCs of Mandevu Constituency
- WWF Zambia

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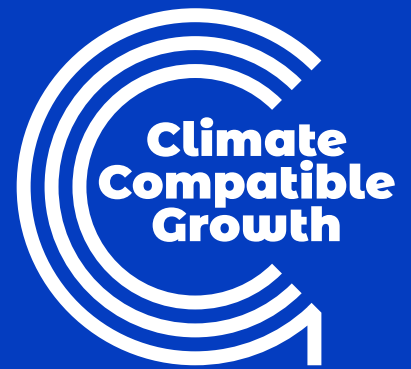
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