This action is funded by the European Union

ANNEX 2

of the Commission Decision on the Annual Action Programme 2016 in favour of the Republic of Zambia to be financed from the 11th European Development Fund

Action Document for Aviation Sector Support Programme II

| 1. Title/basic act/CRIS number | Aviation Sector Support Programme II  
| CRIS number: ZA/FED/038-479  
| financed under the 11th European Development Fund (EDF) |
|---|---|
| 2. Zone benefiting from the action/location | Eastern Africa, Southern Africa and the Indian Ocean: Zambia  
| The action shall be carried out at the following location: Zambia |
| 4. Sector of concentration/thematic area | Democratic governance, accountability and state effectiveness for all: capacity development in areas linked to compliance with international norms and standards  
| DEV. Aid: YES |
| 5. Amounts concerned | Total estimated cost: EUR 5 600 000  
| Total amount of EDF contribution: EUR 5 600 000 |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality  
| Indirect management with European Aviation Safety Agency (EASA)  
| Indirect management with the Republic of Zambia. |
| 7 a) DAC code(s) | Main DAC code – 21010 - Transport policy and administrative management (100%) |
| b) Main Delivery Channel | 10000 – Public Sector Institutions |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| Participation development/good governance | ☐ | ☐ | X |
| Aid to environment | X | ☐ | ☐ |
Over recent years Zambia has experienced stable economic growth and the aviation sector has shown the potential to grow and contribute towards economic growth in the country. Nevertheless, the sector remains underdeveloped and faces significant institutional and financial challenges that now require urgent attention. These challenges include a policy and regulatory framework which does not conform to the operational requirements of the International Civil Aviation Organisation (ICAO), as well as insufficient capacity of staff across various institutions to ensure the required performance level according to international standards. This is particularly true in terms of aviation safety and security - Zambia has just been removed from the European Union list of air carriers which are subject to operating restrictions within the Union, meaning that all air carriers certified by the authorities with responsibility for regulatory oversight of Zambia are now to operate in Europe's skies once again. The EU has been supporting the sector - and in particular the former Department of Civil Aviation /Civil Aviation Authority - through a 10th EDF project which has now concluded, but considerable institutional improvements remain to be made. The new Aviation Act is expected to be enacted in the coming months and further structural reforms are foreseen for the near future to improve the institutional and regulatory setup of the sector. These include the strengthening of the self-funded Civil Aviation Authority (CAA), establishment of an independent aircraft accident investigation entity, the empowerment of Zambia Airport Corporation Ltd (ZACL) as an autonomous air navigation service provider and the line Ministry’s goal of developing a programme for mainstreaming Gender and other cross cutting issues in Ministry programmes. In addition, infrastructure and air traffic management have

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1 17th June 2016
2 Ministry of Transport, Works, Supply and Communications Strategic Plan 2014-2016
also been below standard and upgrades are necessary, especially in Air Traffic Control (ATC) equipment.
Finally, with the rise of global threats, in particular targeting Civil Aviation, the international aviation community needs to strengthen measures for internationally structured prevention and response. This is particularly evident in the case of Africa, where a significant number of Countries still fail in achieving a satisfactorily compliance with Standards and Recommended Practices (SARPs) of ICAO Annex 17. It is therefore of utmost importance that State authorities be adequately organised and staffed for defining and implementing aviation security measures, and conduct regular quality control measures (inspections, audits, tests) in order to ensure compliance with national and international requirements.

Thus, the 11th EDF funded project is intended to offer additional institutional and capacity building support in the above mentioned areas to allow the key players to manage the expected structural changes and sector growth effectively.

The key results expected from the actions are:
1. Improved policies and an improved institutional framework for the sector,
2. Better performing, inclusive, modern institutions with greater capacity for planning and managing the sector,

1 CONTEXT
1.1 Sector/Country/Regional context/Thematic area

Zambia is a landlocked country. It is Africa’s second biggest copper producer after the Democratic Republic of Congo and is home to major tourist attractions, including the world famous Victoria Falls. Bordered by Angola, Botswana, Zimbabwe, the Democratic Republic of Congo, Tanzania, Malawi, Mozambique and Namibia, it covers an area of 752,614 sq. km, larger than any individual EU country. In this regard aviation development in Zambia is a critical factor in helping the country to enhance its connectivity with the region and the world. Moreover, Zambia has a huge tourism potential in the medium to long term and the Government is working with partners, including the EU, to support the growth of the tourism industry through private sector development and the development of sustainable wildlife management. To support this, a safe and reliable airline network is essential. It is expected that the aviation sector in Zambia will continue to grow and contribute towards the inclusive economic growth of the country and the coming years will probably see the emergence of a number of new airlines (plans to re-establish a national air carrier are underway). As a consequence of this and a more effective regulatory framework and regulation envisaged under the new Aviation Act, further growth in tourism, trade, agriculture and job creation is expected.

This is very relevant in the current context of the country where Zambia’s economic growth in terms of real gross domestic product (GDP) per capita has decreased from 6.73% in 2013 to 5.6% in 2014 and 4.3% in 2015 - in large part due to reducing copper prices on the world

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3 The Chicago Convention (a) requires States to collaborate in securing the highest practical degree of uniformity regarding civil aviation activities; (b) to keep their national civil aviation regulations uniform with those established under the Convention; (c) to adopt measures to ensure that every aircraft flying or manoeuvring within their territory, and every aircraft registered in the State, wherever such aircraft may be, comply with national civil aviation rules and regulations.
market. Investments in mining continue to drive other sectors, especially construction, transport and energy but external pressures are adversely influencing growth prospects. Fiscal pressures are also going to increase with a much higher deficit in 2015 and a very significant depreciation of the Kwacha noted since June 2015. Nevertheless, due to a pro-business approach of the Government, the overall growth projections are more positive on the medium term and are projected to increase back to levels of between 6 and 7%.

The aviation sector is still relatively underdeveloped and has many financial and institutional challenges, particularly in meeting the requirements of the International Civil Aviation Organisation (ICAO) under the Annexes of the Chicago Convention of 1944 and the associated Standards And Recommended Practices (SARPs). From a low base, air-traffic in Zambia has grown strongly over the past ten years. Air traffic statistics provided by ZACL show that, in the most recent year available (2014), the four main international airports handled almost 1.6 million passengers, of whom some 1.3 million were international passengers. Air traffic growth has also been promoted by Zambia’s ‘open skies’ policy in line with the Yamoussoukro Decision.

### 1.1.1 Public Policy Assessment and EU Policy Framework

**EU policy**

The priorities for Zambia-EU bilateral cooperation are given in the National Indicative Programme (NIP) for the period 2014-2020. One of the focal sectors of the NIP is ‘Democratic governance, accountability and state effectiveness for all’ and foresees activities aiming at capacity development in areas linked to compliance with international norms and standards. In this regard, civil aviation is explicitly mentioned as one of the potential intervention areas based on the specific situation of the sector and experience from the current 10th EDF funded project which provided some technical assistance and laid a good foundation for further improvements in the overall governance and accountability of the sector as well as specific areas such as aviation safety and security, which is in line with the key objectives of both the Agenda for Change and the EU Transport Policy, which underlines the importance of efficient transport systems for trade facilitation.

Other EU-Zambia issues are covered at the African level through its bilateral relations with the African Civil Aviation Commission (AFCAC). In addition, as described above, the European Commission is responsible for ensuring the safety of air carriers operating in the EU and has recently removed Zambia from the EU Aviation Safety List.

**Zambian Government policy**

Support for the air transport sector as a prerequisite for economic growth was recognised in the Revised Sixth National Development Plan for the period 2011-2016. Improvement in aviation safety was indicated as a key objective and capital budgets were allocated to rehabilitate airports and procure air radars.

The importance of aviation sector is also recognized in Zambia’s Transport Policy of 2002 which focuses on the following issues:

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4 IMF data and forecasts – World Economic Outlook October 2015.

5 In particular reduced copper demand and decreasing copper prices, but also power shortages, reduction in agricultural production in 2015 and the recent suspension of some mining operations.


8 White Paper, 2010
• Pursuing legal and institutional reforms aimed at revamping the industry to meet the challenges of a liberalised environment;
• Promoting civil aviation in accordance with the Convention on International Civil Aviation;
• Ensuring compliance with regional and international agreements;
• Encourage training and professional development of human resources in the aviation industry; and
• Attracting national and international air carriers to stimulate tourism and trade.

This Policy is being updated to ensure it appropriately responds to current challenges, although the review process is at an early stage, so a draft copy of this new policy document is not available. It is expected that the revised policy will be adopted towards the end of 2016.

Similarly, a Strategic Plan for the aviation sector was drafted in 2013 but it has not been formally approved due to subsequent institutional changes and ongoing consultations within the sector. It is understood that this sector strategy will be reviewed in parallel with the update of the national transport policy and will provide a framework for future planning of safe and effective services and investment in the sector.

1.1.2 Stakeholder analysis

There are a number of stakeholders in the sector who are expected to benefit from the action. They can be grouped into four categories; Government (e.g. Department of Transport), Autonomous bodies (e.g. the Civil Aviation Authority), Educational bodies (e.g. Zambia Air Services Training Institute) and the private sector (e.g. airlines, ground handling companies). It is expected that the needs of the stakeholders will be further defined in the comprehensive Strategic Plan for the sector. The Government of Zambia is in the process of developing the National Transport Master Plan (NTMP) and is reviewing the National Transport Policy. It is assumed that this sector Strategic Plan will follow the NTMP, and will be available before the project starts.

1.1.3 Priority areas for support/problem analysis

As explained above, the aviation sector has undergone significant legal and institutional reforms recently, mainly arising from actions to address the issues raised by the Universal Safety Oversight Audit Programme (USOAP) audit and Zambia’s recent position on the EU aviation safety list. Despite overall positive developments, the aviation sector remains underdeveloped and continues to face many institutional and financial challenges that require urgent attention if the sector is to cope with future requirements and demands. These challenges include a policy and regulatory framework that does not conform to the operational requirements of the ICAO, as well as insufficient capacity of staff across various institutions to ensure the required performance level according to international standards, especially in terms of aviation safety and security.

To be consistent with ICAO Standards And Recommended Practices (SARPs, the problems to be addressed can be categorised under the eight critical elements (CE) of safety oversight: (1) Primary aviation legislation; (2) Civil aviation regulations; (3) Civil aviation structure (organisation); (4) Technical guidance; (5) Qualified technical personnel; (6) Licensing and certification activities; (7) Continued surveillance activities; (8) Resolution of safety issues.
As a signatory of the Chicago Convention, Zambia is bound to meet its safety oversight and security obligations stemming in particular from Article 37, Article 38 and Article 12. At the institutional level, for those obligations to be met, the State and other industry stakeholders need to assume, individually and collectively, their obligations and responsibilities for the safe, regular and efficient conduct of civil aircraft operations. To this end, critical elements CE (3) require the State to ensure that the right organisation and sector structure are instituted. The recent re-organisation of the aviation sector in Zambia and the new Aviation Act aim to satisfy those requirements by setting a clear division of roles and responsibilities between the stakeholders to improve the overall governance and transparency of the sector. The Act also calls for further structural reforms to improve the institutional and regulatory setup of the sector. These include the drafting of secondary legislation and implementing regulations, strengthening of a self-funded Civil Aviation Authority (CAA), establishment of an independent air accident investigation entity and an autonomous air navigation service provider.

At present all key public actors responsible for regulatory aspects and smooth operation of the sector, and the Department of Transport (DoT), CAA and ZACL in particular, struggle with insufficient staffing, poor working environment, and lack of resources to recruit, train and equip the institutions with the resources required. As a result they face difficulties in efficient planning, inspecting and regulating the diverse operations of the Zambian civil aviation industry and there is reason to believe that these issues affect women disproportionately. Zambia’s airports, particularly the larger international airports, are supposed to handle the increased traffic flows and should be developed further, possibly through public–private partnership (PPP) arrangements, which offers a further challenge to the stakeholders. Currently, the expansion of the Lusaka International Airport project is ongoing with a view to reaching completion in 2018. Replacing the existing terminal, it will have new international arrivals and departures areas, as well as new aprons, taxiways and a control tower and the capacity to handle four million passengers per year.

On the other hand, the industry has suffered from the lack of clear roles in the economic regulation of the sector, causing problems with competition rules and charges for services. The 2009 ICAO audit noted that the charges for insurance of licences and certificates were not based on cost recovery principles. Thus, to improve the economic environment of the sector, there is need for the newly established CAA, in consultation with Ministry of Transport and Communications (MoTC), to review all existing charges in the industry so that charges match the services rendered. Moreover, now that Zambia has been removed from the EU aviation safety list, which has had an adverse economic impact on the industry in terms of reduced traffic (most traffic passengers to Zambia are from Europe and the USA), there is need to eliminate a number of deficiencies identified in Zambia’s civil aviation safety oversight system and close gaps in the existing national regulations to give effect to the recommended ICAO standards as identified by the ICAO audit.
In the field of aviation security, ICAO conducted its last Audit in 2011 under the second cycle of the Universal Security Audit Programme (USAP). Actions under this annex may contribute in improving overall compliance of Zambia with ICAO Standards And Recommended Practices of Annex 17 – Security, in the area of quality control, as later illustrated.

Thus, the 11th EDF funded project is intended to offer additional institutional and capacity building support to allow the key players to manage the expected structural changes and sector growth effectively. This support will focus on the following areas where severe deficiencies have been identified:

- Improved policies, and an improved institutional and regulatory framework which will provide for gender mainstreaming in line with Objective 5.5 of the National Gender Policy Implementation Plan (2014-2016), for the aviation sector are implemented (including aviation safety and security) to ensure transparent and effective governance and that its structure conforms to ICAO SARPs;
- Enhanced capacity of airport and air traffic management institutions in accordance with international standards; and
- Aviation safety and security oversight system strengthened to enable fulfilment of international standards toward aviation safety and security in line with ICAO Standards And Recommended Practices (SARPs) and industry best practices.

As a result, it is expected that Zambia will be able to achieve the ICAO goal of demonstrating Effective Implementation (EI) of Universal Safety Oversight of 60% or above during the project lifetime and have it fully implemented by 2022 (as evidenced on the ICAO On-Line Framework, EI has already been increased from 35% to 47% between July 2011 and December 2012\(^9\)).

In the field of aviation security, any action shall assist Zambia to meet the deliverables established within the on-going African Aviation Security and Facilitation Programme by the ICAO(AFI SECFAL), and to improve the national level of compliance with ICAO SARPs of Annex 17.

1.2 Other areas of assessment

NA.

2 RISKS AND ASSUMPTIONS

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
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<tbody>
<tr>
<td>Limited project management capacity within beneficiary organisations.</td>
<td>M</td>
<td>Administrative and project management support to be provided by long-term TA who will include experience in cross-cutting issues within the team. This should encourage and motivate the beneficiary organisations.</td>
</tr>
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\(^9\) ICAO Coordinated Validation Mission (ICVM) December 2012.
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<tr>
<th>Lack of project leadership</th>
<th>L</th>
<th>At Director level staff has demonstrated capacity and initiative. The real risk is that personnel changes may alter the present status quo. Enhanced capacity at all levels aims to mitigate the risk.</th>
</tr>
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<tbody>
<tr>
<td>Capacity of service providers to implement change i.e. the expertise / experience will not be transferred adequately.</td>
<td>L</td>
<td>A mechanism to promote effective knowledge transfer is to be proposed by EASA. A Project Steering Committee (PSC) should also be established from the outset with a clear purview. Members should receive basic training in what is expected of them and what EU procedures apply. The PSC should drive the programme and meet regularly to provide a clear and transparent oversight of the activities.</td>
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**Assumptions**

1. Continued high-level commitment of the Government of Zambia to support the ongoing reform process and to pass the Aviation Act into law (as well as to introduce the accompanying regulations). The related risk would be classed as medium, given the experience of other elements of the transport sector (roads in particular has been negative) but in the aviation sector this is mitigated by strong institutional championing of the project at the level of the Vice-President.

2. The Ministry of Finance (MoF) will provide adequate funding for the CAA in order that it can operate and recruit necessary additional staff. The same assumption applies for the DoT which lost the majority of staff to the CAA and which has not yet been reinforced. Although the CAA underwent a recruitment campaign in 2014 the staffing is still not sufficient for the proposed structure to operate efficiently.

3. There will be political stability insofar as the sector is concerned and that there will be no major change in priorities should the Government change following the presidential elections to be held in August 2016.

4. Limited human resource (HR) turnover within institutions receiving support under the project, policies promoting effective know-how transfer developed and applied.

Most of the risks identified are rated as low to medium and they can be minimised during the implementation of the project by careful monitoring and ensuring a vibrant steering committee culture. The project will require ongoing political will as is presently the case and while this cannot be managed by the project itself, as much assistance and support as possible should be provided. It is considered that the cultures within the Ministry of Transport and CAA are sufficiently robust.
3  LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1  Lessons learnt

In the past the EU has supported the development of airport infrastructure at Lusaka and Livingstone airports with two facilities rehabilitation projects financed under the 8th and 9th EDFs. More recently the governance of the aviation sector was also supported by the EU-Zambia 10th EDF NIP in conjunction with Zambia’s Sixth National Development Plan and such development must conform to the international standards required by ICAO and the EU.

The design of the 10th EDF project has been evaluated as appropriate but it is noted that a number of areas foreseen in the original project were not addressed as much as they could have been due to the demand-driven approach and the urgency for the sector to recover from the negative ICAO audit and Zambia’s inclusion on the EU aviation safety list. Some activities, such as Aircraft Accident Investigation, air navigation services, search and rescue, aviation security and aerodromes oversight capacity building did not receive the amount of assistance that was foreseen due to budgetary constraints. Even though the 10th EDF project was largely considered to be sustainable in practice, however, the outputs from the project, e.g. the draft Aviation Act, the organisational structure of the CAA and so on, must continue to develop over the coming months and years with the passage of the bill and the continued staffing of the CAA. Many of those mid- to long-term developments will thus be supported by the proposed 11th EDF project and the weaknesses identified in the previous project will be addressed through a more structured (result oriented) approach and the enhanced role of EASA in project implementation. Meanwhile, in order to remain engaged with the sector in the interim period between the 10th and 11th EDF programmes and prepare for the smooth start of the new project, it is envisaged that some short term concrete actions – aimed at the removal of Zambia from the EU Aviation Safety List – will be carried out under an interim support programme.

3.2  Complementarity, synergy and donor coordination

At this point in time the EU is the only "traditional" co-operating partner involved in the aviation sector although the Government of Zambia and the CAA do receive inputs from ICAO which are of great importance given the status of ICAO as the specialised agency of the United Nations (UN). The Government of Zambia has recently sought World Bank support for a revised Transport Policy, which will include the Aviation Sector, and the African Development Bank (AfDB) is helping with developing the transport master plan. It is hoped that Government will continue to promote the sector through the donor coordination process as the MoTC considers the 10th EDF project to be a success story which might attract other partners. The Cooperating Partners Group in the transport sector consists of AfDB (Lead CP), the World Bank (WB), Japan and EU with some more members acting as observers (e.g. European Investment Bank (EIB) or Agence Française de Développement and has recently been reinstated on request of MoTC.

3.3  Cross-cutting issues

Governance. The revised Civil Aviation Policy is expected to promote a holistic approach to the management of all aspects of civil aviation including, for example, safety, security and efficiency. The management standards to follow are those adopted or promoted by international sector organizations or conventions (e.g. ICAO, Chicago, Yamoussoukro). Moreover, Zambia's CAA should continue to align itself with the African Civil Aviation Policy (AFCAP). AFCAP is an overarching policy framework document that is the basis upon which common Rules, Regulations and Guidelines will be formulated.
**Climate Change/Environment.** Within the Kyoto Protocol, ICAO was given responsibility for developing a mitigation policy for emissions released within international airspace. The EU also pushed for policy measures, including aviation within the EU Emissions Trading System. There has been limited progress by ICAO in the development of a global trading scheme for aviation emissions and the organisation considers that sustainable alternative fuels for aviation offer promising technical solutions for reducing CO2 emissions. Other global mitigation measures include an international CO2 standard for aircraft by 2016. Any policy actions of this kind should be taken into account by the Government of Zambia and CAA in keeping with their international obligations.

With regard to other **Environmental issues**, from the perspective of the aviation sector, Annex 16 to the Chicago Convention and the country's Environment Management Act (No. 12) of 2011 set the relevant basis for environment regulation. The Aviation Bill makes provision for environmental protection and empowers the Minister responsible for Civil Aviation to make regulations pertaining to sector specific environmental protection in collaboration with the Minister responsible for the Environment.

Other than air pollution, there are other areas of environment concern in aviation (e.g. noise, water supply and contamination, sewage and drainage, waste management and the handling of hazardous materials). ZACL does employ some experts; however CAA does not have sufficient personnel or expertise to deal with these concerns and to a large extent depends on the Ministry of Environment and Natural Resources or Zambia Environment Management Agency (ZEMA) for cooperation on matters related to environmental protection. Moreover, whilst noise is not a major concern around airports due to low traffic volume, another major concern is the encroachment of populations into airport land, due to the social demand for housing / farming land. To prevent this situation, the Government of Zambia has embarked on a project to survey all the aerodrome land and implement measures to minimise the issue.

**Gender/ People with Reduced Mobility.** The Government of Zambia has instituted a Revised National Gender Policy (2014) which recognizes the need for equal and full participation of both genders at all levels of operation and decision processes. One of the objectives is to address all forms of gender imbalance in labour, employment and social security within government institutions.

It is understood that the Civil Aviation Policy and strategy will embed and promote a gender sensitive approach to all aspects of civil aviation including, for example, ways for enhancing career prospects for females, training programmes implemented for transport personnel on relevant gender issues and responses. Whereas there has been some minor improvement in the number of female pilots and other technical staff, cultural norms and practises still hinder the involvement of many more women in a sector such as civil aviation. Whilst staff selection and recruitment are based on assessments of qualifications / experience, affirmative action is required from all stakeholders, championed by senior management, especially where organisations are undergoing restructuring, to ensure that more women are represented. Stakeholders will be encouraged to promote wider female participation in the sector (currently the percentage of women within the Civil Aviation Authority stands at 37% in total, 34% of professional staff whereas in the DoT the figure stands at 27%, 14% of professional staff). Women will be encouraged to take part in capacity building /training activities as much as

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10 This policy recognises the provisions of UN conferences and conventions on gender issues, African Charter on human rights and people and the SADC declaration on Gender and developments.

possible in order to improve male / female ratios of participation and to enable them to enhance their careers.

As for people with reduced mobility (PRM), it is the Government of Zambia's intention to undertake further measures to facilitate movement of PRM by different transport modes. It is legal requirement for new public facilities to be approved at the planning stage to have provisions respecting the needs of PRM and elderly population.

HIV/AIDS. The Zambia Business Coalition notes that the majority of known causes of employee deaths are HIV-related and some 17% of staff (country-wide) is recruited annually to replace people who have died or left because of HIV-related infections. Thus, prevention programmes are acknowledged as important policy measures in the transport sector. In response the Government of Zambia has set a national goal to initiate, revitalise and scale up innovative HIV prevention programmes for mobile populations as enshrined in the HIV / AIDS policy for the transport sector.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and provide effective, accountable and inclusive institutions at all levels, but also promotes progress towards Goal 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” especially in respect of target 4.3 (technical, vocational and tertiary education). This does not imply a commitment by the country benefiting from this programme.

The overall objective of this project is to develop a reliable and effective aviation sector capable of contributing to economic growth in Zambia.

The specific objective is to improve compliance with international aviation standards, especially in terms of both aviation safety and security oversight.

The expected results of this project are:

1) Improved policies, institutional and regulatory framework of the aviation sector, including aviation safety and security and gender sensitivity (in as compliance with Objective 5.5 of the National Gender Policy Implementation Plan);

2) Better performing institutions with greater know-how and capacity for planning of sector development and fulfilling their mandates, as well as air traffic and airport management in accordance with the ICAO international standards; and

3) Aviation safety and security oversight system strengthened.

4.2 Main activities

The list of key proposed activities includes:

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<th>Results Area</th>
<th>EASA</th>
<th>Technical Assistance / Programme Estimate / Supply</th>
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[11]
Sector policies review, aviation sector strategy development and regulatory adjustments: policy, legal and institutional advice and reviews, facilitation of sector strategy approval process, development of secondary legislation following the enactment of the Aviation Act, economic and legal advice to the Government and the CAA concerning the economic regulation of airports and ANS and the potential models for build–operate–transfer (BOTs) and public-private partnership (PPP) in the airports sector;

- Review and, where necessary, assist in the update of the Aviation Act and the Civil Aviation Act 2012
- Provisions for the separation of the airports and Air Navigation Services (ANS) functions of ZACL, the introduction of GNSS\(^\text{12}\), EGNOS\(^\text{13}\), airspace design and civil / military coordination, as and when required
- Review of the structure, staffing and funding of the CAA, including assistance in the development of an Organisation and Procedures manual and the development of a five year business plan
- Assistance in the development of enforcement procedures
- Assistance in the development of procedures for air accident investigation (AAI) in line with ICAO requirements.
- Study tours to EU CAAs

- Assistance to ZACL in the separation of the airport and ANS functions into fully independent entities. Five year business plans should be developed for both organisations, together with appropriate staffing structure, cost allocation and charging mechanisms
- Technical assistance in airport management and operations in line with international best practice e.g. airport traffic forecasts (under various scenarios) and assistance with commercial airport development, passenger service standards and airport charging systems
- The development of an ANS masterplan covering, inter-alia, forecasted traffic flows (under various scenarios), future airspace design, CNS and ground equipment requirements, staffing levels etc. Integration with AFI Plan. The masterplan should also cover the use of environmentally sensitive operations such as continuous descent approaches (CDAs) and direct routings.
- Assistance in the development of legislation to promote

\(^{12}\) GNSS - Global Navigation Satellite System
\(^{13}\) EGNOS - European Geostationary Navigation Overlay Service
| Capacity Building and Training: provision of training to Government officers and other agencies involved in the planning and oversight of the aviation safety system (on the job training courses, educational visits and traineeships) | ❖ Assistance with the development of a Safety Management System (SMS) in line with ICAO requirements  
❖ Provision or funding of specialist training for CAA Inspector and other relevant staff, using in-house or external courses | ❖ Assistance to Zambian airlines, airports and its ANS provider in developing security plans to meet ICAO requirements  
❖ Procurement of specialist training equipment for ZASTI (e.g. in accordance with the  
14 SOFIA - Safety Oversight Facilitated Integration Application  
15 OLAF CMA – Online Framework Continuous Monitoring Approach |
<table>
<thead>
<tr>
<th>Capacity Building and Training: provision of training to Government officers and other agencies involved in the planning and oversight of the aviation security system (on the job training courses, educational visits and traineeships)</th>
<th>Development, Implementation and Maintenance of Viable and Self-sustaining Aviation Security Quality Assurance Systems, including rectification and enforcement powers</th>
<th>Assistance in completing the establishment and the adoption of National Civil Aviation Security Quality Control Programme, including criteria and qualification of national auditors</th>
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| in a gender sensitive manner.  
- Assistance with the update of manuals, check-lists and other documentation for upload into the ICAO OLAF CMA system  
- Assistance should be provided towards the development of the CAA’s website.  
- Assistance in the development of the CAA’s Surveillance Plan and Mandatory Occurrence Reporting (MOR) system.  
- Assistance with the development of a Quality Management System including an e-library system  
- Procurement of equipment / software (e.g. e-library, website etc.) | | Training and certification of national auditors  
- Mentoring and coaching activities such as conduction of joint national quality control activities (audits, inspections, tests) |
4.3 Intervention logic

The aviation sector in Zambia is to continue to grow and contribute towards the inclusive economic growth of the country, especially tourism industry. It is expected that the coming years will probably see the emergence of a number of new airlines (although not all might succeed) and plans to re-establish a national air carrier are underway. Therefore, there will be an increased need for technical expertise and training, particularly for the new CAA, MoTC, ZACL and other industry stakeholders, including air operators and ground handlers.

Moreover, further structural reforms are needed - as foreseen by the Aviation Bill - to be enacted, which can potentially be achieved in the next 4-5 years. These include the strengthening of the self-funded CAA and ZACL and establishment of an independent air accident investigation entity. Zambia’s airports, particularly the larger international airports, are supposed to handle the increased traffic flows and should be developed further, possibly through build–operate–transfer (BOT) and public-private partnership (PPP) funding. Thus, the new 11th EDF funded project will offer additional institutional and capacity building support in the above mentioned areas to allow the key players to manage the expected structural changes and sector growth effectively.

It is also assumed that in the near future a sufficient progress will have been made to meet the requirements of the ICAO Chicago Convention Annex 6 (Operating of Aircraft) and Annex 8 (Airworthiness of Aircraft). The new project will therefore focus both on maintaining and improving the appropriate safety management systems in these and in other areas (e.g. Annex 1 – Personnel Licensing, Annex 11 – Air Traffic Services, Annex 13 – Aircraft Accident and Incident Investigation and Annex 14 – Aerodromes) which will be assessed during future Universal Safety Oversight Audit Programme (USOAP) audits.

In order to comply with Annex 19 of the Chicago Convention, Zambia should begin the process of establishing a State Safety Protocol (SSP) once effective implementation of the USOAP reaches 60%. An SSP is an integrated set of regulations and activities aimed at improving aviation safety. An SSP is an ICAO requirement. Effective SSP implementation is a gradual process that requires time to fully mature. Factors that affect the maturity process include the status of the aviation safety oversight capabilities of the State. Failure to implement an SSP (and a safety management system (SMS) would mean that Zambia would not comply with the ICAO requirement of all states having an SSP by 2022 and would not comply with ICAO SARPs. The project will assist the relevant Zambian authorities with safety rulemaking, safety policy development and enhanced capacity for safety oversight.

Actions in the field of aviation security will focus on the completion (if needed) of the National Civil Aviation Security Quality Control Programme (NCASQCP), including qualification and certification of auditors, as well as rules and exercise of enforcement powers. The project will assist the Zambian appropriate authority in the effective implementation of the NCASQCP, ensuring swift detection and prompt rectification of non-compliances in the field of aviation security, thus meeting in full the scope and objectives of ICAO Annex 17.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement
5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component

NA.

5.4 Implementation modalities

5.4.1 Indirect management with an EU specialised regulatory agency

A part of this action may be implemented in indirect management with EASA in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the provision of training and other technical assistance and capacity building to the Civil Aviation Authority and the Ministry of Transport and Communications. It is foreseen that the component will be implemented with EASA through a dedicated long term team of advisors who will take responsibility for the overall management of this part of the proposed action. It is expected that certain tasks which fall beyond the normal EASA mandate (e.g. economic analysis, legal assistance, accident investigation or aviation security issues, etc.) will be subcontracted either to other parties such as EU Member State Civil Aviation Authorities who already provide overseas consultancy services or to other private consultancy firms.

This implementation is justified because EASA is the European Union specialised agency for aviation safety and as such has key competencies in the field which make it best placed to implement it. The main activities of the organisation include strategy and safety management in the sector. EASA already plays a leading role within the EU External Aviation Policy: the Agency is a strong counterpart of other Aviation Authorities outside the EU and is the major contributing agency for the export of EU aviation standards worldwide.

The entrusted entity would carry out the following budget-implementation tasks: Procurement of specialist expertise from Member State Aviation Authorities or such companies who exist on Framework Contracts already established by the agency for the purpose of providing technical assistance and/or training.

For what aviation security is concerned, being such topic not included in the competences and mandate of EASA, the related actions will be subcontracted to the Appropriate Authority of one or more EU Member States, or to an international organisation having demonstrated specific competences and expertise in this domain (e.g. ECAC). Coordination shall also be maintained with the competent service within the Commission responsible for aviation security (DG MOVE), in order to ensure alignment and coherence with the on-going AFI SECFAL Programme implemented by ICAO.

5.4.2 Indirect management with the partner country

A part of this action with the objective of providing technical support to stakeholders other than the CAA and the Ministry of Transport and Communications may be implemented in indirect management with Zambia in accordance with Article 58(1)(c) of the Regulation (EU,
Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) No 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 100 000 for grants.

The financial contribution covers, for an amount of EUR 1 200 000, the ordinary operating costs incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 EDF applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 EDF applicable in accordance with Article 17 of Regulation (EU) 2015/323 will be laid down in the financing agreement concluded with the partner country.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.
5.6 Indicative budget

<table>
<thead>
<tr>
<th>Component Description</th>
<th>EU contribution (amount in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.4.1 Component 1 - Indirect Management the European Aviation Safety Agency (EASA)</strong></td>
<td>1 800 000</td>
</tr>
<tr>
<td><strong>5.4.2 Component 2 - Indirect management with the partner country composed of</strong></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance and Supplies</td>
<td>2 050 000</td>
</tr>
<tr>
<td>Programme Estimate</td>
<td>850 000</td>
</tr>
<tr>
<td>5.9 – Evaluation, 5.10 - Audit</td>
<td>300 000</td>
</tr>
<tr>
<td>5.11 – Communication and visibility</td>
<td>100 000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>500 000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>5 600 000</td>
</tr>
</tbody>
</table>

5.7 Organisational set-up and responsibilities

The Contracting Authority for the Technical Assistance described under section 5.4.2 above will be the NAO but the day to day project implementation would be supervised by the Ministry of Transport and Communications (MoTC / DoT) as the lead actor in the sector.

The Contracting Authority for the indirect management with EASA will be the EU Delegation and the lead organisation / project supervisor in Zambia will be the Civil Aviation Authority.

A Project Steering Committee (PSC) with the relevant stakeholders will be established and will be responsible for providing overall guidance regarding implementation of the project on a biannual basis. The Ministry of Transport and Communications (MoTC) will be the Project Co-ordinator / Supervisor and will chair the PSC.

In addition, a technical working group will meet quarterly. The membership of the group will consist of representatives of the NAO, MoTC, CAA and the EU Delegation and the purpose of the group is to report on the implementation and progress of the project. The technical working group will ensure co-ordination between the two action modalities (5.4.1 and 5.4.2).

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.
The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to lessons learnt during the first implementation period and whether modifications to the log frame should be considered and to consider developments in the cross-cutting issues – particularly in respect of gender and environment - during the evolution of the action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that future interventions will benefit from the analysis.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under framework contracts – one mid-way through the implementation of the foreseen service contract and the other at the end of the operational implementation.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract, linked to the signature of the Programme Estimate.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.
The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The communication budget under this project may be merged with the communication budget from the other projects managed by the EU Delegation. This aggregated budget will then serve to recruit a communication company common to all projects.

6. PRE-CONDITIONS AND COMMITMENTS

As a pre-condition for the implementation of the actions foreseen herein the Government of the Republic of Zambia must ensure that the Aviation Act is passed.

The Government of the Republic of Zambia commits itself the implementation of the Aviation Act.

The Government of the Republic of Zambia commits to cooperate in order to increase its compliance with the international SARPs on aviation security. In doing so full access to national legislation, programmes, plans, and to any other document necessary for a successful and effective delivery of the capacity building actions shall be granted.
APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Overall objective: Impact</th>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall objective: Impact</td>
<td>Develop a reliable and effective aviation sector capable of contributing to economic growth</td>
<td>Volume of passengers and import/export cargo handled by air to and from Zambia</td>
<td>Passengers: 1,574,242; Cargo: 19,500 tonnes (2014)</td>
<td>Number of passengers increased by 15% and cargo increased by 100% between 2014 and 2021.</td>
<td>Public air transport statistics for passengers from ZACL Annual Reports, Customs records from the four international airports for cargo.</td>
<td></td>
</tr>
<tr>
<td>Specific objective(s): Outcome(s)</td>
<td>Rate of compliance with ICAO safety standards increased</td>
<td>Rate of compliance with ICAO security standards increased</td>
<td>Rate of compliance with ICAO SARPs of Annex 17</td>
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<tr>
<td>Improve Zambia’s compliance with international aviation safety standards, especially in terms of oversight capability and effectiveness</td>
<td>53% compliance rate pending ICVM verification in March 2016. (2014)</td>
<td>XX % (Security Sensitive Information)</td>
<td>ICAO USAP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve Zambia’s compliance with international aviation security standards, especially in terms of oversight capability and effectiveness</td>
<td>80% compliance rate (2021)</td>
<td>Increase by 10 % per year (Security Sensitive Information)</td>
<td>Commitment of Government of Zambia to increase compliance with ICAO SARPs of Annex 17</td>
<td></td>
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</tr>
</tbody>
</table>

The economy remains on a growth path, no major political or economic shocks in the country or region.

Continued commitment of Government of Zambia to advance with the reform process.
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Status of secondary legislation following the adoption of the Aviation Act.</td>
<td>Secondary legislation not up to date or prescribed standard</td>
<td>Secondary legislation developed / adopted.</td>
<td>Copy of new legislation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of staffing and self-financing of the CAA</td>
<td>0 % of funding from own resources / 70% of intended personnel recruited (2016)</td>
<td>80% of funding from own resources / 100% of intended personnel recruited (2021)</td>
<td>CAA yearly reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status of the MoTC cost recovery system.</td>
<td>No clear and cost reflective regime (2016)</td>
<td>Cost recovery system established through the review of the charging system (2019)</td>
<td>MoTC annual report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent to which % of gender equality measures from Government of Zambia strategy are implemented.</td>
<td>% of gender equality measures from the Government of Zambia strategy implemented.</td>
<td>X % of gender equality measures from the Government of Zambia strategy implemented.</td>
<td>Action reports from MoTC and CAA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copy of approved Sector Strategic plan</td>
<td>Copy of new legislation</td>
<td></td>
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</tr>
</tbody>
</table>

Government of Zambia and CAA allocate sufficient resources to meet their aviation safety and security obligations.
<table>
<thead>
<tr>
<th>1.2 Enhance Capacity of airport and air traffic management institutions in accordance with international standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of staff receiving On-the-Job (OJT) training disaggregated by gender.</td>
</tr>
<tr>
<td>Zero (to be reassessed at project inception)</td>
</tr>
<tr>
<td>Number of male and female staff receiving OJT increased annually.</td>
</tr>
<tr>
<td>CAA annual reports and project monthly / quarterly / annual reporting.</td>
</tr>
<tr>
<td>% of CAA inspectorate personnel (licensing) who meet ICAO standards to be disaggregated by gender.</td>
</tr>
<tr>
<td>50% of CAA inspectorate staff (licensing) meet ICAO standard (2015)</td>
</tr>
<tr>
<td>100% of CAA inspectorate staff (licensing) meet ICAO standard (2019)</td>
</tr>
<tr>
<td>Project reports</td>
</tr>
<tr>
<td>% of CAA-managed registration processes for airline operators certification handled timely.</td>
</tr>
<tr>
<td>Baseline to be established during project inception.</td>
</tr>
<tr>
<td>Baseline to be established during project inception.</td>
</tr>
<tr>
<td>CAA reports</td>
</tr>
<tr>
<td>% of flight clearance requests timely processed by CAA</td>
</tr>
<tr>
<td>Baseline to be established during project inception.</td>
</tr>
<tr>
<td>Baseline to be established during project inception.</td>
</tr>
<tr>
<td>CAA annual report.</td>
</tr>
<tr>
<td>Status of the Safety Management and Quality system (CAA)</td>
</tr>
<tr>
<td>None (2015)</td>
</tr>
<tr>
<td>SOFIA system adopted (2019)</td>
</tr>
<tr>
<td>EASA progress and final monitoring reports.</td>
</tr>
<tr>
<td>Status of the central sector e-library within CAA.</td>
</tr>
<tr>
<td>No e-library (2016)</td>
</tr>
<tr>
<td>Central sector e-library in place</td>
</tr>
<tr>
<td>E-library delivered.</td>
</tr>
<tr>
<td>% of registered airline operators handled timely.</td>
</tr>
<tr>
<td>59% of registered airline operators handled timely.</td>
</tr>
<tr>
<td>100% of registered airline operators handled timely.</td>
</tr>
<tr>
<td>1.3 Aviation safety and security oversight system strengthened</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>% of national auditors in the field of aviation security trained and certified to ICAO requirements disaggregated by gender.</td>
</tr>
<tr>
<td>A sample of national quality control activities (audits, inspections, tests) are conducted jointly with the assisting body</td>
</tr>
</tbody>
</table>

Project reports. ZACL reports.