



Republic of Zambia

**ZAMBIA NATIONAL REPORT ON THE ISTANBUL  
PROGRAMME OF ACTION FOR LEAST DEVELOPED  
COUNTRIES FOR THE DECADE 2011-2020**

**MID-TERM REVIEW OF THE IMPLEMENTATION OF  
IPoA**

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## **I. Introduction**

The Istanbul Programme of Action (IPoA) for the Least Developed Countries for the Decade 2011-2020 adopted by the Fourth UN Conference on Least Developed Countries in Turkey, May 2011 provides an opportunity for Zambia to assess her progress towards creating an enabling environment for sustainable development, increasing productive capacities, diversifying the economy and building the necessary infrastructure so as to reduce vulnerabilities. In doing so, Zambia is also taking into account the new emerging developmental challenges including the effects of the economic crises and climate change, with a strong focus on structural transformation.

Having attained the status of lower middle income nation in 2011, it is anticipated that by 2030, Zambia will be transformed into a prosperous middle income nation in line with her national vision. This transformation process will take into account the IPoA, UN Agenda 2030, AU Agenda 2063, and other international and regional initiatives which will be integrated into the national policies, programmes and plans.

## **II. The national development planning process including key economic, social, political and environmental trends**

Zambia has been implementing IPoA through its national development plans and policies. These plans and policies are in line with the National Vision of becoming “a prosperous middle income nation by 2030”. In 2013, the Planning and Budgeting Policy was developed through a consultative process. The Policy is aimed at strengthening the coordinated approach in undertaking national development planning and budgeting processes. The policy has taken into account international initiatives including the IPoA in an effort to address inclusive development agenda. This policy has also paved way for the enactment of the planning and budgeting legislation.

Due to new developmental challenges the country is faced with, the Sixth National Development Plan (2011-2015) was revised to take into account emerging issues. Among these were the rising unemployment particularly among the youths who are the majority and the aligning of development process with the electoral process. Therefore, the period 2013-2016, is guided by the Revised Sixth National Development Plan (R-SNDP) whose strategic focus is “Capital investment in strategic areas with a bias towards rural development and job creation”.

The main thrust of the R-SNDP is to accelerate and sustain economic growth, diversify the economy and reduce poverty by addressing the challenges of realizing broad-based pro-poor growth, improve quality human capital, generate full and productive employment and decent work for all, particularly for the youths and women and promote rural development. Emphasis is on economic diversification and industrialization.

In terms of performance, the country has since 2011 recorded positive growth, though still faces challenges in promoting economic diversification and infrastructure development lagged behind

especially in the energy, road and railway sectors. Poverty levels, though reduced in urban areas with some provinces reaching the MDG target, remained high in rural areas.

In relation to the IPoA’s target of 7.0 percent per annum, the country registered a growth rate of 6.8 in 2011 which rose to 7.3 percent in 2012<sup>1</sup> and thus was above the IPoA target by 0.3 percent. However, this dropped to 6.7 percent in 2013. This decline in growth rate was largely due to decline in agriculture output and slowdown in the manufacturing and construction sectors. The growth rate further declined to 6.0 percent (preliminary) in 2014 largely due to a decline in copper production<sup>2</sup>.

End-year inflation which was at 6.0 percent in 2011 rose to 7.3 percent in 2012 which declined to 7.1 percent in 2013 and was higher by .1 percent with IPoA end-year target of 7.0 percent. However, 2014, end-year inflation rose to 7.9 percent on account of liquidity overhang as a result of Kwacha depreciation, rise in fuel prices and upward adjustment in electricity tariffs thus inducing inflationary pressures on the economy<sup>3</sup>.

### **III. Assessment of progress and challenges in the implementation of the Istanbul Programme of Action for the decade, 2011-2020**

Zambia was declared an LDC in 1991 because of its vulnerability. The 2009 country review, revealed that the Gross National Income (GNI) per capita was at US \$647, Human Assets Index stood at 40.7 and the Economic Vulnerability Index (EVI) was at 52.8 indicating that the country had not met any of the criteria for graduating from LDC category. In 2011, the country met the GNI criteria of \$1,405.5 against the threshold of 900 but performed poorly on the other two as shown in the table below.

<b>Criteria</b>	<b>Inclusion</b>	<b>Graduation</b>	<b>2009 Review</b>	<b>Current Position</b>
GNI per capita (US \$)	745	900	647	1,405.5
HAI	58	64	40.7	35.2
EVI	42	38	52.8	46.2

From the above, it clear that even though Zambia has met the GNI criteria, she has not yet qualified to be a candidate for graduation. Even it if the country was to meet all the criteria today, it can only graduate nine years from now according to the procedures under the UN. Despite this, Zambia has made substantial progress towards graduating through the implementation of the 8 IPoA priorities as indicted below.

#### **a. Productive Capacity**

##### *National Policies and Focus*

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<sup>1</sup> Economic Report, 2012

<sup>2</sup> Economic Report, 2014

<sup>3</sup> R-SNDP, Economic Reports 2013,2014

Zambia's policies aimed at fostering productive capacity are consistent with the goals and targets of the Istanbul Programme of Action. In an effort to accelerate and sustain economic growth, diversify the economy and reduce poverty, investments have targeted towards growth sectors of agriculture, energy, science and technology, and infrastructure particularly transport infrastructure. There is also emphasis on enhancing human development in the sectors of water and sanitation, education and health through skills development, improving labour quality productivity, increasing access to quality health and higher and tertiary education.

The national focus over the midterm of IPOA has been continuation of the diversification programme of the economy from over-dependence on copper exports to non-traditional ones. In this regard, emphasis has been on creating a dynamic, competitive, stable and predictable environment in which the private sector can make efficient investment decisions as well as attract investment to areas with comparative advantage. Because of the important role investment plays in introducing capital, advanced technology and managerial expertise; increasing government revenue; creating jobs and expanding the trade volume, investment promotion has been made an important component of Zambia's industrial policy.

In 2013, the country adopted an 'Industrialization and Job Creation Strategy' aimed at enhancing the country's productive capacities while at the same time creating jobs. The strategy prioritises agriculture (including agro-processing), manufacturing, construction and tourism as the sectors with growth potential that can enhance industrial development and create jobs in Zambia.

#### *Physical Infrastructure*

Infrastructure development remains one of Government's priority areas as stipulated in the R-SNDP. It is in this regard that Zambia in 2012 and 2014 and 2015 went to the international capital market to raise funds through issuance of Eurobonds amounting to US\$750 million, US\$1billion and US\$1.25 respectively to finance infrastructure development in the energy, road, rail, health and educational sectors among others. This is in an effort to facilitate viable business environment and increased economic competitiveness.

#### *Information, Communication and Technology (ICT)*

In the area of ICT, Zambia is striving to improve the legislative environment with a view to extending ICT infrastructure and services to the largely un-served, peri-urban and rural areas. A National Digital Migration Policy is being developed and will provide the rationale for digital migration, standards to be adopted and deployed, regulatory interventions, transition process, spectrum management and government interventions for enhancing affordability of the set top boxes.

In terms of connectivity, Zambia is currently connected to the world wide undersea optic fiber cable via Namibia, Tanzania, South Africa and Mozambique. This has led to a gradual reduction in internet and data services cost which has ultimately contributed to lowering the cost of doing

business. For example, the cost of bandwidth per km has reduced from US\$4,000 to US\$1,000 over the past 5 years.

With regard to use of cellular phones, the number of subscribers has grown from 50,000 in 2000 to 10,395,801 in 2013. However, this dropped to 10,114,867 in 2014 mainly on account of subscriber lines being rendered redundant following Subscriber Identification (SIM) registration exercise. Internet penetration increased from 17.3 per 1000 inhabitants in 2012 to 18.5 per 1000 inhabitants in 2013<sup>4</sup>. The mobile internet users increased from 833,455 in 2011 to 2,787,799 in 2014. This was as a result of expanded coverage coupled with upgrading of mobile networks that enabled provision of internet service in peri-urban and rural areas.

At regional level, Zambia's central geographical location in Southern Africa has provided a platform hub of high speed telecommunications traffic in the region. The improvement in ICT can be attributed to the installation of the optic fiber network which has provided international gateway to the international submarine optic fiber cables that are interconnected to the rest of the world through South Africa.

Despite the overwhelming advantages and opportunities that exist, Zambia continues to face challenges in fully utilizing ICTs for various purposes. The challenges include inadequate infrastructure to facilitate effective utilisation of ICTs; inadequate skilled human resource to use available networks and services; high cost of communications equipment; and exorbitant prices for mobile communication and broadband price.

### Energy

Zambia is endowed with wide range of energy resources, particularly woodlands and forests, hydropower, coal and other renewable sources of energy. The country's hydropower resource potential stands at an estimated 6,000 megawatts while installed capacity stands at 2332 megawatts. However, only 25 percent of the Zambian population has access to electricity with rural areas being worst affected at 5 percent.

During the period under review, there has been a rapid increase in energy demand especially electricity. The demand for electricity has on average been between 150-200 megawatts annually due to, among other factors, increased mining and industrial activities, agriculture and domestic demand resulting in power deficits.

In order to meet the country's growing demand, the government has been pursuing the following measures so as to diversify the energy mix:

- Renewable Energy Feed in Tariff (REFIT) Policy development aimed at providing predictable environment for promoting investment in renewable energy technologies. A framework for tariffs for solar projects has since been developed.

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<sup>4</sup> Economic Reports,2012,2013,2014 and Annual Progress Reports

- Development of the National Renewable Energy Resource map focusing on solar and wind. This will provide information on the country's resource potential to guide investments on suitable locations and quantities of the renewable resources available in Zambia.
- Development of global energy transfer feed-in tariff aimed at overcoming investment barriers for private investors for small scale renewable energy projects (up to 20MW)
- Development of infrastructure for renewable Energy Sources to promote the use of abundant renewable energy resources such as biomass, solar and mini-hydro that are indigenously available in Zambia to facilitate rural electrification and economic development

Despite the deficit due to increased demand, the performance of the energy sector has been favourable with national electricity generation increasing by 3.5 percent from 1767MW in 2011 to 2332.21MW in 2014.

Further, emphasis has been placed on improving reliability and increasing capacity for the distribution system and improving service delivery to customers through rehabilitation and expansion of distribution network infrastructure which includes construction of new substations, upgrading of existing sub-stations, replacement of obsolete switch gear, and upgrading of high tension underground cables in major towns.

Though renewable sources are increasingly being used, they still remain insignificant in terms of contribution to the total national energy supply. Renewable sources include the solar, mini/micro-hydro, biomass, geothermal and wind.

At regional level, infrastructure projects aimed at enhancing regional security of electricity and opening the regional energy power pool have been undertaken including Zambia-Tanzania-Kenya interconnector which is expected to trade 2,800GW of electricity power annually; Zambia-Tanzania-Kenya interconnector which is expected to trade 2,800GW of electric power annually; Zambia-DR Interconnector Project; and Zimbabwe-Zambia-Botswana-Namibia Interconnector Project

### *Manufacturing*

The manufacturing sector provides backward and forward linkages in the economy through processing and value addition. Despite the challenges in electricity generation, growth in the manufacturing sector was positive at 4.8 percent in 2012 increasing to 4.9 and 5.4 percent in 2013 and 2014 respectively<sup>5</sup>. This growth was largely driven by the food, beverages and tobacco, textile, clothing and leather, wood and wood products, paper and paper products, chemicals rubbers and plastics, non-metallic mineral products, basic metal industries and fabricated metals products. The food, beverages and tobacco sub-sector which constitute the

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<sup>5</sup> Central Statistical Office

largest share of the manufacturing sector grew at a slower rate of 4.5 percent in 2013 increasing to 6.0 percent in 2014 due to favourable performance of the agriculture sector.

### *Mining*

The mining and quarrying sector which is the country's economic backbone continued to contribute significantly to the country's economic growth and accounted for over 80 percent of all exports. The performance of the sector was mixed. In 2011, the sector registered positive growth of 5.4 which dropped to negative 2.7 percent in 2012 but went up to 5.9 percent in 2013 only to record negative growth of 7.2 percent in 2014<sup>6</sup>. This was attributed to operational challenges and maintenance shutdowns of some mines, low grade and stockpiling of concentrates.

In order to maximize the socio-economic benefits from the mining sector, emphasis has been placed on value addition, safety, and safe-guarding the environment.

### *Financial Sector Development*

In recognition of the importance of the financial sector in enhancing economic diversification and sustainable growth, the country continued to implement reforms under the second phase of the Financial Sector Development Programme (FSDP) with the objective of addressing weaknesses in the increasing access to finance, enhancing market infrastructure and increasing competition. As a result, in 2014 an increase was recorded in access to financial institutions by 13.3 percent due to rise in the number of branches of commercial banks by 57. Other reforms in the review period include modernization and harmonization of the financial sector laws and the launch of the national strategy for financial education aimed at enhancing financial literacy.

### *Challenges and Interventions*

Among the major challenges in the area of enhancing productive capacities includes low investment in electricity power generation, leading to a power deficit that negatively affects manufacturing and other sectors; poor infrastructure especially transport, and energy which has contributed to increased production costs in Zambia; poor access to financing; and operational and maintenance challenges especially in the mining sector

To ameliorate these challenges, Government has invested heavily in road transportation infrastructure connecting various production and trading points within the country and beyond. The road infrastructure development should see a large part of this challenge resolved by the final review of the IPoA.

## **b. Agriculture, food security and rural development**

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<sup>6</sup> Economic Reports, 2012-2014



The agriculture sector which is predominantly rain fed is the largest employer absorbing about 67 percent of the available total labour force and provides a livelihood to 85 percent of the rural population. This population which consists of mostly small and medium scale farmers and women is the major contributor to Zambia's food security and nutrition at both household and national level.

In an effort to improve agriculture, Zambia has developed the National Agricultural Investment Plan (NAIP) under the Comprehensive Africa Agriculture Development Programme (CAADP) which seeks to identify and prioritise key investment and policy changes in Zambia that are critical to enhancing the desired agricultural productivity growth.

Through the Agricultural Production and Productivity Improvement Programme (APPIP), Zambia has been able to, among other things, construct and rehabilitate dip tanks country wide and vaccinate cattle against foot and mouth disease in high risk areas and contagious bovine pleuro pneumonia as well as east coast fever leading to low incidences of the disease outbreaks. Further, poultry have been vaccinated against Newcastle disease.

Other programmes undertaken include establishment of livestock development infrastructures such as; Livestock Service Centres (LSCs), Livestock Breeding Centres (LBCs), Livestock Production (multiplication) Centres (LPCs) as well as satellite Artificial Insemination (AI) depots. Investing in these projects has great potential to increase livestock numbers and enhance the productivity of the sector and thus contribute towards food security and increasing incomes especially for the smallholder farmers.

Under crop production, the country undertook to improve crop production and productivity through establishment of infrastructure under irrigation, farm block development, research and rehabilitation/construction of agricultural camp houses. By 2014, over 994 farms were demarcated in various farming blocks.

On restocking of depleted capture fisheries, a national programme to improve the performance of the bream, has been started and parent stock is collected from the major rivers namely: Luangwa, Zambezi, and Kafue rivers. Other projects on fish improvement include: The Agriculture Productivity and Market Enhancement Project (APMEP), the Smallholder Agribusiness Promotion Programme (SAPP), establishment of new aquaculture research stations, rehabilitation of government fish farms and establishment of hatcheries aimed at promoting the provision and access to quality fingerlings to farmers.

Regarding market access and services development, reforms have been undertaken to the Farmer Input Support Programme (FISP) and marketing modalities so as to increase support towards diversification of the agricultural sector. There has also been emphasis on livestock development, livestock disease control and construction of grain storage facilities so as to improve food security..

## Food Security

There has been noticeable reduction of household level post-harvest losses because the Food Reserve Agency has reduced crop wastage loss to below 1% by increasing grain storage capacity to 117,000 metric tonnes after construction of 27 storage sheds.

### *Strategies to combat the impact of adverse climate change in agriculture*

In addressing the challenges of climate change and food security, Government has ensured that Climate Smart Agricultural (CSA) technologies are mainstreamed into the National Agricultural Investment Plan (NAIP) with the aim of capturing the synergies between mitigation, adaptation and food security.

Further, in partnership with the NEPAD Planning and Coordinating Agency (NPCA) and the Food and Agriculture Organization (FAO), Zambia is promoting Climate Smart Agriculture (CSA) approaches which involves the systemic incorporation of climate change adaptation and mitigation into agricultural development planning and investment strategies.

Attainment of sustainable rural development largely depends on agriculture as the major economic activity. Therefore Zambia has embarked on implementing initiatives such as the Rural Finance Policy and Strategy, the Rural Electrification Programme, the Rural Industrialization Strategy to accelerate the development of the rural areas. Further, the Integrated Rural Development Strategy that outlines measures to promote rural development is in the process of being finalized.

### **c. Trade**

Over the past decade, Zambia has pursued liberal trade policy in order to promote economic diversification and generate export-led growth. Focus is on promoting value addition of locally produced goods for increased domestic and foreign market earnings. Zambia's trade has been dominated by the traditional export such as copper and cobalt which accounted for about 80 percent of total export earnings. However, non-traditional exports have been increasing. Further, the trade policy has been synchronized with industrial policy in order to promote and encourage value addition to products coming from mining, agriculture and manufacturing sectors.

During the period under review, the country's focus has been on increasing the values, volumes and product range of non-traditional, value added export products from industry as well as broadening market to new markets. Among the major programmes aimed at enhancing trade have been:

- Trade and market negotiations with trading partners in bilateral, regional and multilateral trading arrangements in order to secure favourable market access conditions for goods and services originating from Zambia

- Export Promotion and Market development through activities such as trade missions, market research and facilitating the participation of private sector in trade shows and exhibitions
- Enhancing Product Quality by reviewing legal and institutional framework that supports standardisation, quality assurance and metrology so as to foster the production of high quality products that can effectively compete in international markets.
- Enhancing Trade Facilitation through creation of One Stop Border Posts. Currently there is one operational at Chirundu Boarder with Zimbabwe. A similar facility is underway at Nakonde Boarder. The aim is to reduce time taken to clear goods at border posts and facilitate trade. Further legal framework is being reviewed for coordinated trade management to reduce costs.

Due to these programmes as well as improved productive capacities, there has been a steady growth in Non-Traditional Exports (NTEs) both in absolute terms and relative to total exports. In 2010, the NTEs accounted for 9 percent of total exports which grew to 21.8 per cent by 2014. A total of 250 products were exported to 188 countries notably Sub-Saharan Africa, Europe and Asia<sup>7</sup>.

#### *Challenges and Interventions*

The prevalent challenges to trade expansion and better integration into global trade and value chains continue to be those associated with productive capacities. Other challenges include:

- Limited capacity by some Zambian small and medium exporters on issues such as quality, standards, packaging and labelling. This impacts negatively on the marketability of export products in international markets;
- High Transportation costs. Zambia being a land linked, means exporters incur higher cost to transport goods to export markets. This affects their price competitiveness;
- The imposition of Non-Tariff Barriers by some trading partners. Although, a number of markets such as the EU, COMESA and SADC offer preferential access, non-tariff barriers continue to be an impediment to trade. This negatively impacts the ability to penetrate markets;
- Price volatility in international commodity markets that have continued to negatively impact the growth of traditional and non-traditional exports.
- Limited Access to trade or export financing facilities due to high interest rates and complex credit facilitation processes which make it difficult for small and medium scale enterprises to efficiently penetrate export markets.

#### **d. Commodities**

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<sup>7</sup> Ministry of Commerce, Trade and Industry Report

As a single commodity (copper) dependent economy, Zambia's economic wellbeing is vulnerable to external shocks owing to volatility of commodity prices. The permanent solution lies in diversifying the export base by producing high value added manufactured products.

Among the measures currently under implementation include creation of value addition in various subsectors such as cotton, forestry (including wood and wood products), mining and mineral products and effective participation in regional and global initiatives to address issues related to commodity trade;

#### **e. Private Sector Development**

During the period under review, Government continued to implement Business Licensing Reforms aimed at reducing the number of unnecessary licensing requirements and make the licensing regime simpler, transparent and focused on legitimate regulatory purposes and thus reduce the cost of doing business. Through this programme, a total of 114 unnecessary business licenses have been eliminated. Other efforts include:

- Establishment of two “One Stop Shop” in Lusaka and Livingstone. Through these facilities, business including MSMEs can undertake all business registration process including business names, tax registration and social security among others.
- Launching and implementing of online clearance system for business names in order to facilitate ease of registration of businesses.
- Implementation of an automated system for Single Business Levy (SBL) in tandem with the automation of the Construction Permitting system
- Introduction of e-Payment solutions in customs clearance and other business related processes.
- Establishment of an online e-Visa system by the Department of Immigration
- The enactment of the Business Regulatory Act No. 3 of 2014 that aims at facilitating an efficient and effective business regulatory environment by requiring, among other things, that all regulations impacting on business undergo a regulatory impact analysis and thorough stakeholder consultations. The implementation of this law will bring rise to single licensing system. This aimed at promoting private sector development.

#### **f. Human and Social Development**

Zambia considers human resources development as key to socio-economic, political and cultural development and recognizes the importance of quality human capital. However, the low quality of human capital remains a concern and is perpetuated by scarcity of manpower and limited access to education, health and other social services. Additionally, the existing supply of skills does not adequately meet the demand in the labour market. In addressing these challenges, there

has been increased investment in the areas of education, health, youth development, water and sanitation, gender and social protection sectors.

### ***Education***

The past five years has been one of rapid progress towards the attainment of education for all (EFA). A remarkable rise in primary school enrolment has been experienced. Statistics indicate that enrolments at primary school level have continued to increase, from 2,821,018 in 2010 to 3,217,872 in 2014, giving an increase of 14.07 percent during the period under review. A number of interventions that were put in place between the year 2000 and 2014 such as Free Primary Education (FPE) Policy, expansion of school infrastructure with majority being in the rural areas, establishment of Community Schools, re-entry policy, improved supply of trained teachers and bursary support are responsible for the dramatic increase in enrolment figures in the primary school sub-sector.

#### *Actions aimed at increasing the quality of education*

While Zambia has made significant progress on access, improving quality remains a huge challenge. Efforts to address quality improvements through such interventions as the recruitment and deployment of teachers, classroom construction and provision of education materials are being made. However, the persistence of poor academic results across the board, as evidenced by the national examination results, the National Assessment Survey Report and Southern and Eastern Africa Consortium for Education Quality (SACMEQ) Report, indicates that there are significant gaps in our understanding of quality and efforts to improve learner performance.

In order to address the provision of quality education, the Government has embarked on programmes such as: teacher training (both pre- & in-service); teacher recruitment; production of mobile science labs; establishment of teaching council; curriculum development to respond to the dynamic needs of society; procurement of learning and teaching materials and deployment of trained teachers into Community Schools

Other interventions include the implementation of the Early Grade Reading Assessment (EGRA) and Early Grade Mathematics Assessment (EGMA) at lower levels aimed at helping to highlight the challenges concerning literacy and numeracy in order to come up with necessary interventions early enough.

#### *Assessment of progress towards the elimination of gender disparities in education*

The gender parity index (GPI) for primary (grades 1 – 7) and junior secondary (grades 8 – 9) sub-sectors now stands 0.98, up from 0.96 in 2006. This GPI is above the Sub Saharan African regional average of 0.91. Gender parity at primary level, already satisfactory in 2000 (with an

index of 93%), had been achieved by 2012. The figures, however, are not impressive in the senior secondary (grades 10 – 12), where the GPI is still at 0.84<sup>8</sup>.

In the area of Equity, the Government continued its sensitisation on the potential of Children with Special Education Needs. This led to an increase in the number of Learners with Special Education Needs (SEN) from 175,361 in 2008 to over 220,000 in 2013 at primary school sub-sector level. Government is promoting inclusive education by integrating children with mild to moderate learning disabilities in the mainstream schools and offer special education to those who cannot be integrated.

Despite Government efforts to ensure education for all children, the equity still remains a major challenge, especially with regard to gender, orphans and vulnerable children (OVC), children living with disabilities, HIV/AIDS-affected and special education needs. Other challenges in the education sector include:

- Limited access for LSEN;
- Low access of girls and women to education resulting in high levels of illiteracy among this population;
- Increase in school drop-out (particularly among girls) owing to teenage pregnancies, early marriages, and lack of financial support.
- Inadequate teaching and learning materials
- Pyramidal system of education, whereby there are fewer spaces at secondary schools
- Low transition rates at Grade 7 to 8

### ***Population and Primary health***

The Government policy and focus in the health sector include National Health Policy; National Child Health Policy; and National Health Strategic Plan 2011-2015.

During the period under review, the delivery of health care services improved as reflected in the reduced incidence rate in seven of the top 10 diseases. The availability of essential drugs and other medical supplies remained satisfactory.

According to the 2013/14 Zambia Demographic and Health Survey, under-five mortality declined from 191 per 1000 births in 1992 to 74 per 1000 births in 2013/14. Infant mortality declined from 107 per 1000 births in 1992 to 45 per 1000 births in 2013/14. In both under five and infant mortality, the rate was higher in rural areas compared to urban areas. Maternal mortality decreased from 591 per 100,000 live births in 2007 to 398 per 100,000 live births in 2014. This is in line with improvements in maternal health indicators

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<sup>8</sup> Ministry of Education Statistical Bulletin

Improvements in child survival have been attributed to the improved management of immunization programmes and the training of health workers in the management of pneumonia, diarrhea and malaria. Additionally, the involvement of the community in growth monitoring and promotion, prevention and treatment of these childhood illnesses has had significant impact.

In spite of this positive performance in the implementation of mother and child health programmes, there are challenges that include poor quality of services, inadequate trained staff especially in the rural areas, poor infrastructure including water and sanitation facilities.

To address these challenges Government has recruited front line workers in health institutions and embarked on an ambitious programme to expand health care services by constructing more health centers especially in rural areas.

Although HIV prevalence (13%) has been reduced, the HIV incidence rate remains high throughout Zambia. Young girls and women are disproportionately affected by the virus. However, significant progress has been made in terms of providing access to Anti-Retroviral treatment services. In order to respond effectively to the AIDS epidemic, there is still need to scale-up efforts and target the population currently left behind so as to avoid increasing long-term HIV treatment and increasing future costs.

### ***Youth Development***

Youth unemployment is complex and caused by a range of factors including low employment opportunities, lack of appropriate skills, lack of access to finance and ineffective youth empowerment strategies. Given the magnitude and complexity of youth unemployment problem, there is need to create linkages between sector programmes and youth development initiatives.

There are several initiatives that are being undertaken in order to create employment opportunities for the youth which include expanding secondary and education facilities to create a stream of skills training institutions that support practical work related skills; reforming the trades training syllabi to take into account modern technological developments and relevance to industry; teaching of science and mathematics in secondary and tertiary education in line with the provisions of the National Implementation Framework and the 2012 Curriculum Framework under the Education Sector; and reviewing the National Employment and Labour Market Policy and align it to the Industrialisation and Job Creation Strategy.

### ***Water and Sanitation***

The water and sanitation sector is guided by the Policies and Key reforms being the National Water Policy of 2010 as well as various international instruments relating to the sector. The sector has developed comprehensive legal and institutional framework to operationalise IWRM strategies for sustainable water development. The sector is also guided by the National Water Supply and Sanitation Policy, which includes principles of mainstreaming climate change

adaptation and mitigation aimed at protecting water and sanitation infrastructure against damages and safeguarding communities against flooding, disease outbreaks and water scarcity during events of heavy precipitation and droughts. The sector has Research and Development capacity strategy in climate change to ensure sustainable water resources and sanitation development in the country.

The sector has two programmes; the National Rural Water Supply and Sanitation Programme (NRWSSP) and National Urban Water Supply and Sanitation Programme (NUWSSP)

During the period under review, improvements under the urban and peri-urban water supply and sanitation were varied, covering the areas of solid waste management and maintenance of water supply schemes. These were complemented by the completion of a situation analysis of rural sanitation and the formulation of national programmes for rural and urban water supply and sanitation, respectively.

The sector faced some challenges, the major ones being, growing demand for clean and safe water and adequate sanitation services and absence of integrated water resources management at river catchment levels. Although percentage of population using an improved drinking water source increased to 63.1%, access to decent sanitation remains an issue of concern. The proportion of the population without access to an improved sanitation facility worsened from 26% in 1991 to 72.7% in 2010.

Climate change is likely to represent an additional burden for water supply due to water scarcity resulting from expected droughts. Equally, high precipitation may affect performance of drainage and sewer systems.

To address these challenges, the focus has been on increasing investment for water and sanitation infrastructure development and establishment of river catchment management structures for effective integrated water resources management. This will be the foundation of the water resources management and infrastructure development programmes to ensure sustainability in the provision of water and sanitation services in Zambia. This will also ensure that all sectoral needs (including the environment) are considered together in water development planning and implementation with active community participation at grass-roots level. Access to water by various sectors will result in equitable socio-economic development of the country.

### **Key Strategies**

In order to improve access to clean and safe water and adequate sanitation, key strategies have been put in place which include a) Enhancing the implementation of the Water Sector master plans; b) Infrastructure development for sustainable Rural Water Supply and Sanitation (RWSS) service delivery and protection of the environment; c) Enhancing capacity in effective planning, implementation and monitoring of programmes for RWSS service delivery; d) Developing and providing sustainable water supply services in urban and peri-urban areas; e) Strengthening



human, technical and financial capacity of institutions for improved water supply and sanitation service delivery in the urban and peri-urban areas; f) Enhancing Solid Waste Management and institutional management systems-Opportunity to reduce GHG emissions and benefit from carbon trading; and g) Enhancing institutional capacity of Councils in the implementation of Storm Water Drainage Infrastructure Development.

### ***Gender equality and empowerment of women***

Gender equality and empowerment of women is critical for a country to move forward. A number of programmes aimed at promoting gender equality and empowerment have been implemented. These include: access to education, health services, employment, productive resources and participation in decision making.

#### *Education*

Regarding education, Zambia has witnessed an increase in the net enrolment for females from 82.4 per cent in 2003 to 111.70 per cent in 2012 and 81.3 percent for male to 108.15 respectively. Completion rate at primary level increased from 86.1 percent in 2003 to 107.58 per cent in 2012 for female and from 72.87 percent to 107.68 for males<sup>9</sup>. This indicates that the gender gap has been closing over the years and can be attributed to the various measures that government has put in place.

With respect to Gender Parity Index (GPI), there has been steady improvement at primary school level from 0.93 in 2003 to 0.99 in 2014. However, GPI has been biased towards males at secondary level moving from 0.80 in 2012 to 0.91 in 2014. The trend at tertiary level shows the same bias where females are lagging behind males.

In order to improve access to education, measures being implemented include: introduction of Free Primary Education, Re-entry policy for pregnant girls, Bursaries scheme for girls, Programme for the Advancement of Girls Education, establishment of community schools

Challenges faced in include:

- Inadequate teaching/ Learning materials;
- Long walking distances to schools in rural areas;
- Quality compromised by increased school expansion against low teacher recruitment resulting into high pupil teacher ratio of between 55.2 to 70 pupils per teacher;
- High rate of pregnancies compared to the number of girls returning after giving birth;

#### *Employment*

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<sup>9</sup> Ministry of Education Statistical Bulletin

According to labour force survey, women have higher unemployment rates than their male counterparts and are more likely to participate as unpaid workers, particularly in the rural areas. The statistics indicate that there were more females employed in the informal sector compared to the formal sector. In 2012, of the 2,797,263 employed females, 8.7 percent were in formal employment while of the 2,702,410 employed males 22.3 percent were in formal employment. The participation rate for females increased from 70.3 percent to 76.3 percent while that of males reduced from 78.8 per cent to 75.5 per cent for the same period.

### *Access to Productive Resources*

Ninety four percent (94%) of land in Zambia is customary and 6 percent is statutory. Only 20% of statutory land is owned by women. Further, access to inputs under the Farmer Input Support Programme (FISP) is dominated by men. In 2009/10 and 2010/11 Agriculture Season, Male Headed Household beneficiaries accounted for 84.6 and 83.7 percent respectively while female headed households accounted for 15.4 percent and 16.3 percent respectively<sup>10</sup>.

Measures being implemented to address gender disparities include the proposal to legislate the 30 percent quota land allocation to women through the revision of the Lands Act; Piloting of Gender Responsive Budgeting with Farmer Input Support Programme and Women's Reproductive Rights and; introduction of special products by Commercial Banks meant to take care of the financial needs of women.

Challenges faced include delay in finalizing the National Land Policy; high illiteracy levels among women including financial and; strongly entrenched cultural beliefs and customs which do not support women to be in gainful employment and ownership of land;

### *Women in Decision Making*

In line with the international and regional commitments related to gender and development, the vision of Government is to achieve full participation of both men and women in the developmental and decision making processes at all levels in order to ensure sustainable development and the attainment of gender equity and equality.

However, there have been minimal changes in the representation of women in Cabinet, Parliament and Local Government. To address this, Zambia is implementing measures to ensure increased female representation which include: ratification of the SADC Protocol on Gender and Development in September 2012; provision of training and campaign materials for Local Government, Parliamentary and Presidential female candidates; development of a Public Service Training Policy which addresses gender imbalances in terms of career progression; and conducting advocacy campaigns on the importance of increasing the number of women in decision making positions in the public and private institutions

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<sup>10</sup> Ministry of Agriculture Report

Challenges faced include non domestication of the SADC Gender Protocol and the CEDAW; insufficient mechanisms to promote the advancement of women at all levels of decision making; no specific provisions on the quotas or affirmative action measures to advance equitable representation of women and men in decision making positions in the Constitution; participation in politics is often incompatible with family, reproductive and household responsibilities that still fall mainly on women.

### *Health*

There has been a reduction in the maternal mortality ratio from 649 deaths in 1996 to 483 deaths per 100, 000 live births. The major causes of maternal mortality in Zambia include complications arising from pregnancy and child birth.

Measures being undertaken to reduce maternal mortality include: training and recruiting qualified health personnel; increased supervised deliveries which in turn ensure effective management of complications related to child birth; and expanding maternity wings in order to increase access to maternity facilities especially in the rural areas.

Despite the above outlined measures in making quality reproductive and other health services more accessible to women and men, there are still challenges which include sustainability of programmes particularly those which are donor funded; allocation of funds to the health sector from the national budget still falls far below the recommended US\$33 per capita by World Health Organisation (WHO); brain drain among medical personnel remains a critical issue, thereby leading to a number of health institutions being under staffed; low private sector investment in health; poor transport and communication that hampers the referral system; and inadequate qualified health personnel;

### *Human rights of women*

Zambia has a dual legal system which allows application of both customary and statutory laws in civil and personal cases while the Constitution of Zambia guarantees that every person in the country shall enjoy certain rights and freedoms, irrespective of sex, race, creed, colour, religious belief or political opinion. The Constitution allows customary law to run side by side with statutory law in matters that deal with personal status, marriage, divorce and inheritance rights. This means that such cases can be decided according to state law or according to the customary law that applies to the litigants. Additionally, the amended 1996 Constitution purports to protect citizens from discrimination on grounds of sex and marital status but includes a clause, which exempts all forms of discrimination arising from customary law, family and personal law.

Although women enjoy human rights, it is evident that matters of customary law are often trivialised, as the Local Courts that administer customary law continue to treat women as minors or appendages of their husbands or male relatives.

Measures to address the above include reviewing the Amended 1996 Constitution; domesticating protocols to which Zambia has ratified; criminalising trafficking of humans, especially women and children through the Anti-Human Trafficking Act of 2008; and passing of the Anti-Gender Based Violence Act of 2011 which criminalises all forms of GBV

Despite these measures there are still challenges that include very low awareness of human rights throughout the country; inadequate shelter or services to victims of prostitution and trafficking throughout the country; inadequate research on the nature, extent, causes and consequences of trafficking in Zambia in order to inform Government policy, strategies or intervention.

Nevertheless, the government will continue pursuing policies and programs that are gender responsive in order to achieve gender equity and equality which are critical for accelerated national development by:

- Engendering macro-economic and structural policies that promote employment, socio-economic empowerment especially for women;
- Prioritizing investment in the household economy including labour saving technology that would free women's time for more productive work, and for themselves;
- Strengthening multi-sectoral collaboration with all stakeholders for increased efficiency and effectiveness of national gender programs; and

#### *Anti-Gender Based Violence (GBV) and Anti-human Trafficking (HT)*

GBV and HT are a form of discrimination that seriously inhibits women's ability to enjoy rights and freedoms on a basis of equality with men and boys. Zambia has the Anti – GBV Act and Anti HT Act that mandates the Government to establish and run places of safety (shelters) for children and adult victims of GBV and HT, provide psychosocial support and care and sensitization against the vice.

However there are challenges faced in implementing or providing this service which include inadequate places of safety for the victims of HT and GBV; limited information by communities of what constitutes GBV and HT; and what to do in case of anyone found in a GBV and HT situation.

#### ***Social Protection***

Government has put in place various policies aimed at reducing poverty and vulnerability of the vulnerable individual's households and communities in the country which includes a four Pillar National Social Protection Policy; the National Ageing Policy; the National Policy on Disability; National Social Welfare Policy, National Community Development Policy and the National Volunteerism Policy to support implementation of the Social Protection programmes at the community level.

To address the challenges of poverty and vulnerability, the Government has been implementing a number of programmes, and providing various services to cushion the impacts of poverty in the country which includes:

- Public Welfare Assistance Scheme aimed at providing basic necessities to the most vulnerable, in form of cash, food, clothing, basic shelter, education, health care support and repatriation of stranded people
- Social Cash Transfer programme aimed at reducing extreme poverty and prevents its intergenerational transmission. The programme provides bi-monthly grants to households that are vulnerable. The Programme currently has over 180,000 beneficiary households in 50 out of 107 Districts. It is expected that the programme will be at full scale by 2018 once resources are availed.
- Food Security Pack, a social safety net programme targeting vulnerable but viable small scale farming households. The programme is aimed at providing farming inputs to the targeted vulnerable but viable farming households to permit them become self-sustaining, through improved productivity and household food security.
- The Micro-Credit Programme for women empowerment named as the “village bank” is one that provides collateral free, soft loans to small business women entrepreneurs with an intention to empower women economically.

#### **g. Multiple crises and other emerging issues**

Although the economic growth dropped from 7.6 percent in 2010 to 6.6 percent in 2011, rising to 7.3 in 2012 then dropping to 6.7 in 2013 and 6.0 in 2014, the country continued to show some resilience to external shocks. Government will continue with efforts to diversify the economy away from copper dependence by sustaining growth in agriculture, construction, manufacturing, transport and communications sectors. The continued implementation of a prudent monetary policy, will also improve resilience to external shocks.

With regards to climate change and risk reduction, a number of measures have been undertaken to mainstream climate change adaptive measures in infrastructure, agriculture, energy, water and sanitation, transport and communications. Improvement of the country’s early warning systems is one of the key measures the country is undertaking to increase risk preparedness.

#### **h. Mobilizing financial resources for development and capacity building**

##### *Domestic resource mobilization*

The country’s performance in local resource mobilization was positive with Domestic revenues standing at 20.6 percent of GDP, above the target of 17 percent in 2011. However, tax revenues as a percentage of GDP declined from 16.4 percent in 2011 to 14.7 percent in 2014. This performance was attributed to a decline in the collection of customs duties as a result of regional

free trade agreements, the under-performance of Value Added Tax as well as a shift in accounting of mineral royalty from tax revenue to non-tax revenue. Further, the slowdown in the global economy and the depreciation of the Kwacha in the domestic economy also contributed to the decrease in trade and consumption taxes. Further, grants from Cooperating Partners continued to underperform and were below target by 55.0 percent. Government has however, adopted new measures of external resource mobilization among them the Euro bond which has improved the country's financing for development.

In order to strengthen tax collections various policy and administrative measures have been undertaken. Some of these include streamlining of tax incentives; reducing exempt and zero rated supplies for value added tax purposes; and enhancing IT solutions to augment VAT collections and trade taxes and improved enforcement activities in tax administration.

The Revenue Authority has further embarked on the automation of tax operations through the introduction of web-based tax clearance and administration systems aimed at reducing the cost of compliance, increasing accessibility and increasing operational efficiency.

With regard to non-tax revenues, the Government is striving to increasingly modernise mechanisms for collection of non-tax revenues to eliminate human factors by among others, the use of ICT systems. Specific mechanisms such as point-of-sale facilities, dedicated counter services by commercial banks, teller-in-plants and E-banking are among the key factors that have seen an improvement in the collection of non-tax revenues. In addition, Government will introduce new innovations such as mobile licensing of economic activities.

On the policy side, various fees are gradually being revised to bring them up to cost reflective levels especially in cases where their value has remained constant over very long periods.

To improve accountability, the Government is gradually implementing the requirement for all statutory bodies collecting public funds to channel all their revenues to the Treasury.

During the period under review, Government signed the second Joint Assistance Strategy (JASZ) aimed at harmonizing resources from development partners to support the development agenda. The JASZ framework is designed to meet the development priorities of the country in the medium term (2011 – 2015).

#### *Official Development Assistance*

Official development assistance to Zambia had increased from 4.6% of GDP in 2006 to 5.9% in 2009 before declining to 3.0% of GDP in 2013. In 2013, total grants accounted for 0.8% of GDP resulting from direct budget support (0.2%), sector budget support (0.1%) and project support (0.5%). Sector-wide approaches (SWAPs) also accounted for a further 0.5% of GDP<sup>11</sup>. With the

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<sup>11</sup> Economic Report 2014

current trend in ODA, the Zambian Government will have to develop and implement innovative and sustainable domestic financing mechanisms.

Externally, a total of K1.0 billion was received as grants against the targets K1.5 billion for financing development. The lower than projected receipts were attributed to non-receipt of pledged support from some Cooperating Partners.

To reduce this gap, the Government continued utilizing the other external sources such as the sovereign bond.

#### *External debt*

Regarding debt sustainability, external public debt service as a share of domestic revenues has increased notably over the last five years, from 0.9 percent in 2011 to 10.7 in 2015. The access to the international capital market and consequent bond issuances in recent years has been a major contributor to the notable increase in public external debt. Zambia has issued three (3) Eurobonds in the last five years amounting to US \$750 million, US \$1billion and US \$1.25 billion in 2012, 2014 and 2015 respectively. The other factors are the Kwacha depreciation against the United States Dollar and the decrease in domestic revenues.

#### Mitigating Measures

In order to ensure debt sustainability, Zambia conducts on a regular basis a debt sustainability analysis (DSA). The last DSA conducted in 2014 revealed that, on the basis of the macroeconomic and financing environment assumed at the time, Zambia's overall risk of external debt distress remained low. However, owing to the recent critical developments on both the global and domestic front, the Government has scheduled another DSA to re-assess the country's position with regard to debt sustainability.

Further, as prescribed by the Law, the Government has established a sinking fund to avoid or mitigate future liquidity challenges and particularly for the purpose of redeeming the Eurobonds at the time of maturity. In addition, there is a rolling Medium Term Debt Strategy (MTDS) which provides a framework under which Government plans to address potential costs and risks identified in the country's debt profile.

#### *Foreign direct investment*

In terms of foreign direct investment (FDI), Zambia has witnessed substantial growth in inflows with the Bank of Zambia estimating fourteen-fold growth between 2000 and 2015, resulting from improved investment climate based on prudent macroeconomic management. By September 2014, FDI inflows were estimated at US\$2,231.5 million, 6.3% higher than the 2013 inflows.

During the review period, Government continued to work towards creating an enabling investment climate that has predictable legal framework. Government has attached great

importance to dialogue with the private sector, inclusive of foreign investors with a view to fostering partnership. Work on improving economic infrastructure has increased and government has provided a fiscal and non-fiscal incentive framework to attract FDI.

### *Science, technology and innovation*

Science, technology and innovation plays an important role in promoting economic growth. To this end, the Government has been investing in research and development through institutions such as the Universities and research institutions.

Under South-South Cooperation, Zambia is one of the centres with Zambia Development Agency being designated as the Workstation for technology transfer under the South-South Global Assets and Technology Exchange (SS-GATE). A Memorandum of Understanding (MOU) was signed between Zambian and Chinese Companies on which the Joint Venture was registered for the “Housing for Citizens in Zambia” project. There are 3 other on-going matched projects in the areas of agro-processing and citrus fruit plantation.

#### **i. Good governance at all levels**

Government has, since 2011, undertaken a number of reforms to enhance democratization, promote human rights and the rule of law, and increase transparency and accountability in the management of public affairs.

The reforms have included enhancement of the Public Financial Management (PFM) systems to increase transparency and accountability of public funds; implementation of the Public Service Reform Programme (PSRP) and reviewing of the Decentralization Policy to increase efficiency in public service delivery and strengthening of the fight against corruption through institutional strengthening and implementation of the Anti – Corruption Policy.

Government has also instituted a number of reforms to enhance democratization by facilitating free and fair elections. The country is also undertaking Constitutional review and has continued to invest in strengthening Justice Institutions in a bid to enhance democracy and the rule of law.

#### **IV. Coherence and linkages with the Post 2015 development agenda and other global processes**

Zambia has actively participated in the international, continental and regional meetings including the Third International Conference on financing for Development, the United Nations Summit on the Post 2015 Development Agenda, the Vienna Programme of Action, the African Union 2063 Agenda and SADC. It will also participate in the 21st Session of the Conference of the Parties of the United Nations Framework Convention on Climate Change. Zambia is committed to these developmental agendas and has been doing so through domesticating them by making them part and parcel of the national development agenda. The National Vision 2030 which is operationalised by 5 year national development plans and other policies and programmes ensures



its implementation takes into account international development initiatives such as those stated above.

## **V. Conclusion and way forward**

Although economic performance has been positive and consistent in the last five years, there is still need for the country to undertake new actions to sustain the positive economic growth and reduce poverty. Actions to be undertaken include:

- Improving incentives in agriculture, tourism and manufacturing sectors to enhance the competitiveness of the sectors
- Establishment of agro – processing industries and agribusinesses to enhance diversification
- Improve infrastructure especially in energy, transport, education, health, water and sanitation
- Improving access to credit for small and medium enterprises to improve financing for enterprises and small scale farmers especially women
- Invest in research and development and technology in the key economic sectors to improve diversification and enhance standards
- Improve efforts towards ensuring environmental sustainability.
- Enhancement of youth development efforts to deal with youth unemployment
- Promoting gender equality and empowerment of women
- Establish new financing avenues for rural development.

In order to meet the targets set out in the IPoA, there is need for development assistance to be structured in such a way that it meets the desired needs of the country and should not attract stringent conditionalities. There is also need for development partners to meet their commitments towards implementing the IPoA and other international agreements.

In conclusion, Zambia remains committed to the implementation of the Istanbul Program of Action by integrating its provisions into national policies and development frameworks so as to achieve sustainable and inclusive economic growth that will enable her graduate from the LDCs category by 2030.