

	<p>EUR 58 500 000 for budget support and</p> <p>EUR 1 400 000 for complementary support, with additional EUR 100 000 for evaluation</p> <p>The action is part of the Joint European Strategy, priority area 2 and 3 which includes the participation of Czech Republic, Germany, Ireland and Sweden as part of the TEI on Human Development</p> <p>Member States' commitments to this TEI, as of April 2023, are approximately as follows:</p> <p>CZ: EUR 1.7 million</p> <p>DE: EUR 54.5 million</p> <p>IE: EUR 3.7 million</p> <p>SE: EUR 12.5 million</p>
MANAGEMENT AND IMPLEMENTATION	
13. Type of financing	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Resilience Building Contract - Procurement

1.1 Summary of the Action

With the elections in August 2021 and the peaceful transition to a new government, Zambia has proven once again its commitment to democratic processes and institutions. The new Government has shown during the first 20 months in power a high commitment to reforms mainly related to consolidating democratic institutions and processes, economic recovery and job creation, human development, and environmental sustainability. These main reform areas have been translated into the recently approved 8th National Development Plan (8NDP). The 8NDP sets the tone for ambitious action plans at the sector level. The aftermath of the COVID-19 pandemic, a series of severe droughts (e.g. 2019, 2020) and years of mismanagement and maladministration of funds have created a multi-pronged crisis: default on sovereign debt in 2020, acute food insecurity with severe repercussions on nutrition, a failing health system and worrying trends in the education sector (attendance, quality, etc.).

The successful negotiation of an IMF programme, under the Extended Credit Facility, provided much needed relief to the country's tight fiscal space, enabling increased governmental investments in the social sectors (which is also part of the IMF programme). This commitment to channel extra resources into the social sectors, is consistent with the long-term vision of the Government and of President Hakainde Hichilema. The authorities see increased investments in education as a main engine for long term development of the country's economy while investments in health and nutrition are considered to be key enablers for sustainable human development. Investments in health-related industries (e.g. local pharmaceutical manufacturing) are also prioritized, as the COVID-19 crisis exposed the country's total dependency on imported vaccines, medicines and other medical supplies.

The proposed action comes as a two-year, EUR 60 million Resilience Building Contract (RBC), supporting primarily the Education Sector and the Health Sector, and includes the advancement of the pharmaceutical manufacturing initiative. The RBC also integrates a component supporting the country's Public Finance Management Reform Strategy (PFM-RS), with a focus on procurement processes. A substantial portion of public spending in Health and Education (which are amongst the largest line ministries in terms of spending) as well as other strategic sectors (e.g. transport) use these processes. Stronger public procurement is key in the fight against corruption.

Thus, the Overall Objective of this action is to support the Government of Zambia in delivering quality, efficient, equitable, affordable and inclusive social services for all Zambians.

The Specific Objectives (Outcomes) of this action, in line with other proposed actions under AAP 2023 and ongoing actions under EDF and AAP 2022, are to:

Outcome 1: Improve access, quality, equity and inclusiveness in primary and secondary education

Outcome 2: Advance the Zambia Pharmaceutical Manufacturing Initiative and contribute to the improvement of health services through the creation of a local pharmaceutical industry