



**RAMIFICATIONS OF THE RURAL ELECTRIFICATION (AMENDMENT)  
BILL  
(N.A.B 20 OF 2021)**

Submitted by

The Zambia Institute for Policy Analysis and Research

To

The Committee on Delegated Legislation

On

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## **1.0 Introduction**

This memorandum has been prepared in response to the request by the Committee on Delegated Legislation to the Zambia Institute for Policy and Analysis and Research (ZIPAR). The Committee has requested ZIPAR to comment on the ramifications of the Rural Electrification (Amendment) Bill, N.A.B 20 of 2021.

This Amendment Bill mainly centres on: 1. *Functions of the Authority* and 2. *Composition of Authority (Board of Directors)*. In our submission, ZIPAR puts the Amendment into context by first giving an overview of Zambia's Performance Management System and describes what a Performance Contract is in Section 2 before moving on to discuss the ramifications the Bill thereof in Section 3. Finally, the conclusion is given in Section 4.

## **2.0 Overview of Zambia's Performance Management System**

The performance of public service defines and forms the glass ceiling for performance of the private and other sectors: this is instrumental to the functioning of the country's economy. A Performance Management System is one such approach used to measure the performance of employees and a process through which institutions align their mission, goals and objectives with available resources, systems and set the priorities.

In the *Strategy for the Public Service Transformation Programme for Improved Service Delivery 2013–2018*, the Government of Zambia outlined measures that are required to transform the Public Service into a responsive, service oriented and accountable institution. The Strategy noted that the Performance Management System lacked an institutional framework and accountability systems such as performance contracts. Further, the approach of managing programmes placed emphasis on inputs and routine activities rather than on outcomes and innovations.

A Performance Contract (PC) is a management tool used as a binding agreement between two or more parties for performing, or refraining from performing some specified act(s) over a specified period of time. It is also considered as a Memorandum of Understanding (MOU) to ensure improvement of performance managements and industries by making the autonomy and accountability aspects clearer. In Zambia, a performance contract is one of the outputs to institutionalise Results-Based Management (RBM) for improved performance and accountability.

In 2016, Zambia launched the performance-based contract system (one of the key outputs under the RBM) in the public service aimed at improving performance and accountability of office holders on one hand, and the implementation of Government programmes, on the other.

At the time of writing this memorandum, the performance contracts only applied to Permanent Secretaries. The PCs can also be implemented to realise many other results. For instance, in Kenya, the use of PCs in the public service was introduced to improve service delivery as well as to refocus the mindset of public service away from an inward-looking culture to towards a customer focused – results – culture (Obong’o 2009).

### **3.0 Possible Ramifications of the Rural Electrification (Amendment) Bill, N.A.B 20 of 2021**

***3.1 Subsection 4(3) The Minister may give the Authority general or specific direction relating to the performance of its functions and the Authority shall give effect to these directions to the extent that the directions are not inconsistent with this Act.***

This amendment makes it explicitly clear that Rural Electrification Authority, herein, the Authority, may be given direction by the Minister that relate to the execution of its mandate. However, it further limits reach of the direction given by the Minister. We further noted that the amendment is in line with the Government’s structural reforms in the Public Service where the Government and a public agency establish general goals for the Authority.

***3.2 Subsection 4(4) The Minister may enter into performance contracts with the Authority for a specified period which shall be consistent with the provisions of this Act.***

The PC will provide a framework for guiding behaviour towards attainment of results and/or ensure accountability in the use of public resources and efficiency in service delivery by the Authority. Lessons drawn from Kenya show that PCs and attainment of improved public service delivery is underpinned by clear corporate objectives, performance measurements, customer orientation, incremental productivity and cost reduction.

Further, the PC will give autonomy to the management of the Authority and stir innovative approaches with relations to operations in the attainment of the set goals. It will also bring about mutual performance obligations, intentions and responsibilities of the two parties, herein, the Government and the Authority. This will be done, but not limited, in the following ways:

1. the PC aids in the development of concepts and approaches to determine what should be done and how to go about doing it;
2. improved efficiency in resource utilisation;

3. institutionalisation of a performance-oriented culture;
4. measurement and evaluation of performance; and
5. link rewards and sanctions to measurable performance.

**3.4 Deletion of paragraphs subsection 6(1) (a), (b) and (c) and replacing the deletion parts with: (a) a representative each of the Ministries responsible for - (i) energy; (ii) finance; (iii) local government. Thereafter, renumbering the paragraphs under Section 6.**

This amendment in Section 6 is valuable as it will reduce the demands and requirements on the Permanent Secretaries' time. It will further allow for other officers to be appointed by the respective ministries represent their Ministry on the Board of the Authority. However, it is noted that the representatives may not necessarily be in a position to make decisions for their respective institutions to the extent that they may have to confer with their superiors, herein, Permanent Secretaries creating bureaucracy. This will inevitably defeat the rationale for the inclusion of the representatives to enhance the Authority's effectiveness in operations owing to the absence of senior government officials, for one reason or the other.

#### **4.0 Recommendations**

- i. The ultimate goal of the PC is to improve service delivery, it is therefore prudent to have clearly stated guidelines for the various public service entities that ascribe to the PCs. In this instance, the performance contract will be between government as the owner of public enterprises and the management of the Authority, outlining the principles, obligations, rights and responsibilities of both parties. It is therefore, critical to ensure that clear guidelines are provided to ensure effective operationalisation of the PCs to include, for example: 1. Instructions for filling the performance contract; 2. Performance monitoring; 3. The Appeal mechanism, and 4. Scheduled time frames.
- ii. To enhance the principles of good corporate governance for public institutions, the Government should therefore go a step further and make legal and regulatory provisions for a transparent evaluation criteria for the board nominations premised on the aforementioned factors. For example, in Korea, formal qualifications for board members are stipulated in the Act on the Public Institutions Management<sup>1</sup>.

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<sup>1</sup> ZIPAR submission to the Committee on National Economy, Trade and Labour Matters on the Citizen's Economic Empowerment (Amendment) Bill N.A.B 5 of 2021

## **5.0 Conclusion**

The Amendment of the Rural Electrification Act 2003 is prudent as it will ensure that responsibilities and expectations between the Government and the Authority to achieve mutually agreed results are clearly defined. Further, the introduction of Performance Contracts will generally address economic and/or social tasks to be discharged for economic or other gain. In addition, the amendment will facilitate for effective allocation of human resource with respect to the people who are required to sit on the Board of the Authority.

## **References**

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