



Zambia and Millennium Challenge Corporation: Combating Corruption and Improving Government Service

The Republic of Zambia and the United States have signed a two-year \$22.7 million Threshold Program to reduce corruption and improve government effectiveness.

Recognizing that both the reality and public perception of corruption continue to be major impediments to the country's transition to a stable democracy with a market-driven economy, President Levy Mwanawasa has established and implemented a policy of "Zero Tolerance for Corruption" in Zambia. As an extension of this national policy, the Government of Zambia together with the Millennium Challenge Corporation (MCC) have designed a Threshold Program with three components aimed at preventing corruption in targeted government institutions, improving public service delivery to the private sector, and improving border management of trade.

Highlights of Program Activities

Component 1: Prevent Corruption in Government Institutions

- Reduce opportunities for administrative corruption in government institutions, namely the Ministry of Lands, Immigration Department of the Ministry of Home Affairs, and the Zambia Revenue Authority by:
- Building the capacity of the Anti-Corruption Commission;
- Implementing institutionally-tailored regulatory reforms to simplify processes and reduce opportunities for corruption;
- Establishing internal watchdog units within each institution; and
- Creating efficient public monitoring and reporting mechanisms to expose corruption.

Component 2: Improve Effectiveness of Public Services

Establish the Zambian Development Agency and Patents and Companies Registration Offices (PACROs) to remove administrative barriers to business and investment entry and operation outside the capital by:

- Establishing the Zambian Development Agency as a one-stop-shop for investors and business people;
- Simplifying the framework of economic regulations;
- Setting up PACROs in provincial capitals; and
- Improving the integration of the private sector into the nation's economic growth strategy.

Component 3: Improving Border Management of Trade

Remove barriers to trade and investment in the Zambian market by establishing a “Comprehensive Integrated Tariff System” that will unify all border-related fees and procedures by:

- Upgrading and applying modern customs techniques and integrated border control and management in two pilot locations,
- Improving the speed and efficiency of services provided by sanitary and phyto-sanitary units for local and export trade, and
- Strengthening the standardization, certification and inspection units of the Zambia Bureau of Standards.

Expected Results

- Reduce the number of days to register property at the Ministry of Lands from 70 to 35.
- Decrease the percentage of households reporting payment of a bribe to the Customs Division of the Zambia Revenue Authority from 14 to 7.
- Increase the percentage of households and businesses reporting quality service regarding business registration from 41 to 60.
- Reduce the number of days to export products from 60 to 30.
- Reduce the number of days to import products from 62 to 30.

Implementing Partners

USAID will oversee implementation of the Zambia Threshold Program on behalf of MCC. The Ministry of Finance and National Planning will assume overall responsibility for coordinating the Zambia Threshold Program on behalf of the Government of Zambia. However, other ministries, public-private partnerships and civil society, notably the Anti-Corruption Commission, Zambia Business Forum, and Transparency International, will have supervisory and implementation roles as well.