



Republic of Zambia

7 NATIONAL DEVELOPMENT PLAN 2017 - 2021

"Accelerating
Development Efforts
towards Vision 2030
without Leaving
Anyone Behind"

Volume I





Republic of Zambia

7 | NATIONAL DEVELOPMENT PLAN

2017 - 2021

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FOREWORD



Zambia remains committed to the socio-economic development planning of the country as reflected by the return to development planning in 2005. The Seventh National Development Plan (7NDP) for the period 2017- 2021 is the successor to the Revised Sixth National Development Plan, 2013-2016 (R-SNDP) following its expiry in December 2016. The Plan, like the three national development plans (NDPs) that preceded it, is aimed at attaining the long-term objectives as outlined in the Vision 2030 of becoming a *“prosperous middle-income country by 2030”*. It builds on the achievements and lessons learnt during the implementation of the previous NDPs.

The Seventh National Development Plan departs from **sectoral-based planning** to an integrated (multi-sectoral) development approach under the theme **“Accelerating development efforts towards the Vision 2030 without leaving anyone behind”**. The integrated approach recognises the multi-faceted and interlinked nature of sustainable development which calls for interventions to be tackled simultaneously through a coordinated approach to implementing development programmes. Through the use of the integrated multi-sectoral development approach, the 7NDP has the advantage of considering the comparative and competitive advantages of the regions in allocation of resources towards implementation of the **multi-sectoral strategies** and setting in motion a series of mutually supporting activities in different sectors with the general objective of delivering the national agenda. Ultimately it is envisaged that the integrated development approach in the 7NDP will help change the focus of government line ministries and provinces from competing with each other to coordinated harmonisation.

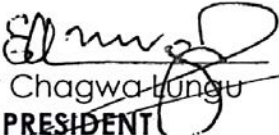
The goal of the 7NDP is to create a diversified and resilient economy for sustained growth and socio-economic transformation driven, among others, by agriculture, tourism, manufacturing and mining. Furthermore, this Plan responds to the Smart Zambia transformation agenda 2064 and embeds in it the economic stabilisation and growth necessary for the actualisation of a Smart Zambia. This is in support of the UN 2030 Agenda for Sustainable Development and the African Union Agenda 2063.

Distinctively, the realisation of this goal will be achieved through the contribution of a number of **developmental outcomes** and this makes the 7NDP an effective guide towards Zambia's aspirations of being a developed middle-income nation. The key outcomes include economic diversification and job creation; poverty and vulnerability reduction; reduced developmental inequalities; enhanced human development; and an enhanced governance environment for a diversified and inclusive economy.

The Government recognises that to deliver inclusive and equitable development to the citizens requires concerted efforts and commitment of all stakeholders. I would therefore like to urge all Zambians from different walks of life to be fully committed and participate in the implementation of this Plan. I further call upon the National Development Coordinating Committee, Cluster Advisory Groups, Provincial Development Coordinating Committees, District Development Coordinating Committees, Non-Governmental Organisations, Civil Society Organisations, Faith-based Organisations and the ordinary Zambians to be pillars in the implementation of the Plan.

Our Cooperating Partners have always been supportive of the development agenda of the country and the Government will continue to appreciate their valuable contributions. The Government is hopeful that this cooperation will grow to even greater heights as we implement the 7NDP.

I am convinced that through our joint efforts during the next five years, we will be able to achieve the objectives of the 7NDP. I have confidence in Zambia's ability to implement this Plan efficiently and effectively.


Edgar Chagwa Lungu
PRESIDENT
REPUBLIC OF ZAMBIA

ACKNOWLEDGEMENTS



The Seventh National Development Plan, 2017-2021 (7NDP) is principally a policy document that outlines the Government's desired developmental outcomes as well as the accompanying strategies and programmes. The 7NDP was prepared under the leadership of His Excellency, Mr. Edgar Chagwa Lungu, President of the Republic of Zambia.

President Lungu's vision, foresight and inspired guidance have ushered in a new era of development planning in Zambia which is premised on an integrated multi-sectoral approach to planning. Further, the President's creation of a Ministry that is solely dedicated to national development planning will add impetus not only to preparation of the Plans, but also ensure that implementation is effective.

It is my pleasure to convey my heartfelt gratitude to the President for the wisdom and keen insights exhibited during the preparatory phase of the Plan as these have enriched the 7NDP and made it one that will respond to the needs and desires of the citizenry.

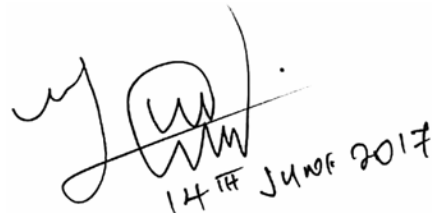
I would also like to convey my sincere gratitude to Her Honour, Mrs Inonge Mutukwa Wina, Vice President of the Republic of Zambia for her close involvement and guidance during the formulation of the Plan when she particularly presided over the affairs of the Ministry in her dual capacity as Republican Vice President and Minister of National Development Planning.

The Plan benefited from significant contributions from stakeholders through various consultative processes at national, provincial and district levels. This was done to build consensus and ownership. The enthusiasm, dedication and unity of purpose demonstrated during the formulation of this Plan, gives comfort that, together, we can achieve what is envisioned in this Plan. In this regard, special thanks go to the various stakeholders that contributed to the contents of the Plan and to all Zambians from all walks of life who participated in the development of the Plan.

I would also like to acknowledge the contribution of the private sector institutions, civil society organisations, faith-based organisations, think-tanks and traditional leaders. Sincere appreciation goes to the Cooperating Partners for their support towards the development of this Plan.

Special thanks go to all line Ministries, Provinces, and other Government institutions; Provincial Development Coordinating Committees and District Development Coordinating Committees for the tireless efforts and commitment towards the development of this Plan. Further, appreciation goes to the Consultants that were engaged for their expertise and technical competence in reviewing and revising successive drafts of the Plan.

Lastly, but not least, I would like to convey my deepest appreciation to members of staff in the Ministry of National Development Planning and Ministry of Finance for their hard work and for providing technical and logistical support in the process of developing the 7NDP.

A handwritten signature in black ink, appearing to be 'Lucky Mulusa M. P.', is written over a horizontal line. Below the signature, the date '14th June 2017' is written in a similar cursive style.

Lucky Mulusa M. P.

MINISTER OF NATIONAL DEVELOPMENT PLANNING

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ABBREVIATIONS AND ACRONYMS

| | |
|--------|--|
| 7NDP | Seventh National Development Plan |
| AU | African Union |
| AIDS | Acquired Immuno-Deficiency Syndrome |
| CAG | Cluster Advisory Group |
| COMESA | Common Market for Eastern and Southern Africa |
| CPD | Continuing Professional Development |
| CSEN | Children with Special Education Needs |
| CSO | Civil Society Organisation |
| DC | District Commissioner |
| DDCC | District Development Coordinating Committee |
| DRC | Democratic Republic of Congo |
| EAC | East African Community |
| ECE | Early Childhood Education |
| ESGP | Economic Stabilisation and Growth Programme |
| FDI | Foreign Direct Investment |
| FISP | Farmer Input Support Programme |
| FNDP | Fifth National Development Plan |
| GDP | Gross Domestic Product |
| GPI | Gender Parity Index |
| HDI | Human Development Index |
| HIV | Human Immuno-Deficiency Virus |
| ICT | Information and Communication Technology |
| IRMFF | Integrated Resource Mobilisation Financing Framework |
| KPI | Key Performance Indicator |
| M&E | Monitoring and Evaluation |
| MDGs | Millennium Development Goals |
| MNDP | Ministry of National Development Planning |
| MFEZ | Multi-Facility Economic Zone |
| MPSAs | Ministries, Provinces and other Spending Agencies |
| MSMEs | Micro, Small and Medium Enterprises |
| NDCC | National Development Coordinating Committee |
| NDP | National Development Plan |
| NEPAD | New Partnership for Africa's Development |
| NER | Net Enrolment Rate |
| NPF | National Performance Framework |
| NSDS | National Strategy for the Development of Statistics |
| NTE | Non-Traditional Export |
| OAG | Office of the Auditor-General |
| OBB | Output-Based Budgeting |
| PDCC | Provincial Development Coordinating Committee |
| PPP | Public-Private Partnership |
| PSD | Public Sector Development |
| R&D | Research and Development |
| RISDP | Regional Indicative Strategic Development Plan |
| RSA | Republic of South Africa |
| R-SNDP | Revised Sixth National Development Plan |
| SADC | Southern African Development Community |
| SAG | Sector Advisory Group |
| SDGs | Sustainable Development Goals |
| SNDP | Sixth National Development Plan |
| SOE | State-Owned Enterprise |
| STI | Science, Technology and Innovation |

| | |
|---------|---|
| TAZAMA | Tanzania-Zambia Mafuta |
| TAZARA | Tanzania-Zambia Railways |
| TEVET | Technical Education, Vocational and Entrepreneurship Training |
| TEVETA | Technical Education, Vocational and Entrepreneurship Training Authority |
| ToC | Theory of Change |
| VAT | Value Added Tax |
| WDC | Ward Development Committee |
| ZAFFICO | Zambia Forestry and Forest Industries Corporation |

1. INTRODUCTION

Zambia has had three development plans since the re-introduction of the medium-term development planning process in the early 2000s, namely the Fifth National Development Plan, 2006-2010 (FNDP), Sixth National Development Plan, 2011-2015 (SNDP) and the Revised Sixth National Development Plan, 2013-2016 (R-SNDP). These Plans were formulated with a view to meeting the national aspirations as articulated in the Vision 2030. These aspirations are to transform the country from a primary product-dependent economy to a strong, dynamic middle income industrialised country by 2030.

1.1 IMPLEMENTATION CHALLENGES OF PRIOR DEVELOPMENT PLANS

The FNDP and SNDP/R-SNDP were mostly supported through the annual budgets and medium-term expenditure frameworks. However, the amounts and unpredictability of budgetary releases negatively affected programme implementation and achievement of desired outputs and outcomes. A detailed analysis of expenditure revealed that programmes were not funded as provided for in these previous Development Plans. This was partly due to funds not being availed on time to Ministries, Provinces and other Spending Agencies (MPSAs). In addition, there was a noticeable mismatch between the programmes contained in the annual budgets and plans to an extent that even when resources were released for programmes, there were variations that led to resources being expended on non-core activities of the Plans. Further, despite the Plans having increased allocations to sectors targeting human development, the allocations in the budgets were not sufficient to implement most development programmes.

The Plans were also affected by failure to fully implement the Decentralisation Policy, especially fiscal decentralisation, despite the approval of both the policy and its implementation plan. They were further affected by poor coordination among various implementing entities and stakeholders mainly due to limitations in the institutional arrangements and technical capacities. There was also poor uptake of results which led to implementing agencies not having timely policy guidance with regard to the implementation of the Plans. This was because of poor appreciation of Monitoring and Evaluation (M&E) in MPSAs for internal use, coupled with fragmented systems within and between Ministries. In most cases data was untimely produced or simply not adequately aligned to the information gaps of the users.

The lack of a national programme/project appraisal system resulted in weak prioritisation of programmes/projects thereby negatively impacting on implementation. The delayed implementation of projects resulted in escalation of costs, as most projects overran their completion dates, thereby putting pressure on the budget. Although the Plans provided for M&E frameworks and systems to support decision-making processes, these frameworks and systems were unable to provide data as expected.

The FNDP, SNDP and R-SNDP were structured as both policy and investment plans. However, there were too many designated priority sectors, and this resulted in thinly spreading of resources with minimal impact. This was compounded by weak inter-sectoral coordination and programme linkages leading to poor implementation sequencing and, ultimately, waste of resources.

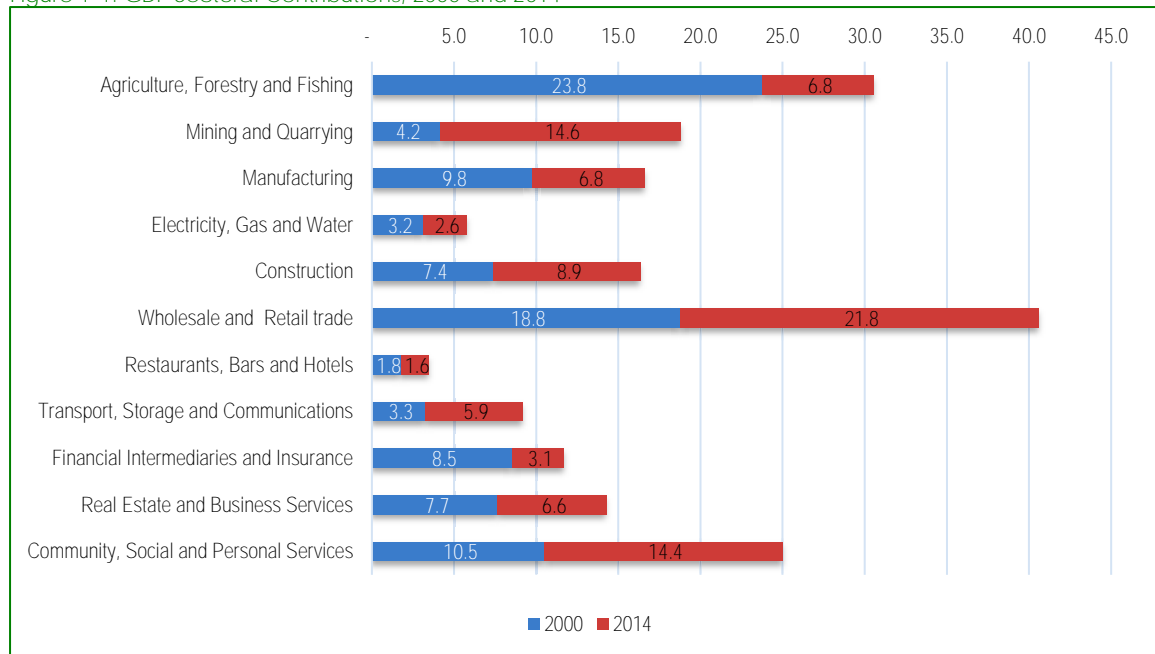
1.2 LESSONS LEARNT FROM IMPLEMENTATION OF PRIOR DEVELOPMENT PLANS

1.2.1 Economic growth and sectoral contribution

Zambia's economy during period 2000 to 2005 grew at an annual average of about 5.8 percent while the 2006 to 2015 period saw an upward and sustained growth averaging 6.9 percent. However, the country continued to be dependent mainly on its copper industry. Zambia's dependency on this industry continued to make it vulnerable to commodity price fluctuations.

Despite the post-2000 policy initiatives to diversify the economy by building stronger manufacturing and agriculture sectors, mining still remained the dominant sector. While agriculture yielded positive growth rates over the 2000 to 2014 period, the sector's contribution to Gross Domestic Product (GDP) declined from 23.8 percent in 2000 to 6.8 percent in 2014. The share of mining increased from 4.2 percent to 14.6 percent between 2000 and 2014. The Figure below show the GDP sectoral contributions for 2000 and 2014.

Figure 1-1: GDP Sectoral Contributions, 2000 and 2014



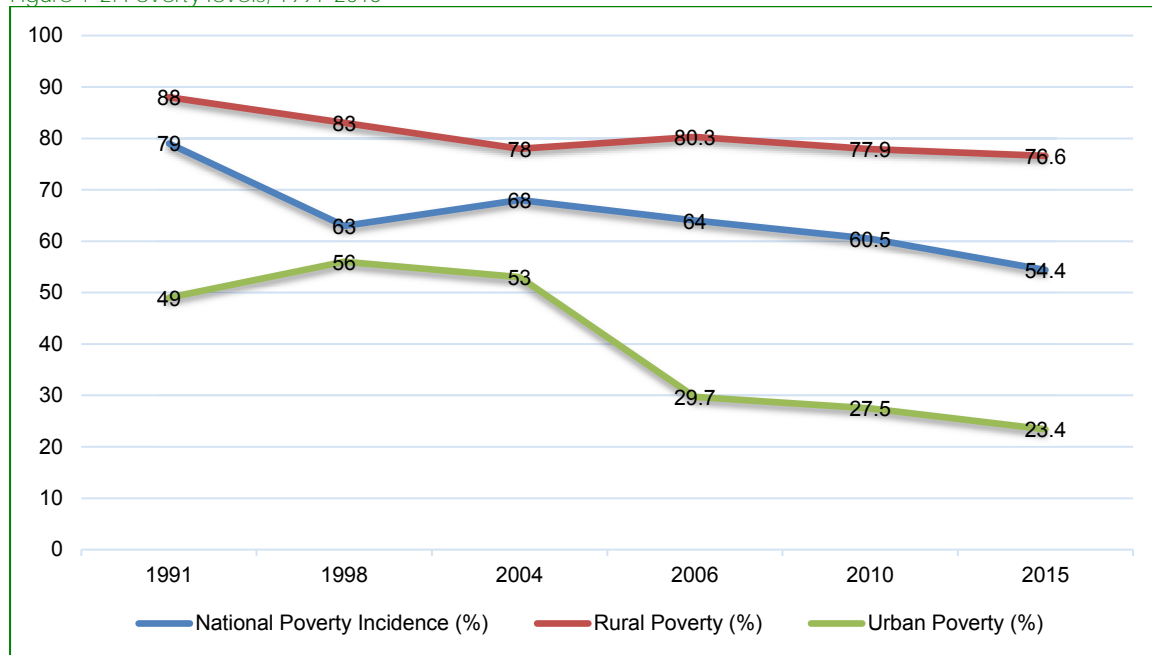
Source: Central Statistical Office, 2016

The falling prices of copper in the global market may lead directly to a sharp withdrawal of foreign direct investment (FDI). This is what happened in Zambia during the FNDP period between 2007 and 2009 when copper prices fell by 28 percent, leading to a corresponding FDI fall of 47 percent. The FDI flows into Zambia remained highly concentrated in the copper mining sector. The agriculture, manufacturing and tourism sectors, which create and sustain productive employment, received negligible investments.

1.2.2 Poverty levels

Although the country recorded steady economic growth during the period 1990-2015, poverty remained the greatest challenge to national development. Poverty trends suggest that overall income poverty prevalence was reduced between 1991 and 2015 by 24.6 percent, although an increase was observed in the late 1990s. The reduction in poverty was more significant in urban areas, where it declined by 25.6 percent, from 49 percent in 1991 to 23.4 percent in 2015. Income poverty in rural areas decreased from 88 to 76.6 percent (see Figure 1-2 below).

Figure 1-2: Poverty levels, 1991-2015



Source: Central Statistical Office, Living Conditions Monitoring Surveys 1998, 2004, 2006, 2010 and 2015

The percentage distribution of the population by level of poverty in 2015 showed that 40.8 percent of the population was extremely poor while 13.6 percent was moderately poor. The proportion of the non-poor was 45.6 percent. With the 2015 projected national population at 15.9 million, this meant that 8.5 million people lived in poverty, with 3.5 million of those living in extreme poverty. It is clear that economic growth did not translate into significant poverty reduction, especially in rural areas.

It has been observed that the pattern of economic growth in Zambia is highly unequal and has not increased the incomes of the poor rapidly enough to lift them out of poverty. This is mainly for three reasons: first, economic growth has historically been concentrated in capital-intensive industries such as construction, mining and transport. The second reason is related to the geographical component of growth, where urban areas have gained more than rural areas. The third reason is related to the structure of the economy; economic growth in the country has not been associated with labour-intensive sectors in which the poor tend to work, such as agriculture.

1.2.3 Employment

The inability of the recent economic growth to significantly impact on poverty reduction is largely as a result of low employment creation. Growth in the economy can reduce poverty rapidly if the employment potential it creates enables poor people raise their income, either through increased employment or through higher returns to labour. However, statistics show that formal sector employment growth was sluggish during the prior development plan periods.

According to the 2014 Labour Force Survey, about 84 percent of the working population was employed in the informal sector (91.2 percent for females, 75.8 percent for males). Informal employment between 2005 and 2014 remained high, at between 84 and 89 percent of the total number of people employed.

1.2.4 Planning process

The national planning process is structured to follow a top-down and bottom-up decentralised approach which connects the national, provincial, district and community levels. Ideally plans are generated from communities and passed through the district and provincial levels before being consolidated at the

national level. The National Development Coordinating Committee was expected to be the final level for receipt of inputs from MPSAs and provision of feedback to lower levels. However, various reviews have consistently shown that the planning process has not operated as intended due to structural and institutional inadequacies.

1.2.5 Shift in planning and implementation model

With the reintroduction of national development planning in 2002, the classical management model which placed emphasis on activities became the norm. Under this model, emphasis was placed on conformity to performing tasks, and compliance to regulations and procedures. This orientation changed over time, with the introduction of results-based management, which emphasised results from the combination of inputs. Higher authority bodies, like Cabinet and Parliament were also expected to emphasise results, as contrasted with activities. While the re-orientation towards emphasis on results is a positive development, the practice is yet to be fully entrenched in the nation.

Box 1-1: Measures to address lessons learnt

This Plan will:

- Implement interventions to diversify the economy away from mining. The Plan will also enhance programmes for social protection.
- Implement employment creating interventions that reduce informality and improve decent work conditions, with a special focus on rural areas.
- Re-emphasise the importance of the agriculture, mining and tourism sectors towards poverty reduction and employment creation by improving the incentives structure and removing the binding constraints to growth.
- Operationalise the Planning and Budgeting Act.
- Institutionalise results-based management in all MPSAs.

1.3 FORMULATION OF THE 7NDP 2017-2021

Following the expiry of the R-SNDP in 2016, the Government spearheaded the formulation of the Seventh National Development Plan which will cover the period from 2017 to 2021. The Plan departs from sectoral-based planning to an integrated (multi-sectoral) approach under the theme “**Accelerating development efforts towards Vision 2030 without leaving anyone behind**”. The formulation of the Plan was guided by the National Planning and Budgeting Policy of 2014, while the Decentralisation Policy of 2014 provided the principles of implementation. Further, the formulation of the Plan was informed by the need to harness the demographic dividend in view of Zambia’s youthful population.

Arising from the chosen theme, the goal of the 7NDP is to create **a diversified and resilient economy** for sustained growth and socio-economic transformation driven, among others, by agriculture. The realisation of this goal will be achieved through the contribution of a number of developmental outcomes. The key outcomes include economic diversification and job creation; reduction of poverty and vulnerability; reduced developmental inequalities; enhanced human development; and the creation of a conducive governance environment for a diversified and inclusive economy. The Plan will bring about inclusive development without leaving anyone behind and achieving more with less resources, through integration and coordination of developmental efforts. These will be achieved taking into account regional and global development agendas, such as the Regional Indicative Strategic Development Plan (RISDP), which is a comprehensive development and implementation framework guiding the regional integration agenda of the Southern African Development Community (SADC) over a period of fifteen years (2005-2020), African Union Agenda 2063, Sustainable Development Goals (SDGs) and the Common Market for Eastern and Southern Africa (COMESA) protocols.

The Government of the Republic of Zambia places high premium on the implementation of this Plan as it is a turning point in the realisation of the strategic objectives of Vision 2030, because it takes an integrated approach. Actualisation of the 7NDP will, therefore, be achieved through an **Implementation Plan**, which will guide execution of programmes in this Plan.

1.4 CONCEPTUAL FRAMEWORK OF THE 7NDP

Zambia aspires to be a prosperous middle-income country by 2030. To achieve this aspiration, it is imperative that the country articulates the processes, interventions and actions that will propel development towards this desired state. One of the ways to articulate the pathways towards attainment of the Vision 2030 is the use of the Theory of Change.

1.4.1 Theory of Change

The Plan is premised on the Theory of Change (ToC), which is a model that articulates, in a systematic way, how strategies, activities or programmes contribute to a set of specific outcomes through a series of intermediate results. It describes the pathway through which change will come about. This is in the context of how we are going to diversify the economy; what results we need to attain diversification; and what interventions will bring about these results. It also describes the underlying assumptions and conditions necessary to bring about this change. The ToC has been elaborated in greater detail in the National Performance Framework (NPF) with a view to translate the Vision 2030 into strategic objectives and long-term outcomes through various pathways. Therefore, the 7NDP draws from the long-term outcomes outlined in the NPF which form the basis on which medium-term outcomes of the Plan are anchored. The ToC also provides a clear framework for stakeholder consultation. As such, broad-based consultations were conducted. The Government engaged stakeholders through workshops, meetings, roundtable discussions and solicited written submissions.

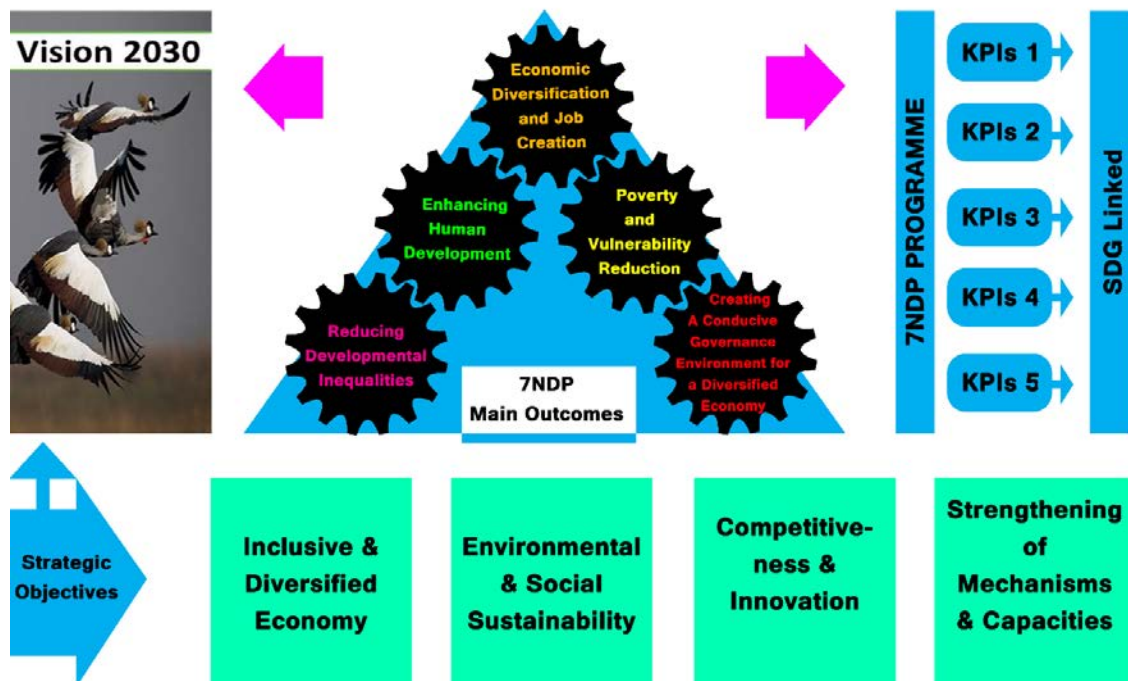
1.4.2 The Integrated multi-sectoral development approach

Building on the ToC and recognising the multi-faceted and inter-linked nature of sustainable development, the interventions in the 7NDP will be tackled simultaneously through an integrated approach to planning. This recognises the fact that the world we live in is a complex system and learns from international best practices. To illustrate this approach, it should be noted that the Sustainable Development Goals were formulated using an integrated perspective. This is because economic opportunities in one country, for instance, are globally linked through trading, investment and transport and communications systems to events in other parts of the world. Further, this approach is supported by the recommendations of the 2015 Study on “Harnessing Demographic Dividend: The future we want for Zambia”. This approach, therefore, requires timely, strategic, targeted and simultaneous investments in various sectors of the economy through integrated efforts that will translate policies into equitable, cost-effective interventions that leave no one behind.

The 7NDP, using an integrated approach will, therefore, create an environment for the domestication of Sustainable Development Goals (SDGs), AU Agenda 2063, RISDP and other international, regional, multilateral and bilateral development strategies. Taking this approach in the 7NDP will be a springboard to the promotion of partnerships in a transformative way.

Figure 1-3 below illustrates the integrated development approach of the 7NDP within the framework of the Vision 2030. As demonstrated, the 7NDP forms the link between the Vision 2030 and the SDGs. The 7NDP is driven by 5 outcomes which are themselves interlinked as wheels driving simultaneously towards the attainment of the Vision 2030. These outcomes will be achieved through 7NDP programmes whose performance will be measured through the respective Key Performance Indicators (KPIs) which are also linked to the SDGs.

Figure 1-3: Application of Integrated Multi-Sectoral Development Approach in 7NDP



In line with the ToC and the integrated approach, the country will simultaneously prioritise investments in areas such as infrastructure development, education, skills development and health. In addition, there will be need to reform the economy to create adequate decent jobs and enhance good governance and accountability. The country will undertake a paradigm shift towards universal early childhood and secondary education. Further, there will be increased enrolment in tertiary institutions to improve the education system and equip its human capital to support the diversification agenda.

The 7NDP is one of the building blocks to accelerate economic growth and job creation. The economy will be diversified to reduce over-dependence on the extractive industries, especially copper mining. In addition, agriculture will be modernised to improve productivity and prioritise value addition through agro-industries as the bedrock of transitioning to an industrialised economy. The dependency burden will be reduced from 0.93 to 0.51 and the size of the working age population (aged 15 years and above) will be increased from 7.8 million in 2013 to 26 million in 2053, while employment gaps will be reduced from 15 million to 7 million in 2053. All these interventions will be undertaken simultaneously in an integrated manner as detailed in the 5 strategic areas.

In the last decade, Zambia has experienced shocks both internally and externally driven by natural and economic factors, such as climatic shocks and fluctuating commodity prices. These factors have affected the country’s economic growth and development path. Therefore, the 7NDP aims to transform Zambia into a diversified and resilient economy, able to absorb these shocks. Economic diversification relies on the strategic identification of competitive growth sectors which are not dependent on single and finite resources, such as copper. As opposed to resource extraction, sectors with a high job creation potential have a high integration into the national economy.

Zambia's comparative advantage lies in its endowment of renewable and natural resources which can be productively harnessed. Overall good climate and soils make organic and climate smart agriculture and processing poised for growth. The natural beauty makes tourism unique. As one of the most water-rich countries in Africa with a high intensity of sunshine, renewable energy generation from hydro and solar becomes competitive. Low-cost green housing and construction have competitive edges because of the perfect soils for stabilised earth blocks. Forestry and fisheries also have high potential if sustainably managed. Noteworthy is the public transport sub-sector, which is pro-poor, pro-employment and more environmentally friendly, and has a competitive edge because of the massive need for mobility and the still low penetration of cars. This is expected to generate new jobs and growth. In addition to integrating development across key sectors for pro-poor economic growth, tackling vulnerabilities is poised to reduce social exclusion.

To achieve the objective of diversification, measures that support reforms which promote institutional realignment and a performance management culture that leads to development accountability will be developed and implemented. Therefore, enhancing governance structures becomes paramount. It will be imperative under this "wheel" (see Figure 1-3) to implement other governance supportive reforms such as the Public Finance Management System with a view to putting in place a conducive environment for the Plan.

At the same time, the Plan will address issues of human development to stimulate the development of an inclusive diversified economy as depicted in Figure 1-3 above.

1.5 OUTLINE OF THE PLAN

This document is organised as follows: Part I contains the overview of the 7NDP and the people's voices on development; Part II outlines the development context: past performance and opportunities and challenges of Zambia's development; Part III presents the current situation of the economy, at both national and sectoral levels; it also describes the macroeconomic framework in which the Plan will be executed. Part IV describes what it will take to move towards the Vision 2030, the conceptual framework, the goal and the strategic objectives of the 7NDP. Part V presents the strategic areas of the Plan, which are economic diversification and job creation; poverty and vulnerability reduction; reducing developmental inequalities; enhancing human development; and the creation of a conducive governance environment for a diversified and inclusive economy. Financing of the Plan is discussed in Part VI, while Part VII discusses the implementation and coordination as well as the monitoring and evaluation framework of the Plan.

2. THE PEOPLE'S VOICES ON DEVELOPMENT

2.1 OVERVIEW

It is the aim of the Government to promote citizens' participation in issues that are pertinent to their wellbeing. Inadequate citizens' participation is a hindrance to the progress of the nation at all fronts, namely political, economic, social and environmental. To successfully achieve the long-term Vision of being a prosperous middle-income country, Zambia has to be inclusive in its development trajectory by harnessing people's voices in augmenting the nation's development agenda.

In view of this, the Government has placed priority on ensuring that obstacles to sustainable development are addressed. This includes the obstacle that springs from a government not listening to its people, and thereby not planning effectively as developed plans would be devoid of people's aspirations. The consultative process for the 7NDP was, in this regard, in tandem with the Government's values and principles as outlined in the National Planning and Budgeting Policy, of ensuring that the planning process and outcomes reflect the needs and aspirations of the people.

2.2 THE CONSULTATIVE PROCESS

The consultative process used both the top-down and bottom-up approaches. The top-down approach entailed analysing the national developmental trajectory with a view to determine common development challenges and opportunities that all structures could address and/or maximise. In addition, the top-down approach is a key strategy to promote best practice and galvanise ownership of the development process. The bottom-up approach comprised sub-district, district and provincial levels that made assessments of their prevailing conditions, to formulate their own development plans for functions devolved to them and for input into the national planning process.

In view of the above, the Government engaged stakeholders through workshops, meetings, roundtable discussions and solicited written submissions. In addition, joint government-civil society organisations symposia were held at national and regional levels with the aim of putting Zambia's development agenda, vis-à-vis sustainable development and poverty reduction, into perspective. These consultations brought together different stakeholders from the Government, civil society organisations, the private sector, quasi-government institutions, the youth, women and children, the disabled and ordinary citizens. The views expressed in this section were taken on as submitted by the provinces and other stakeholders, such as the private sector and traditional leaders, during consultations.

2.3 KEY ISSUES ARISING FROM THE CONSULTATIVE PROCESS: **PEOPLE'S VOICES**

This section outlines key issues emanating from the Government's engagement through the consultative process. In summary, the outcomes from the consultative process are that all stakeholders were in support of the diversification agenda with particular emphasis on agriculture, mining and tourism. However, a number of challenges were highlighted during the consultative process with regard to factors that affect national development. These factors include low levels of industrialisation, infrastructure, energy, land tenure and access to finance. Utmost vigilance was observed in ensuring that the needs and aspirations of stakeholders, especially the ordinary citizen, were taken into account in coming up with the new development agenda.

2.3.1 Provincial consultations

2.3.1.1 Central Province

Central Province has an abundance of natural resources and favourable climate for agriculture. Consultations highlighted the opportunities that exist in the Province, some of which include agro-processing, easy proximity and accessibility to markets owing to its central geographical location.

However, it was also highlighted that the Province has limited integration with regional markets, as well as poor infrastructure, which make accessibility to the rural parts of the Province difficult. The need to reform land administration was also underscored – it was observed that challenges in land administration arise from the current land policy, which was cited as a hindrance to supporting socio-economic development.

2.3.1.2 Copperbelt Province

Copperbelt Province has been the industrial hub of Zambia and a number of mines are located in the region. The economic activities in the Province are largely copper mining-dependent and have been declining over the years due to various challenges faced in the mining sector, such as the decline in copper prices. The dependence on copper mining, coupled with the energy crisis, caused a lot of economic and social development challenges in the Province.

In view of this, the need for diversification away from copper mining was highlighted as a priority for the Province. Although large-scale mining will remain an important economic activity for the Province, diversifying into forestry, agriculture and small-scale mining were highlighted as key growth areas. This will enable the Province to expand its industrial base.

2.3.1.3 Eastern Province

Eastern Province has a number of comparative advantages ranging from arable land, forests and abundant wildlife that could promote tourism and its related activities and thus contribute to socio-economic development. Being strategically located near the Nacala Port could enhance trade and further boost the integration of Zambia in the Zambia-Malawi-Mozambique Growth Triangle.

Consultations pointed out that the establishment of a dry port at Chipata Railway Station would improve cargo movement. The need for massive rural and urban infrastructure development aimed at enhancing development in the Province, which included tourism-related infrastructure in national parks and game management areas, was emphasised.

2.3.1.4 Luapula Province

Luapula Province has fertile soils, high rainfall patterns and extensive water bodies, with immense potential for agriculture, forestry, livestock, fisheries, irrigation development and hydro-power development. The Province borders the Democratic Republic of Congo which provides a large market for agricultural produce. The road network makes the Province easily accessible and provides an opportunity for economic growth. Due to the abundance of water bodies that have capacity for hydro-power generation, a number of projects are underway to contribute to the supply of electric power to serve the needs of the country.

Further, there is potential in tourism as the Province has a number of rivers, lakes with sandy beaches, breath-taking waterfalls, a national park, game management areas and wetlands, including the world-famous Bangweulu Swamps, home to the rare Black Lechwe and the Shoebill Stork. These natural attractions can be developed into world-class tourism products. In addition, the Province has various mineral deposits that include copper, iron, manganese and precious and semi-precious stones.

Consultations highlighted the need to explore the Province's growth potentials to ensure that the Province contributes to national development and poverty reduction among its population.

2.3.1.5 Lusaka Province

The Province hosts the capital city which is a hub for services, businesses and organisations. This provides an opportunity to invest in research, science and technology to enhance the performance of businesses and organisations. Consultations highlighted that areas of comparative advantage lie in agriculture, livestock and fisheries. There is potential in the Province to significantly increase its production and value addition if the ideal conditions are provided and investment is made in agro-processing.

It was emphasised that there is urgent need to invest in infrastructure and energy to improve the economic status of the country. Further, it was emphasised that there was need to develop the manufacturing industry to encourage local production of food as well as support the agricultural industry through various linkages.

2.3.1.6 Muchinga Province

Consultations in Muchinga Province pointed out that potential for socio-economic development lies in agriculture, tourism and forestry. If these sectors were fully developed, it would lead to substantial reduction in poverty levels in the Province. It was also highlighted that, to successfully develop these sectors, there was need to carry out land reforms, as the land policy in its current form does not provide security of tenure as most of the land is vested in the hands of traditional leaders.

The Province has great potential for tourism development as large portions of both North and South Luangwa National Parks are in Muchinga Province. The Province also shares the Bangweulu Wetlands which is home to the Black Lechwe and the Shoebill Stork which are both rare species in the world. Although the process of opening the Province to tourism development has commenced through the Link Zambia 8000 road network, there is need to invest in supportive infrastructure for tourism.

2.3.1.7 Northern Province

The comparative advantages of the Province brought out during the consultations were in agriculture, energy generation and tourism. There is potential for agriculture due to vast arable land. The Province has several waterfalls, the Kasaba Bay, wildlife and other heritage sites which provide immense potential for tourism growth. The existence of huge water bodies (lakes, rivers and streams) provide potential for energy generation in the Province.

Stakeholders underlined the need to explore the growth potential of the Province to contribute to national development and poverty reduction. Consultations highlighted that the Province remains underdeveloped due to poor infrastructure, making a number of areas difficult to access. For the Province to fully harness its potential, the existing developmental challenges need to be addressed.

2.3.1.8 North-Western Province

The Province has potential in mining, agriculture and forestry. Although the Province is ranked second to the Copperbelt Province in terms of copper deposits, mining activities in the Province have lagged behind due to low copper grade deposits, limited infrastructure investments and supportive environment. Consultations further highlighted the need for transport infrastructure development, particularly road and rail that would open up export opportunities with Angola and the Democratic Republic of Congo and provide alternative routes to the Atlantic Ocean.

To maximise the potential of the Province, stakeholders also recognised the need to have reliable energy supply. The Province further submitted that it has numerous water sources which provide prospects for irrigation and energy generation. The Province has potential in value addition of forestry products that could uplift the livelihoods of the local people. Investments in technology for value addition, sustainable exploitation and marketability of forestry products would accelerate development in the Province.

2.3.1.9 Southern Province

Southern Province hosts the tourist capital of Zambia. The Province also hosts one of the eight wonders of the world which is the Mosi-oa-Tunya (Victoria Falls) and is a major tourist attraction. The Province is an agricultural region, with potential in fisheries, livestock and crop production. The Province also has potential in energy generation from hydro, thermal, solar and biogas sources. In addition, potential also exists in the Province for mining gemstone and other minerals.

Consultations pointed to diversification away from maize to other high value crops coupled with agro-processing as being essential to socio-economic development. Tourism, combined with investment in infrastructure and creation of regional and intra-tourism circuits, could significantly contribute to growth and ensure that maximum benefits are realised from the sector. However, it was emphasised that there was need to lower the cost of doing business to encourage investments in tourism.

2.3.1.10 Western Province

The Province has comparative advantages which could improve the livelihood of people living in the region as well as contribute to the economic growth of the country. The Province is endowed with arable land and productive pastures that are suitable for cattle rearing and cultivation of cashew nuts, mangoes, rice, timber and cassava. The Province also has water bodies that could support aquaculture and is also endowed with mineral deposits. Further, the Province has potential in tourism as it hosts the Liuwa and Sioma-Ngwezi National Parks, the Sioma Waterfalls and the famous Kuomboka Ceremony.

The Province has faced a number of challenges including poor infrastructure, illegal cutting and transportation of indigenous trees, inadequate basic social amenities such as schools and health facilities, as well as high poverty and unemployment levels. The Province also lags behind in terms of road network and has inadequate electricity supply as most rural areas are not electrified. It was stressed that there is need to invest in sustainable utilisation of forestry, infrastructure and human development, to increase the productivity of the Province.

2.3.2 Civil society organisations

Civil society organisations (CSOs) submitted that although Zambia has recorded impressive economic growth, there has been little positive impact on the socio-economic conditions of the majority of Zambians. In addition, growth slumped between the period 2014-2015 as a result of a collapse in commodity prices, especially copper prices, which led to reduced mining activities whose effects included job losses, lower taxes and reduced foreign exchange earnings for the country.

Among the major challenges highlighted by CSOs was high youth unemployment which they attributed to, among other causes, the contraction in formal sector employment levels. It was pointed out that the consequences of limited youth employment opportunities were youth delinquency, low levels of income among the youth, lack of access to quality health care and poor nutrition. They, therefore, underscored the need for development of a culture of entrepreneurship and self-employment among the youth by facilitating market-driven training and skills development in entrepreneurship. In addition, they identified lack of equitable access to land as a major impediment to reducing poverty. They also cited gender disparities and challenges faced by people living with disabilities as some of the issues that tend to accentuate inequalities in Zambia.

As a way forward, the CSOs recommended that while there was need to pay attention to the economic fundamentals such as inflation, interest rates, budget deficits and employment rates, it was imperative to commit the country's development efforts to diversification of the economy away from dependence on copper as the major source of foreign exchange earnings. This submission was made against the backdrop that whenever the prices of copper plummeted, the country almost immediately experienced harsh economic conditions. The agriculture sector was, therefore, identified as the major engine for attaining economic diversification and subsequently growth and development. They submitted that the agriculture sector would promote food security as the country was endowed with abundant arable land and conducive climatic conditions. For the sector to deliver to expectations, CSOs stressed the need for increased production and productivity and promotion of value addition to crops and livestock, which would improve foreign exchange earnings and stimulate job creation.

Further, they submitted that education was a key driver to higher productivity which is a prerequisite for national development. They, therefore, saw the need to increase investment in educational infrastructure with the view to improve the quality of education, especially in rural areas. It was also stressed that to increase access to quality education for deserving and underprivileged rural-based students, there was need for the Government to reform the bursaries system from the current centralised system to a decentralised one. In addition, the CSOs called upon the Government to consider developing a strategy linking education and vocational curricula to industrial labour demands.

The CSOs also recommended that the Government must ensure that the international and regional instruments aimed at promoting gender equality are fully domesticated and implemented while capacitating implementing bodies. The Government together with civil society should undertake sensitisation campaigns focusing on the involvement of men and women in the promotion of gender equality and ensure that adequate resources are allocated to sectors such as health, education and agriculture among others that have the multiplier effect and potential to improve the status of women, youths and children in society.

In addition, CSOs proposed that there was need to ensure that identified developmental programmes and projects were of high impact and in line with national priorities. They called for the establishment of project appraisal criteria for assessing developmental programmes and projects, as well as strengthening of appraisal committees at national and sub-national levels. Further, they emphasised the need for improved coordination among various stakeholders in developing and implementing policies so that there is efficiency in policy development and implementation.

To overcome the challenge of lack of equitable access to land, CSOs emphasised the need to strengthen institutional capacities and decentralise land acquisition systems, sustainably address customary land tenure systems, avert large-scale land acquisition and develop effective town and country planning systems.

2.3.3 The Private sector

Consultations with the private sector highlighted a number of issues which included the need to address the energy crisis as this was negatively affecting the productivity of businesses. They proposed that there should be an expansion in the utilisation of hydro-electricity potential sites and diversification into other sources of energy such as solar, gas and wind. They further proposed that the Government streamlines petroleum procurement by rationalisation of the fuel supply chain, to reduce the cost of energy and propel the manufacturing industry.

The private sector also highlighted the need to be consistent and coherent in policy formulation and implementation, especially from the fiscal perspective. This would encourage investment, provide certainty to businesses and tax payers and reduce complexity. They urged the Government to explore and implement measures that would reduce interest rates and bring down the cost of borrowing.

In addition, the private sector proposed the need to increase the liquidity of businesses through timely liquidation of government debt to local suppliers to enable them have operating capital. This proposal was also extended to the delayed Value Added Tax (VAT) refunds which were hampering business operations. Further, the private sector urged the Government to continue its efforts to simplify and streamline export procedures, to reduce the cost of doing business. The private sector also urged the Government to reduce shipping delays and to build capacity in local quality infrastructure covering software, hardware and human resource.

The private sector proposed that the removal of subsidies should be gradual, well planned and effectively communicated in advance to allow for better planning on the part of businesses and the general public. They also suggested that the Government should consider reducing corporate tax as mitigation for subsidy removal as this would free resources which would in turn stimulate business growth. They further appealed to the Government to consider adequately capitalising lending institutions that provide financing to Micro, Small and Medium Enterprises (MSMEs) so that long-term finance is available for expansion and growth of business.

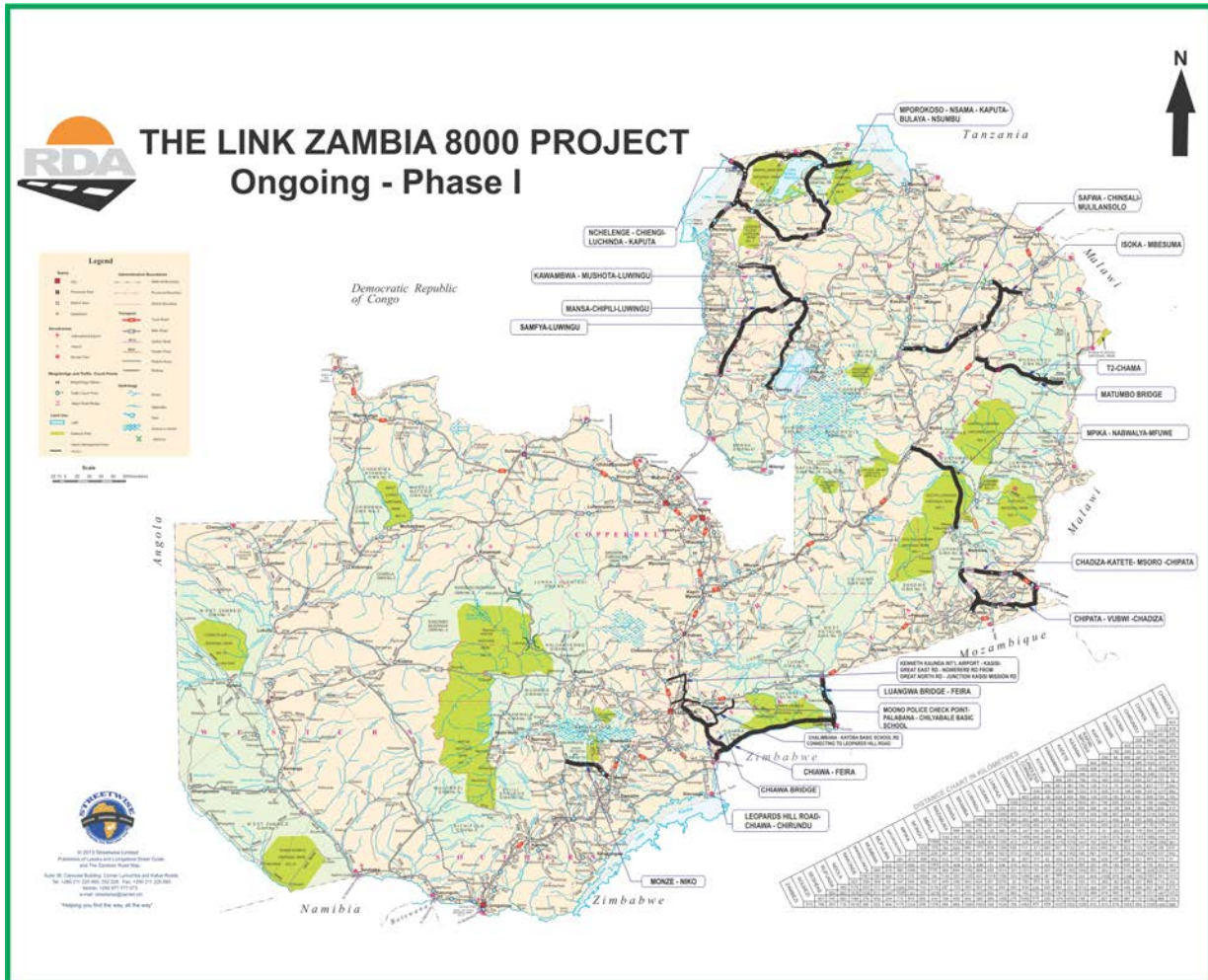
While acknowledging the existence of public-private dialogue structures, such as the Zambia Business Forum and Zambia International Investment Forum, the private sector proposed the reactivation of these structures at high level to promote exchange of ideas and facilitate the growth of the private sector and the economy in general.

2.3.4 Traditional leaders

During the consultations, a number of issues were raised by various traditional leaders which included land administration and rural development. Traditional land administration was highlighted as one of the major challenges. The traditional leaders submitted that potential investors acquire land only to re-sell it at exorbitant prices, sometimes without developing it. They proposed that the Ministry responsible for land needed to be strengthened at provincial level in terms of personnel so that the Ministry is able to undertake land development inspections in all districts to compel investors to develop the land in a specified period. It was further proposed that standard guidelines be developed on acquiring land from traditional leaders across the country, to improve land administration.

Another area of concern for traditional leaders was the high poverty levels in rural districts. Thus, they proposed that the Government puts in place policies to ensure that rural areas are opened up for development by ensuring that essential services such as electricity, transport network, schools and hospitals are available.

PART I: DEVELOPMENT CONTEXT



3. PAST PERFORMANCE

3.1 OVERVIEW

The review of past performance covers the period from 2006 to 2016. However, where data on certain indicators could not be extrapolated within the given period of time, the analysis goes beyond the indicated period. During this period, the Government implemented the Fifth National Development Plan (FNDP), the Sixth National Development Plan (SNDP) and the Revised Sixth National Development Plan (R-SNDP).

The broad theme of the FNDP was wealth and job creation through citizenry participation and technological advancement. The Plan focused on investment in growth stimulating interventions as engines for rapid wealth creation and poverty reduction. Agriculture was identified as one of the key sectors for enhancing economic diversification. The growth of the agriculture sector would spur broad economic growth and poverty reduction. The Plan also gave prominence to education, health, social protection and rehabilitation of national infrastructure for development, such as roads. During the Plan period, several policy reforms aimed at providing a supportive environment for sustainable development were to be undertaken and implemented.

The broad theme of the SNDP was sustained economic growth and poverty reduction through infrastructure and human development. The SNDP was revised following a change in political administration from the Movement for Multi-party Democracy to the Patriotic Front after the general elections of September 2011. The Plan recognised the catalytic role of the Government in stimulating private investment and development in ways that have a positive impact on the livelihoods of the people. During the R-SNDP period, Zambia embarked on an expansionary fiscal path of adding to the existing stock of infrastructure. The R-SNDP theme was people-centred economic growth and development. The Revised Plan prioritised capital investments with a focus on rural development and job creation for inclusive economic growth. Construction of new infrastructure and upgrading of existing ones characterised the education, health, energy, agriculture and roads sectors. This was aimed at creating an enabling environment for investment, growth and development of human capital.

3.2 GENERAL PERFORMANCE OF THE FNDP, SNDP AND R-SNDP

A comprehensive evaluation of the FNDP was conducted and published in 2014. At the time of developing the 7NDP, the R-SNDP was in its final year of implementation, and, therefore, an ex-post evaluation had not been undertaken. However, Annual Progress Reports had been produced to assess progress and challenges faced during the course of implementation.

3.2.1 Macroeconomic performance

During the period 2006-2015, Gross Domestic Product (GDP) growth averaged 6.9 percent against a target of above 7 percent. In particular, during the FNDP period, GDP growth averaged 6.1 percent, driven by unprecedented high commodity prices. However, declining commodity prices, low power generation and depreciation of the Kwacha against major convertibles slowed down growth during the SNDP and R-SNDP periods. Despite increased government spending on infrastructure projects to stimulate broad-based and inclusive economic growth, GDP growth slowed down from 7.6 percent in 2012 to 2.9 percent in 2015.

During the FNDP period, inflation averaged 11.4 percent (2006-2009). Single-digit inflation was attained during the SNDP and R-SNDP periods. Overall, inflation was contained within single-digit levels for most of the period, averaging 9.9 percent between 2011 and 2015. Annual inflation, however, increased to double-digit level in October 2015 (rising to 14.3 percent from 7.7 percent in September

2015) largely on account of significant depreciation of the Kwacha (by over 72 percent in the last quarter of 2015). The rate of inflation reverted to single-digit in November 2016 to 8.8 percent and was projected to remain within the single-digit margins for the rest of the year.

Lending rates in the period under review remained high averaging above 20 percent. The pressure on lending rates was mainly on account of the stringent monetary policy measures and higher government borrowing necessitated by increased infrastructure investments. This was coupled with the pass-through effects of the depreciation of the Kwacha, especially in the latter years of the period under review. In 2012, the Bank of Zambia introduced the bank policy rate at 9.0 percent to allow it to influence the cost of credit in the market. In an effort to curb inflationary pressures in the latter years of the period, the bank policy rate rose to 15.5 percent in 2016 from 9.0 percent in 2012. This was compounded by other adverse macroeconomic fundamentals, which reduced liquidity in the market leading to higher interest rates on commercial bank loans. This in turn negatively affected private sector borrowing, thereby adversely affecting investments.

External sector performance was positive during the FNDP period on account of high commodity prices. The country recorded current account surpluses between 2006 and 2014. However, since 2015 the country has experienced a current account deficit, largely due to reduced export earnings caused by the decline in commodity prices, low production due to reduced electricity generation capacity and the depreciation of the Kwacha against major convertibles. For the year 2015, the country's current account deficit stood at US\$767.2 million and was projected to close 2016 at US\$594.5 million. Non-Traditional Exports (NTEs) rose to a high of 34.4 percent in 2013 and fell to 25.6 percent in 2015. NTEs were projected to decline by 9.4 percent in 2016.

3.2.2 Fiscal performance

Fiscal performance in the SNDP period was challenging. The fiscal deficit increased from 2.4 percent of GDP in 2011 to 9.4 percent of GDP in 2015 then fell to 5.7 percent in 2016. In an effort to address the infrastructure gap as a binding constraint to growth, the Government took an expansionary fiscal stance by borrowing to invest in infrastructure. Domestic borrowing increased, averaging 2.3 percent of GDP against the average target for the period of less than 1.5 percent of GDP. On the external front, external debt as a percentage of GDP increased from 10.2 percent of GDP in 2011 to 35.0 percent of GDP as at end of September 2016. Despite the pressure on the overall fiscal position, domestic revenues increased from K19.5 billion in 2011, representing 17.1 percent of GDP, to K34.2 billion in 2015 or 18.6 percent of GDP. Domestic revenue collections over the SNDP period averaged 17.4 percent of GDP. Expenditure increased from 24.0 percent of GDP in 2011 to 28.1 percent of GDP in 2015. Most of the increase in expenditure outlays was on capital projects that increased from K3.9 billion in 2011 to K12.8 billion in 2015, representing an average increase of 4.5 percent of GDP. This was in line with the Plan's objective for infrastructure development, mainly focusing on the transport and energy sectors.

3.2.3 Debt sustainability

Zambia's stock of external debt has been rising since 2012. At the end of 2014, external debt stock was at US\$4.81 billion, representing 24.0 percent of GDP, compared to US\$3.18 billion which was 17.2 percent of GDP in 2012. In 2015, external debt was US\$6.41 billion, and as at September 2016 the external debt had reached US\$6.7 billion, representing 35 percent of GDP.

The increase in the stock of debt during the SNDP period reflected, to a large extent, the issuance of bonds in 2012, 2014 and 2015. Domestic debt, as a percentage of GDP, increased from 14.1 percent (K15.07 billion) in 2012 to 17 percent (K23.52 billion) in 2014. In 2015, however, while the domestic debt figure increased to K27.51 billion, its value as a percentage of GDP reduced to 15.03 percent. As of September 2016, domestic debt had reduced to 12 percent of GDP or K26 billion.

During the SNDP period, Zambia's debt sustainability was assessed through a Joint IMF-World Bank Debt Sustainability Framework for Low Income Countries. This was aimed at assessing how Zambia's current level of debt and prospective new borrowing would affect its ability to service debt in the future. In this regard, the debt portfolio, macroeconomic environment and prospects and expected budget financing gap were evaluated. In addition, the debt sustainability prospect for the country was determined. The findings were that Zambia's risk of external debt distress was moderate, and that overall public-sector debt dynamics was sustainable. However, besides sound macroeconomic policies, strong debt management, greater diversification of the export base, and improved project appraisal were needed to maintain debt sustainability.

3.2.4 Employment and labour

In 2014, more than 80 percent of the employed in Zambia were in the informal sector. However, the sector was characterised by low levels of productivity, capital investments and technology, thereby offering limited prospects to contribute to national development and ultimately improving the standard of living of the majority of the people. Overall, the unemployment rate was 7.4 percent of the total labour force. Urban unemployment rate was 11.5 percent while rural unemployment rate was 4.2 percent. During the period under review, youth unemployment remained one of the biggest challenges. Of the 3,812,923 youths in the labour force, 400,810 were unemployed, representing a youth unemployment rate of 10.5 percent. The male youth unemployment rate was higher at 12.2 percent than the female youth unemployment rate at 9.1 percent. The rural youth unemployment rate was 6.4 percent, compared to 15.2 urban youth unemployment rate.

The majority of the people working in the informal sector were classified as working poor with low levels of income, limited or no access to social security and other core labour standards as prescribed by the International Labour Organisation. In addition, a significant number of the working population was self-employed, mainly in subsistence agriculture or small-scale and often fragile businesses.

3.2.5 Wellbeing of the population

During the period under review, Zambia's population grew at a rate of 2.8 percent per annum in the 2000-2010 intercensal period. The population is projected to have increased from 11.8 million in 2006 to 15.9 million in 2016, and was characterised by a young population with 45.4 percent of persons aged below 15 years, and 36.7 percent of persons aged between 15 and 35 years. This growth stemmed from high total fertility rates which marginally declined from 6.5 in 1992 to 5.3 in 2013-14. Among the reasons for high fertility rates were low employment levels, low literacy rates among females and low access to reproductive health services, especially in rural areas. This was despite an increase in the contraceptive prevalence rate from 15 percent in 1992 to 49 percent in 2013-14 and unmet needs for family planning of 21 percent in 2013-14.

According to the 2010 Census of Population and Housing, life expectancy at birth was 51.2 years. Females had a higher life expectancy at birth of 53.4 years compared to 49.2 years for males. The Plans had poverty reduction as an objective in the medium to long-term. In spite of impressive economic growth rates registered during the period 2006-2015, overall poverty levels remained high. The percentage of the population living below the poverty line declined from 68 percent in 2006 to 54 percent in 2015. In rural areas, the percentage of the population living in poverty marginally reduced from 80.3 percent in 2006 to 76.6 percent in 2015, while in urban areas the percentage living in poverty declined from 53 percent in 2006 to 23.4 percent in 2015. Despite the recorded decline in percentage of population living below the poverty line, income inequality as measured by the Gini coefficient, increased from 0.60 in 2006 to 0.69 in 2015. In urban areas, the Gini coefficient reduced from 0.66 in 2006 to 0.61 in 2015, while in rural areas the Gini coefficient increased from 0.54 in 2006 to 0.60 in 2015 respectively.

The period between 2006 and 2015 recorded improvements in some socio-economic indicators, especially in urban areas. For example, the percentage of households with access to improved sources of safe drinking water significantly increased from 58 percent in 2006 to 67.7 percent in 2015. Rural areas also registered an increase from 42 percent in 2006 to 51.6 percent in 2015. Urban areas had a marginal increase from 88 percent in 2006 to 89.2 percent in the same period.

Sanitation recorded marginal improvements from 20 percent of households having access to improved sanitation in 2007 to 25 percent of households in 2013-14. Access to improved sanitation marginally declined in urban areas from 37 percent in 2007 to 35 percent in 2013-14, while in rural areas, access to improved sanitation increased from 11 percent in 2007 to 19 percent in 2013-14.

To sustain the achievements in the water and sanitation sector, the Government undertook national water reforms and created commercial water and sewerage utility companies in urban and peri-urban areas. The Government also embarked on a robust rural water supply programme. The commercial water and sewerage utility companies improved the quality of service. However, despite the improvement, coverage and financial viability remained low, particularly due to poor water reticulation infrastructure which resulted in approximately 50 percent of the water being wasted.

The overall percentage of households having access to electricity improved from 22 percent in 2010 to 31 percent in 2015; in urban areas, access to electricity increased from 53 percent to 67.3 percent. In rural areas, however, access to electricity decreased from 5 percent to 4.4 percent between 2010 and 2015.

3.2.6 Health

Significant progress was made by the Government in addressing morbidity and mortality during the review period. As a result, the country registered a decline in maternal mortality from 591 deaths per 100,000 live births in 2007 to 398 deaths per 100,000 live births in 2013-14. Under-5 mortality reduced from 119 in 2007 to 75 per 1,000 live births in 2013-14, while infant mortality declined from 93 to 45 deaths per 1,000 live births during the same period. Regarding neonatal mortality, a decline of 44 percent was registered during the same period. Achievements were also made in reducing morbidity and mortality from HIV and AIDS through the free provision of anti-retroviral drugs in public health facilities. However, the national HIV prevalence rate only declined marginally from 14.3 percent in 2007 to 13.3 percent in 2013-14.

According to the Demographic and Health Surveys, the level of malnutrition hardly changed, with stunting, wasting and underweight registering 40 percent, 5 percent and 25 percent in 1992, compared to 40 percent, 6 percent and 15 percent, respectively, in 2013-14. In particular, stunting has a bearing on cognitive development, physical work capacity and health status in adulthood.

During the period under review, the Government continued to scale-up provision of high impact services with special focus on maternal and child health. To improve access to health services, the Government embarked on a project to construct 650 health posts in 2014. A total of 335 superstructures were completed countrywide, out of which 275 fully functional facilities were handed over to the Ministry of Health. Further the Government completed the upgrading of Matero and Chilenje Clinics to first level hospitals. The programme to modernise the University Teaching Hospital and other third level hospitals was still on-going. The projects constituted major rehabilitation and expansion of hospital infrastructure, procurement and installation of cutting-edge diagnostic and treatment equipment and skills enhancement. The Ministry of Health also completed the construction of Phase 2 of the Cancer Diseases Hospital comprising a 240-bed in-patient facility. Despite these achievements, mortality rates remained very high in Zambia and were attributable to, among other factors, poor health-seeking behaviour, poor water and sanitation, poor nutrition and inadequate provision of health services. The country had a high burden of disease, mainly characterised by high prevalence and impact of communicable diseases, particularly HIV and AIDS, sexually transmitted infections, tuberculosis and malaria. Further, the country faced a rapidly rising burden of non-communicable diseases, including

mental health, diabetes, hypertension, cancer, cardio-vascular diseases and high maternal, neonatal and child morbidities and mortalities.

3.2.7 Social protection

The aim of the social protection sector was to empower low capacity households, provide social assistance to incapacitated households and support vulnerable people to live decent lives, with a focus on promoting human development and dignity. Therefore, the Government implemented a number of social protection interventions such as the social cash transfer, school feeding and the food security pack, targeting the extreme poor and vulnerable households, to improve their welfare and livelihoods. The Social Cash Transfer Scheme under the FNDP supported 7,563 households and 4,343 individuals in 19 districts; during the SNDP period a total of 242,000 households were reached in 78 districts. Results under this programme showed that it contributed towards improvement in the welfare and livelihoods of targeted households. For instance, for those receiving social cash transfers, the percentage of households having only one meal per day reduced from 56.6 percent in 2011 to 35.2 percent in 2012. Similarly, the incidence of illness decreased from 45 percent to 35 percent. The number of beneficiary households making small-scale investments quadrupled to 50 percent and the average amount invested doubled.

The School Feeding Programme increased its support to 850,000 learners in the SNDP period from 310,451 learners in the FNDP period. With regard to coverage, the Programme scope extended to eight provinces and was implemented in 2,400 schools during the SNDP period, compared to 4 provinces supporting 829 schools during the FNDP period. This programme contributed to improving school attendance and retention of learners.

However, under the SNDP period a total of 111,400 low capacity households received food security packs to support agricultural productivity for enhanced household food security, compared to 118,226 households under the FNDP period representing a drop of 5.8 percent involving 6,826 households.

Although the Government had been implementing the social protection programme, few of the vulnerable and poor people were able to get out of the poverty trap. A gap and coherence analysis survey of non-contributory transfer programmes identified a number of key challenges: a) programmes were fragmented and reached only a small fraction of the poor and vulnerable; b) vulnerable and poor children in particular were not sufficiently covered by existing social protection programmes and their needs were not adequately addressed; c) people in the active age group had little access to livelihood promotion programmes, the main one – the Farmer Input Support Programme (FISP) – not reaching the poorest farmers; d) the benefit levels were not adequate, accounting for too small a fraction of recipients' consumption; e) the social protection systems were primarily geared towards rural areas and there was little provision for vulnerable and poor people in urban areas; f) there was strong resistance to “double dipping”, limiting potential for complementarities across programmes in the protection and promotion pillar, and the establishment of sustainable graduation strategies.

Vulnerability was exacerbated by the structure of the labour market which had a large share of the informal sector, above 80 percent of the total employed population. The terms and conditions of service in the non-formal sector were mainly on informal terms without provisions for minimum wage, job security and other labour rights. The informality of working conditions created an atmosphere where core labour standards were not enforced, leading to absence of social security, occupational safety and health standards, maternity protection and other labour rights such as protection of wages.

Both non-contributory and contributory social protection schemes reached a marginal proportion of the poor and the vulnerable, leaving out the vast majority. Substantial gaps were identified to the effect that existing social protection mechanisms did not effectively cover pregnant women, the aged, infants and children living in poverty. The limited coverage of social protection reduced its potential to contribute to human capital accumulation in terms of improving nutrition, health and education, and positive livelihoods transformation among the poor, which would lead to improvements in productivity.

3.2.8 Education and skills development

3.2.8.1 Education

The priority areas for the general education sub-sector were access and participation; quality and relevance of education; and equity. The targets by the end of the R-SNDP period were to attain Net Enrolment Ratio (NER) of 100 percent, 47 percent and 38 percent and Completion Rate of 98 percent, 96.5 percent and 39 percent at primary, junior secondary and senior secondary education levels, respectively. As regards Transition Rate the targets for 2016 were 68 percent at Grade 7 and 50 percent at Grade 9. These targets were to be achieved through the construction of new schools and additional classrooms in existing schools, to enhance access. Between 2005 and 2015, a total of 14,235 classrooms were constructed at primary education level and 4,690 at secondary education level. The additional space, however, did not lead to the attainment of the set NER, Transition Rate and Completion Rate at all levels. The achieved performance was NER of 89.6 percent at primary level, 30.5 percent at secondary level while Transition Rate was 64.5 percent at Grade 7 and 46.2 percent at Grade 9. Similar results were obtained for Completion Rate which stood at 85.5 percent, 57.3 percent and 30.8 percent at Grades 7, 9 and 12 respectively.

The main factor attributed to the lower rate of performance was the pace of construction of education infrastructure which did not match with the high rate of population growth of children of school-going age. At least 30,000 new classrooms were required during the SNDP to facilitate target achievement.

To enhance the quality of education, 39,079 teachers were recruited at an average annual total of 5,000 teachers, particularly during the SNDP period. This resulted into improved Pupil/Teacher Ratios (PTR) of 43 at primary and 35 at secondary. The results implied that the set PTR targets of 44, 47, 37 and 35 at lower primary, upper primary, junior secondary and senior secondary sub-sectors were achieved.

Significant investment was made in strategies to promote equity in access to education during the period of the FNDP and SNDP. This led to the achievement of the target Gender Parity Index of 1 at Grades 1-4 and over-achievement at Grades 8-9 where the Index at 2015 was 0.94, compared to the target of 0.93.

At the Early Childhood Education (ECE) level, notable achievements were made with the shifting of the mandate of providing ECE from the Ministry of Local Government and Housing to the Ministry of Education. The proportion of learners with ECE experience starting school rose from 20.3 percent in 2005 to 24.4 percent in 2015. However, much needed to be done to enhance access to ECE, to meet the target of 30 percent of new Grade 1 entrants with ECE experience.

3.2.8.2 Skills development

The focus of the sub-sector was to increase access to university education and Technical Education, Vocational and Entrepreneurship Training (TEVET). The sub-sector also focused on enhancing the quality of training and increasing its relevance to the needs of industry. Sectors across the economy require different skills and hence workers with different levels of education. In 2014, 12 percent of the employed had no education (mostly in agriculture), 40 percent had only primary education, another 40 percent had secondary education and 5 percent had tertiary education. While education attainment remains low, it has been improving. The economic sectors that are most promising in terms of both GDP and employment growth are hiring skilled workers. Community, personal and social services are a significant growth engine and a source of non-farm employment, especially in rural areas. Access to the better jobs in that sector, for example in health or education, is largely restricted to those educated to upper secondary or tertiary level. The same is true of the trade or construction sectors where over 60 percent of those working there have at least secondary education.

Specifically, the targets were as follows:

- a) To increase access to TEVET from 30,000 in 2008 to 50,000 by 2015;
- b) To improve the quality of TEVET;
- c) To facilitate the development and promotion of entrepreneurial skills, to contribute to employment creation; and
- d) To ensure sustainable financing for all levels of TEVET.

In terms of achievements, the following were attained:

- a) The sub-sector recorded an increase in TEVET enrolments to 37,798 in 2015. The sub-sector also engaged into alternative modes of training, such as open and distance learning, to increase equitable access to TEVET. The absolute achievement of the set target of 50,000 was hampered by a number of factors which included inadequate funding to the sub-sector, as well as inadequate infrastructure.
- b) The sub-sector continued to construct new trades training institutes in Mwense, Mporokoso, Mumbwa, Lundazi, Kalabo, Isoka and Sesheke Districts. This was aimed at increasing equitable access to TEVET. Out of these, the construction of Isoka, Kalabo and Mwense Trades Training Institutes are above 80 percent complete and are earmarked for completion in 2017. This is projected to contribute to increasing enrolments to meet the target of 50,000 in this Plan period.
- c) To improve the quality and relevance of training, the Government partnered with the African Development Bank and the Chinese Government to upgrade lecturer qualifications, rehabilitate infrastructure, review curricula and equip training institutions in 31 TEVET institutions. As at 2011, Zambia enrolled a total of 23,737 students in the three public universities. The sub-sector targeted university enrolment of at least 50,000 students by 2016, and an increase in the total rate of absorption of school leavers by public universities from 6 percent to at least 20 percent by 2016.
- d) To facilitate the development and promotion of entrepreneurial skills to contribute to employment creation, the sub-sector developed an Entrepreneurship Development Strategy which will provide a policy framework for entrepreneurship training. This strategy is scheduled to be launched in 2017. Additionally, TEVETA developed a curriculum that will ensure that entrepreneurship is incorporated in all the TEVET programmes.
- e) To ensure sustainable financing for all levels of TEVET, the sub-sector established the Skills Development Fund which will be mobilised through a levy collected at 0.5 percent of the employer's wage bill. The Fund was established under the Skills Development Levy Act No. 46 of 2016 and its implementation is scheduled to commence in the 2017 budget year.

3.2.8.3 *Other achievements*

The sub-sector registered tremendous progress in programmes aimed at increasing both access and quality in higher education. The achievements included the following:

- a) The sub-sector developed legislation to regulate university education in the country. The legislation included:
 - i. Higher Education Act No. 4 of 2013 which established the Higher Education Authority. The Higher Education Authority regulates university education;
 - ii. The Zambia Qualifications Act No. 13 of 2011 which established the Zambia Qualifications Authority. The Authority regulates the qualifications in the country.
- b) The sub-sector constructed 9,400 additional bed spaces at the University of Zambia, the Copperbelt University and Mulungushi University.
- c) The sub-sector increased the use of open and distance learning modes of training delivery.
- d) Phases 1 and 2 of the construction of Kapasa Makasa University were completed and the institution was initially expected to provide access to 1,000 learners. Once fully completed, the University is expected to provide access to 8,000 learners.

- e) The sub-sector established 3 additional public universities namely Chalimbana, Kwame Nkrumah and Mukuba Universities. This increased the total number of public universities to 6.
- f) The total student enrolment in the public universities increased from 7,933 in 2008 to 59,272 in 2015.

3.2.9 Agriculture

Zambia has the potential to increase its agricultural output. Despite a favourable climate, fertile land and vast water resources, Zambia's agricultural prospects are not yet fully tapped. Arable land covers 47 percent of the country's total land but only about 15 percent of this is under cultivation. Promoting the agriculture sector is one of the Government's priorities to diversify the economy and move it away from its over-reliance on its traditional products and exports, such as copper and cobalt. The total contribution of agriculture to GDP averaged 9.8 percent in the period 2006 to 2015.

During the period under review, output for 13 of the 18 major crops declined. This was largely attributed to erratic rainfall which negatively affected the yield rates. For instance, in the 2015/16 farming season maize production decreased by 21.9 percent to 2,618,221 metric tonnes (MT) from 3,350,671 MT in 2013/14. Barley and rice also declined by 75.0 percent and 48.6 percent respectively. Other major crops that recorded significant declines included Burley tobacco, sorghum, Virginia tobacco, groundnuts, sweet potatoes and cotton.

3.2.9.1 Crops

During the period under review, the total area planted of the 13 major crops in the diversification index increased from 2,504,880 hectares in the 2011/2012 season, peaking at 2,698,577 hectares in the 2014/2015 season before declining to 2,537,150 hectares in the 2015/2016 season. The area planted increased by an average annual growth rate of 0.78 percent for the period 2010 to 2015. This is in contrast to the average annual growth rate of 7.42 percent for the period 2005 to 2010. The drop in the annual growth rate in area planted is attributed to the relative decline in the rate of increase in global commodity prices, which peaked in 2008. Cotton, Virginia and Burley tobacco have in particular, experienced a decline in the area planted. This is on account of pricing challenges which resulted in farmers switching to alternative crops. In contrast, however, the wheat and barley industries experienced significant growth over the period. This was as a result of favourable international prices and the resulting high investment in irrigation equipment.

The country also experienced a gradual increase in the production of soya beans, reaching 267,490 MT in the 2015/2016 season, the highest in the country's history. The contribution of smallholders to national soya bean output steadily increased.

The National Food Security position was positive for the 5-year balance sheet period between 2012 and 2016. The annual average national food balance sheet maize surplus for the 5-year period was 830,656 MT, compared to 668,721 MT for the period 2008 to 2011. The national food balance sheet for the 2015/16 agricultural marketing season revealed that the country was food secure with a surplus in maize of 876,768 MT. The surplus was, however, less by 23.9 percent compared to 1,152,505 MT achieved in the 2014/15 marketing season, largely on account of a fall in maize production. Cassava flour recorded a surplus of 111,825 MT while paddy rice registered a deficit of 35,000 MT.

With regard to contribution to employment creation, the agriculture sector contributed 116,123 jobs to the formal jobs sector in 2013 compared to 77,932 jobs in 2011.

Over the R-SNDP period crops such as maize and seed maize, soya beans, millet and sunflower, registered increases in output. However, the yield rates for other crops declined during the period under review, largely due to poor weather performance resulting from climate change. The yield rate of maize in the 2011/2012 season was 2.2 metric tonnes per hectare (MT/ha), peaking at 2.4 MT/ha in the 2013/2014 season before declining to 2.1 MT/ha in the 2015/2016 season. The national yields for most crops grown by smallholder farmers remained persistently low.

3.2.9.2 Fisheries

During the FNDP and SNDP periods, fish diet accounted for about 40 percent of annual protein consumption among the Zambian population. In the same period, the fisheries sub-sector's performance was mixed. While, there was an increase in the number of fishers, there was a decline of quantities of fish harvested. For instance, Lake Bangweulu alone recorded an increase of fishers from 7,696 in 2005 to 18,150 in 2013. The increase in the number of fishers, however, also brought in the use of destructive fishing methods and was part of the explanation for the low fish production during the FNDP period. During the SNDP period, the Zambian capture fisheries, which had been performing poorly in the past, reached a rebound recording an increase of 20 percent from 69,364 MT in 2011 to 83,719 MT in 2015. Aquaculture fish production significantly grew in the preceding two decades from a total production of only 5,000 MT in 2006 to about 22,700 MT of fish per annum in 2015, representing a 340 percent increase. This was as a result of the Government's commitment to promoting aquaculture in the country and an increase in the number of production companies, among other reasons.

Despite an average total annual production of 95,000 MT of fish, the actual annual demand has been 140,000 MT, representing a deficit of 45,000 MT. This deficit provides room for a flourishing fish farming industry in Zambia as there is a guaranteed market in the country and the sub-region for fish and fish products. It also has the potential to create employment and contribute to increased incomes for households as well as to overall GDP.

3.2.9.3 Livestock

The livestock sub-sector comprises beef cattle, dairy, poultry, pigs and goats, among others, and remains a key economic sub-sector in Zambia. Performance of the livestock sub-sector during the FNDP and SNDP periods depicted a growing trend.

Between 2004 and 2015, the population of cattle grew from 2,392,893 to 4,319,277; goats from 1,740,329 to 3,538,785; pigs from 615,514 to 1,533,402, while sheep grew from 111,156 to 115,338. In 2015 the population of poultry stood at 146,055,266. However, poor pasture management led to poor feeding practices. Further, limited animal husbandry technology, among others, saw the sub-sector recording high livestock mortality rates for cattle, goats and pigs at 127 per 1,000; 100 per 1,000 and 257 per 1,000, respectively.

Despite the high livestock mortality rates, both pig production and the dairy sub-sector recorded some growth during the R-SNDP. For instance, due to increased demand for pork in the country and the sub-region, established abattoirs were slaughtering more than 200,000 pigs per month. This domestic production was however, unable to meet demand. Furthermore, the dairy sub-sector recorded an increased local and international demand arising from human population growth. Regrettably, milk consumption in Zambia is still low, ranging around 19 litres per person against the 200 litres per person per annum as recommended by the World Health Organisation, and therefore presents an opportunity for growth.

3.2.10 Mining

During the period under review, growth in the mining sector was driven mainly by expansion in large-scale mining. The total contribution of mining to GDP averaged 12.9 percent for the period 2006 to

2015. The sector also provided direct employment for 56,227 persons in 2005 which increased to 82,725 in 2014. In recognition of the important national economic role that mining continues to play, such as employment creation, revenue generation and rural-urban development, efforts to support intra-sector diversification to other minerals, such as gemstones and industrial minerals, was undertaken.

Generally, the mineral output in the sector was low; for instance, the 2015 copper output of 710, 560 MT was below the Government forecast of 800,000 MT. Repeated power outages and reduced investment due to the country's weak currency were some of the factors that contributed to reduced production.

3.2.11 Manufacturing

The manufacturing sector accounted for about 7.8 percent of the country's GDP and an average annual growth rate of 3 percent from 2006 to 2015. The 2005 and 2014 Labour Force Surveys showed that there were 166,143 persons employed in the manufacturing sector in 2005, which increased to 223,681 in 2014. The manufacturing sector was pivotal in economic development as it played a key role in the backward and forward linkages to economic growth.

However, in the latter years of the SNDP, there was slow growth in the manufacturing sector due to some of the constraints to growth such as the energy deficit and high production costs which contributed to a drop of output of between 60 and 70 percent.

3.2.12 Energy

Zambia's demand for electricity stood at 1,949 megawatts (MW) in 2015. However, the sector was only able to produce 1,281 MW thus giving a deficit of 668 MW. This situation resulted from limited investment over the years, which was also compounded by non-cost-reflective tariffs. Further, the deficit was exacerbated by the effects of climate change on the availability of water, considering that Zambia was highly dependent on hydro-power. The current projections indicate that growth in demand will increase by 150 MW to 200 MW per annum. The peak demand for electricity in the country is projected at 3,000 MW by 2020.

As at 2016, the country's installed capacity stood at 2,493 MW of which 97 percent was from hydro and 3 percent from other sources. It was envisaged that other sources of energy which included geothermal, wind, solar and coal would grow to about 15 percent by 2030. To increase supply, there was need for additional investment in hydro, geothermal, wind and solar energy generation.

Under the petroleum sub-sector, Zambia imported its petroleum products to support socio-economic activities. With regard to petrol and diesel, 50 percent was produced at the INDENI Refinery and 50 percent was imported. The domestic prices of fuel were mainly determined by two key fundamentals, which were the international oil prices and the exchange rate of the Zambian Kwacha to the United States Dollar.

3.2.13 Construction

The construction industry played an integral part in the development of the economy and was one of the important catalysts for growth in the review period. Activities in the sub-sector were driven by public and private projects, such as roads, stadia, hospitals, schools, and residential and commercial property. The industry continued to grow over the previous 12 years at a steady annual average rate of 17.5 percent. This growth may have been directly attributed to increased public and private sector investment on infrastructure development.

Despite these positive developments, a number of challenges were faced by the industry, which required innovative solutions to overcome. These included rising project costs, which could be attributed to the

rise in prices of raw materials, labour and depreciation of the local currency in the latter years of the SNDP period.

3.2.14 Tourism

Over the previous decade, the country's total annual international tourist arrivals increased from 668,862 in 2005 to 931,782 in 2015, representing a 39 percent increment. Tourism's average GDP contribution over the 5-year period from 2010 to 2014 was around 1.76 percent per annum. With regard to accommodation establishments, the sector recorded an increase of 25.6 percent from 933 in 2012 to 1,172 in 2015 with a corresponding 45.6 percent increase in bed spaces from 51,662 in 2012 to 75,253 in 2015. The increase was attributed to high demand for tourism enterprise businesses, mostly by local citizens. The room occupancy rate improved from 54.9 percent in 2012 to 68.9 percent in 2015 due to increased tourist arrivals.

During the SNDP period, the country continued to face competition from other African countries in attracting tourists, as experienced in 2013 when Africa recorded 55.8 million arrivals out of which Zambia only recorded 914,576, representing 1.63 percent. The number of foreign visitors to the country rose from 814,140 in 2010 to 914,576 in 2013. From these arrivals, the country recorded annual direct earnings of US\$441,062,536 (K2,271,472,063) in 2012; this rose to US\$540,209,718 (K2,971,153,451) in 2013. The number of jobs in the sector rose from 44,292 in 2012 to 57,337 in 2013. The top holiday markets for tourism to Zambia were Africans, accounting for 79 percent of the 914,576 visitors in 2013. One of the major factors that affected the tourism sector was inability to keep tourists for longer periods. During the SNDP period, a marginal increase in the average length of stay was recorded, from 5 days in 2012 to 6 days in 2013. This was due to inadequate diversification of tourism products, underdeveloped tourism circuits and tour packages.

4. OPPORTUNITIES AND CHALLENGES OF ZAMBIA'S DEVELOPMENT

4.1 OVERVIEW

This section provides a context for national development planning in Zambia by first acknowledging that culture and history are essential to its development agenda. Being an essential part of development, culture is recognised and has been factored into the development of strategies and programmes.

Culture consists of values, attitudes and behavioural patterns and it must be observed that these aspects are intertwined in various aspects of development. These cultural traits have changed over time and have become part of people's social conditioning. Cultural traits tend to influence development in Zambia in both positive and negative ways. The link between culture and development is difficult to unambiguously establish. However, general observations indicate negative traits that may be detrimental to achieving rapid progress in development including: poor time management, poor working culture, low productivity, poor reading culture, poor entrepreneurship culture, low levels of innovation as well as some negative traditional beliefs and practices, such as early marriages. These negative traits need to be confronted and remedied while building on the positive traits of our culture. There is evidence relating to weak innovation as Zambia is ranked 125th out of 128 countries in the 2016 Global Innovation Index. Similarly, the high level of corruption is another challenge that hampers development; this is evident in Zambia's Corruption Perception Index score at 38/100, and ranking 76th out of 138 countries.

4.2 ZAMBIA'S TRANSFORMATION TOWARDS DEVELOPMENT

Zambia needs an attitude and behavioural change tailored towards transforming the national development pathways among a cross-section of its leaders and people. There is need for a paradigm shift that focuses on addressing negative cultural attributes while enhancing the positive traits. Achieving sustainable development through behavioural and cultural transformation will require putting in place measures and activities that reflect the complex and multi-dimensional nature of Zambian culture. It is important to identify areas of Zambian cultural strength and enlist the active participation of various stakeholders to improve positive elements which include music, art, sport, indigenous medicinal practices, the extended family system, peacefulness, reciprocity, interdependence, respect, friendliness, ethnic diversity, indigenous foods and diet among others. These aspects would, therefore, coherently form the Positive Zambian Identity. Specifically, this may involve the following aspects:

- a) **Values, attitudes and behavioural change** – this requires inculcating positive cultural values through education systems from family, communities and beyond. The education system will among other things address and promote civic, environmental, innovation and entrepreneurship elements to address negative attitudes.
- b) **Cultural heritage and identity building** – this requires a search for values and ethical pillars from our past that can inform the Zambian identity with a character that cuts across regions, tribes and religious beliefs. It will entail facilitating Zambians to re-discover those things which lie at the heart of their cultural heritage and can truly serve as a positive driver for national transformation and be a basis for defining the national character.
- c) **Cultural change** – this requires relating Zambian culture with processes, dynamics and trends from various cultures, to learn and adapt positive features. The aim is to achieve dynamism and not stagnation. Alliances, networks and partnerships with like-minded positive cultures will be promoted.

- d) **Intra-cultural integration** – efforts will be made to accommodate intra-cultural integration on positive attributes.
- e) **Creativity and innovation** – through rigorous critique, research and insights, it is expected that Zambian cultural identity and practices will become evident as critical ingredients to socio-economic transformation. This is expected to be supported by the evolution of skills in value addition to cultural products, in to attain an international business culture.
- f) **Christian ethos** – Zambia being declared a Christian nation will ensure that the development agenda of the nation promotes Christian values and principles at every level of society and governance. The Christian ethos at the centre of this will be: good neighbourliness; honesty; respect for others; accountability; and service to others. The Government will mainstream Christian values in all aspects of life and institutionalise them, to harness development and promote growth of the country.

The above areas will be pursued in the 7NDP and beyond to spur transformation in an ideal, realistic and practical manner taking into account current social, economic, political and cultural realities. The ultimate aim is to enable Zambians as a people recognise their weaknesses and bring about a cultural transformation that will promote development in a manner that enhances social cohesion and unity while positioning culture as a bedrock for national development planning in Zambia.

4.3 BINDING CONSTRAINTS TO SOCIO-ECONOMIC TRANSFORMATION AND NATIONAL DEVELOPMENT

Zambia's efforts towards achieving socio-economic transformation can be attained through addressing cultural and behavioural traits which constitute binding constraints. These constraints are related to:

- a) **Moral decay** – in terms of moral decay, Zambia for example, is ranked as one of the countries with high alcohol consumption and abuse. Despite having legislation on the sale and consumption of alcohol, there are challenges in enforcing this legislation. The effects of alcohol abuse result in low productivity, loss of man hours, gender-based violence and breakdown of family units. Such forms of moral decay negatively impact on individuals and the community and are a cost to national development.
- b) **Lack of adherence to set rules and standards** – in both public and private sectors, there are set rules on how individuals are expected to conduct themselves and how to conduct business. Without internalising and owning these ethics, it has been observed that individuals, employees and employers are prone to misconducting themselves. This has led to unprofessionalism, impropriety, abuse of individuals and their human rights, and costs to organisations.
- c) **Lack of good neighbourliness** – Zambia has experienced a situation where citizens disregard caring for one another even when they have the capacity to assist a fellow citizen. This has resulted into the perpetuation of destitution and vulnerability. The breakdown in the extended family system, coupled with economic hardships, has further contributed to this situation where people have focused only on caring for their immediate family. Therefore, there is need to ensure that caring for one another as espoused in Christian values is propagated for the greater good of the country. A just society is measured by how well it takes care of its vulnerable population. This aspect of good neighbourliness ought to start at the household level and transcend to the national level.
- d) **Lack of cohesion** – the lack of cohesion among citizens is another binding constraint which has resulted in the perpetuation of nepotism and lack of care and concern for one another.
- e) **High corruption levels** – the fight against corruption in all its forms is key to promoting good governance and integrity. Corruption and other related crimes, such as bribery, money laundering and drug trafficking, deprive Zambia of her resources and the much-needed development. We should, therefore, all commit ourselves to this fight and ensure that we work towards attaining a corruption-free society. As Zambians, we should remain resolute in combatting this vice.
- f) **Lack of patriotism** – lack of patriotism, especially with respect to cleanliness of the environment and prudent and sustainable use of our natural resources (forests, land, water,

minerals), has been a binding constraint to the socio-economic transformation of the country. This has been an indirect cost resulting from disease burdens caused by unclean environments, while not upholding sustainable use of resources will deprive future generations of their natural resource inheritance.

- g) **Disregard of positive culture and indigenous knowledge** – in the recent past, it has been observed that there is an erosion of appreciation of positive cultural and indigenous knowledge in our everyday lives. This has been largely due to the negative perception of our Zambian culture as backward and primitive. Therefore, there is need to promote our positive cultural practices and indigenous knowledge, to foster national development while negating negative cultural practices.
- h) **Docility and complacency** – Zambians have of late developed a trait of being docile and complacent in the business of their daily lives. This has made citizens accept sub-standard products and services and violations of their human rights. Therefore, there is need to inculcate a spirit of alertness, activism and active engagement based on appropriate and relevant knowledge.

4.4 POPULATION AND DEVELOPMENT

4.4.1 Demographic outlook

According to the Population and Demographic Projections 2011-2035 Report, Zambia's population is estimated at 15.9 million in 2016. Out of these, 7.9 million are males and 8.0 million are females as shown in Figure 4-1 below. Further, 9.2 million reside in rural areas while 6.7 million are in urban areas. The population is expected to continue growing at an average annual rate of around 2.8 percent during the projection period, 2011-2035. The population in rural areas is expected to grow at a relatively stable average rate of 2.4 percent per annum, while the urban population is expected to grow at 3.5 percent per annum during the same period. At provincial level, Lusaka has the largest population with 2,888,575 persons, while North-western has the smallest population with 856,286 persons (see Figure 4-2 below).

The population is expected to grow to 17.9 million by 2020 of which 10.1 million will reside in rural areas while 7.8 million will reside in urban areas. During the projection years, the age structure is expected to remain relatively unchanged although the proportion of children within the population will fall. The young population is expected to result in growth in the reproductive age group (15-49) and the economically active age group (15-64).

As at 2016, the estimated life expectancy at birth was 53.7 years. Females had a higher life expectancy at birth of 56.1 years compared to 51.5 years for males. The projected decline in fertility and mortality is expected to lead to an increase in life expectancy at birth and at different ages as well as the proportion of the elderly, 65 years and older, in the long run.

The country's population age structure has created high child dependency with a heavy burden on the working population. Zambia's overall dependency ratio stands at 92.5 while the child dependency ratio is 87.4. This has increased pressure on the Government to provide public goods and services, such as education, health, housing, water and sanitation and employment. However, the large numbers of young people may represent great economic potential, but only if adequate investment is made in their health, entrepreneurship and education, thus continuing to stimulate new economic opportunities for them.

4.4.2 Harnessing demographic dividends

The demographic dividend refers to the economic benefit a society enjoys when fertility and mortality decline rapidly and the ratio of working-age adults significantly increases relative to young dependants. Given the demographic outlook highlighted above, Zambia's large youthful population presents an opportunity for harnessing the demographic dividend with appropriate investments made in priority areas of the economy, such as education and health, among others. This entails investing in creating opportunities and a supportive environment for innovation and entrepreneurship for all persons of all ages, particularly young people.

Zambia's Demographic Dividend Study assessed the economic and human development potential of the country in the short, medium and long-term using a comprehensive approach. The country can harness a "*demographic dividend*," resulting from declining mortality and fertility rates, strong institutional capacities, healthy and skilled human capital, improved decent job prospects and an inclusive governance system. To harness the dividend, an enabling environment will be created that ensures citizens claim their rights to education, health, development, and live free from violence and discrimination. This will allow the country to have inclusive socio-economic development, where no Zambian is marginalised in benefitting from development.

The demographic dividend report for Zambia requires timely, strategic, targeted and simultaneous investments in various sectors of the economy in an integrated manner, and enables the translation of policies into equitable, cost-effective interventions that leave "no one" behind. These policies include:

- a) Diversifying the economy and reducing over-dependence on the extractive industry; for example, modernising the agriculture sector and prioritising value addition;
- b) Strengthening governance and anti-corruption systems, enhancing accountability in the delivery of public services and fast-tracking implementation of the Decentralisation Policy;
- c) Enforcing a paradigm shift towards universal early childhood and secondary education and increased enrolment in tertiary institutions, increasing formal and informal education quality, access and management, school facilities, trained teachers and learning materials at all levels, and matching formal and informal school curricula with labour market needs;
- d) Accelerating fertility reduction and improving child survival interventions, as well as eliminating mother-to-child transmission of HIV, and improving child nutrition;
- e) Keeping girls in school and preventing child marriages and teenage pregnancies, as well as addressing cultural and economic barriers to accessing education while enforcing laws on the legal minimum age of marriage; and
- f) Improving the health status of the labour force by tackling both communicable and non-communicable diseases.

As discernible from Figure 4-1 below the population distribution tends to be broader at the lower levels from ages 0 to 4 and gradually thins out with higher age groups up to the peak of 80 years and above, forming a pyramid-like structure.

Figure 4-1: Age and Sex Structure of Population, Zambia 2016

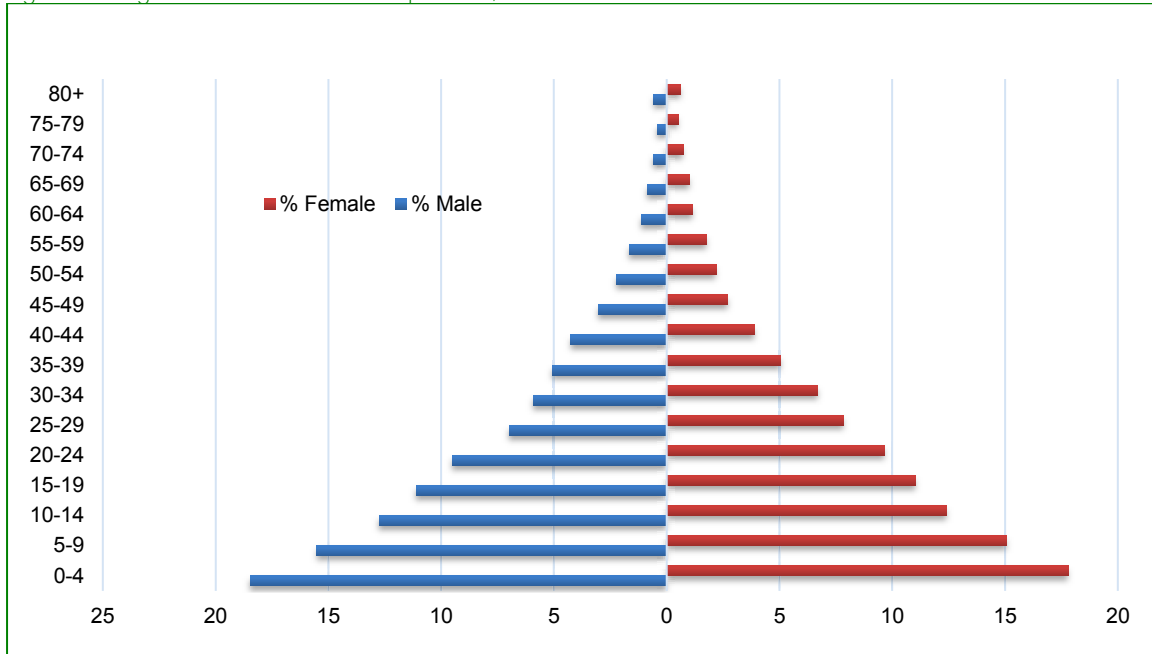
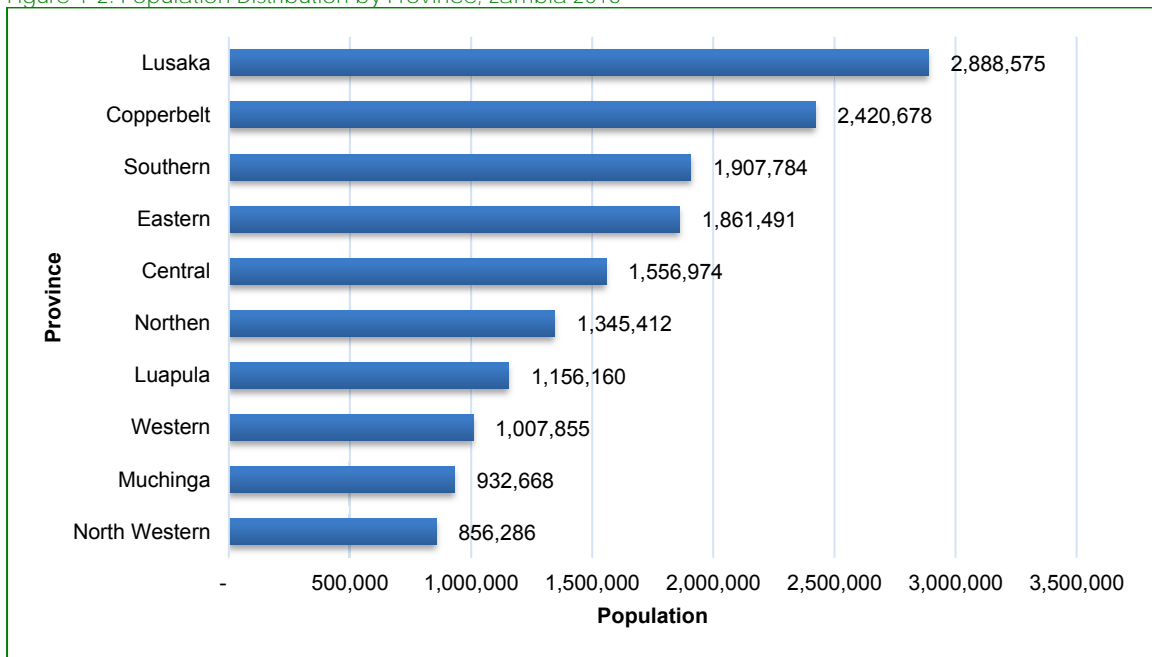


Figure 4-2: Population Distribution by Province, Zambia 2016



4.5 POLITICAL ECONOMY

4.5.1 Politics and development

The country has undertaken eight successful elections since the return to multi-party politics in 1991. These elections have been characterised by peaceful transition of power, making Zambia one of the most stable countries in Africa. Good governance and a stable political framework are necessary for sustainable development as they promote a conducive business environment, increased market confidence and attract foreign direct investment among others. In its quest to attain the above, the Government has continued to implement policies that promote transparency, accountability, citizen participation as well as strengthen governance institutions. A stable political environment gives Zambia

an opportunity to continue strengthening its institutions to support growth and development and maximise the attainment of development outcomes.

4.5.2 Repositioning Zambia as a developmental state

In 1964, Zambia's GDP per capita was nearly twice as high as that of South Korea. However, by 1999 the Koreans were almost 27 times richer. South Korea was able to achieve economic development by putting in place a developmental vision and strong state structures, which were effectively and efficiently applied to perform developmental roles. In addition, South Korea put in place programmes for mind-set change.

By using lessons from countries like South Korea, Zambia can reposition herself as a developmental state through the following:

- a) Addressing imbalances between economic growth and social development, through various policy instruments that are focused on expanding economic opportunities and efficient application of resources to address poverty;
- b) Efficient use of state-owned enterprises to drive strategic investment initiatives to spur growth and development (e.g. enhancing the role of the Industrial Development Corporation);
- c) Strengthening institutions to direct development and deal with factors that hamper effective delivery of public services, such as vices like corruption, patronage and lack of meritocracy;
- d) Making a firm commitment to build a developmental state that efficiently guides national economic development by mobilising the resources of society and directing them toward the realisation of common goals; and
- e) Creating an environment that fosters strong private sector participation in the socio-economic development process.

Crucial to addressing the above, there is need to have fundamental mind-set change. This will include, but not limited to, institutional and family values, work culture, self-reliance, partnerships, transparency, innovativeness, harnessing of social capital, result-orientation and public accountability. As Zambia repositions herself in the global market, there is need to recognise the long-term Vision based on the consensus premised on the need to safeguard the long-term development process.

4.6 POLICY ENVIRONMENT AND REFORMS

At the time of developing this Plan, Zambia was undertaking some of the following key reforms:

- a) Decentralisation – whose objective is to devolve some central government functions to lower levels with matching resources;
- b) Public Service Management Reforms – aimed at strengthening the efficient operations of the public service for enhanced service delivery;
- c) Private Sector Development Reforms – to create an enabling environment for the private sector to efficiently and effectively participate in the socio-economic development of the country;
- d) Public Finance Management Reforms – aimed at improving transparency and accountability in the utilisation of public resources, while enhancing systems for accounting for development results; and
- e) Financial Sector Development Reforms – aimed at creating an enabling environment to facilitate smooth functioning of financial markets by removing bottlenecks that constrain the operations of the market.

However, slow implementation of these reforms was detrimental to the timely realisation of development plan goals. Therefore, the Government will speed up the implementation of various policy reforms.

4.7 RAPID URBANISATION

Zambia has been categorised as one of the most urbanised sub-Saharan African countries, with 42.1 percent of the population living in urban areas. Urbanisation in Zambia has been characterised by linear growth along the line of rail, where most urban centres are located - the largest being Lusaka, Ndola and Kitwe. Urban residents generally have relatively better access to public services and infrastructure compared to their rural counterparts and experience greater development, resulting in clear distinctions in human settlements between urban and rural areas; and between different regions of the country.

Urbanisation in Zambia, however, has come with major development challenges that impinge on human and economic development and result in environmental degradation. In Zambia's major cities and other urban areas, the majority of residents live in squatter and unplanned settlements. As a result, most urban residents lack adequate access to housing, energy, clean and safe drinking water, sanitation, transport services, quality health services, quality education and employment opportunities.

The underlying reason for this state of affairs is ineffective urban planning and weak legal enforcement mechanisms. Although there has been rapid growth of the urban population, investment in urban infrastructure has not been commensurate with the growth in population.

Urbanisation has traditionally provided massive advantages to steer national socio-economic transformation efforts in developed and emerging economies. Urban areas present agglomeration advantages of concentrated economic activity that can drive country-wide economic growth by facilitating productivity increases and innovation by way of large product and labour markets and ease of exchange of knowledge and ideas. Moreover, cities allow for cost-effective provision of public services.

Policies and strategies need to be developed that will leverage the socio-economic opportunities and address the challenges associated with rapid urbanisation. In view of this, focus will be on developing an appropriate policy framework for managing country-wide urbanisation.

4.8 RURAL DEVELOPMENT

As at 2016, Zambia's population was estimated at 15.9 million of which 57.9 percent was rural-based. While the larger percentage of the population lives in rural areas, the country has had huge development deficits in rural areas, especially in key sectors that can help facilitate growth and development. Rural areas continue to have poor road networks and poor delivery of social services, limited access to electricity with the majority of the population working in the informal agriculture sector, characterised by low productivity.

The underdevelopment of rural areas is attributed to among other factors having a highly centralised system of development delivery which tends to disadvantage rural areas. Also, the fiscal architecture does not allow for direct receipts of resources for development of deprived rural areas. Despite high economic growth in the last 10 years, poverty has remained persistently high at 76.6 percent in rural areas, compared to 23.4 percent in urban areas. The disparity shows that in Zambia, poverty has a rural dimension and the economic gains of the country largely benefit the urban areas.

To reduce the growing regional inequalities, there is need for deliberate interventions focusing on rural development, supported by a comprehensive coordinated approach to stimulate rural development.

4.9 CLIMATE CHANGE

Zambia has been experiencing the effects of climate change resulting in extreme weather conditions, such as droughts, rising temperatures and unpredictable rainfall patterns. The frequency and intensity of climate events is expected to rise in future, with negative impact on the economy and consequently people's livelihoods.

It is estimated that the impact of climate change will cost Zambia approximately 0.4 percent of annual economic growth. It is further estimated that without action, rainfall variability alone could lead to losses of 0.9 percent of GDP growth over the next decade, thereby keeping a significant section of Zambia's population below the poverty line.

In addition, the fall in the country's hydro-power generation in the recent period by about 600 MW is mainly attributed to poor rainfall patterns. The lower supply of electricity has hampered growth prospects of Zambia's productive sectors of the economy, including agriculture, manufacturing, mining and services. Other adverse effects have led to increased costs of treating climate-related diseases such as malaria and the loss of natural environments, damage to infrastructure and disruption of biodiversity.

Climate change mitigation and adaptation measures have been mainstreamed in this Plan; these are expected to promote social wellbeing, including better health, growth of the economy and at the same time reduce environmental risks, such as shortage of water, air pollution and other effects.

4.10 GLOBAL AND REGIONAL INTEGRATION

Within the prevailing development context, Zambia continues to recognise the importance of foreign relations in creating an enabling environment for sustainable socio-economic development. The country's foreign policy emphasises the key role of economic diplomacy in national development with peace and security as indispensable conditions for the country's development. Global integration continues to benefit Zambia by availing opportunities to access global markets through various channels, including information and communication technology (ICT). ICT-based knowledge and products have positively impacted on the social and economic sectors, facilitated trade through the online non-tariff barrier reporting mechanism, as well as empowering individuals and the corporate world to take advantage of new opportunities.

Nonetheless, Zambia has become prone to global and regional risks which have the potential to negatively impact the country's socio-economic development. The greater the level of integration or interdependence among countries, the greater the potential for a number of risks, such as political turmoil, migration, trade imbalances, illicit trade, infectious diseases and the effects of climate change.

External shocks arising from financial integration and fluctuating commodity prices have been adversely affecting Zambia's growth parameters. Other risks of concern include terrorism, cyber-crime and digital misinformation. Arising from this, Zambia faces different effects brought about by regional and global integration. Going forward, the country has to harness the positives of global and regional integration as well as manage the potential risks.

The integrated development approach is premised on the principle of leaving no one behind. In doing this, the 7NDP will thrive on the country's economic potential, competitiveness and comparative advantages that can easily be exploited to bring about the required development transformation. This entails that the nation's development interventions will have to be harmonised with the regional and global development agendas, such as the AU Agenda 2063, the Regional Indicative Strategic Development Strategic Plan (RISDP), the Sustainable Development Goals, the Vienna Programme of Action, the Istanbul Programme of Action, and the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) protocols.

Through the 7NDP, the Government will create an environment to transition from the Millennium Development Goals (MDGs) to SDGs, given that the SDG domestication requires an integrated multi-sectoral engagement, with interlinking goals. This approach will be a springboard to the promotion of partnerships in a transformative manner, recognising the fact that SDGs are universal, and should dictate new and equitable development interventions and cooperation architecture.

PART II: MACROECONOMIC FRAMEWORK –TOWARDS ECONOMIC STABILISATION AND GROWTH



5. MACROECONOMIC POLICY FRAMEWORK AND REFORMS

5.1 OVERVIEW

The 2017-2021 macroeconomic framework for the 7NDP is guided by a paradigm shift from a sectoral to an integrated (multi-sectoral) development approach. The new approach takes into account the regional comparative advantage perspective aimed at achieving an inclusive, diversified and sustainable economy. It aims at dealing with the impact of the slow and fragile global growth prospects, domestic challenges, such as vulnerability to external shocks, and climate change effects.

The macroeconomic framework in the 7NDP period is also aimed at achieving economic transformation for improved livelihoods and creation of decent, gainful and productive employment, especially for the youthful population. This will be characterised by a stable and predictable policy environment for macroeconomic stability, increasing investor confidence and building a resilient and diversified economy. This will be underpinned by positive and sustained growth, and fiscal consolidation that supports macroeconomic stability, while improving the country's competitiveness. Furthermore, maintenance of a favourable monetary policy environment will be key for price and financial market stability, thereby aiding sustenance of single-digit inflation, a stable market and a competitive exchange rate.

5.2 MACROECONOMIC OBJECTIVES AND POLICIES

Specific macroeconomic objectives for the period of the 7NDP are as follows:

- a) Achieve an average annual real GDP growth rate of above 5 percent;
- b) Sustain single-digit inflation;
- c) Increase international reserves to at least 4 months of import cover;
- d) Raise domestic revenue collections to over 18 percent of GDP;
- e) Contain domestic borrowing to less than 2 percent of GDP;
- f) Reduce the budget deficit to less than 3 percent;
- g) Create productive and gainful job opportunities while improving the country's competitiveness;
- h) Increase the share of earnings from non-mining exports to about 50 percent; and
- i) Improve infrastructure development in the transport and energy sectors, with emphasis on increased private sector participation.

Based on the above objectives, Table 5-1 below highlights key macroeconomic indicator projections for the Plan period.

Table 5-1: Selected Macroeconomic Indicators – Baseline and Projections, 2017-2021

| | Baseline 2011-2016 | 2017 | 2018 | 2019 | 2020 | Projections 2021 |
|--|-----------------------|---------|---------|---------|---------|---------------------|
| Real GDP growth | 5.0 | 3.9 | 4.6 | 5.2 | 5.4 | 5.5 |
| GDP at constant prices (ZMW, millions) | 122,662 | 134,095 | 140,255 | 147,525 | 155,537 | 164,038 |
| Nominal GDP (ZMW, millions) | 181,276 | 240,123 | 271,728 | 309,659 | 354,571 | 406,072 |
| CPI inflation (end of period) | 21.1 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| CPI inflation (annual average) | 11.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Domestic borrowing (% of GDP) | 2.3 | <2 | <2 | <2 | <2 | <2 |
| Domestic revenue to GDP ratio (%) | 17.5 | >18 | >18 | >18 | >18 | >18 |
| Overall fiscal deficit, including grants (% of GDP) | (5.3) | <(3) | <3 | <3 | <3 | <3 |
| Gross international reserves (months of current cover) | >3 | 1.9 | 1.7 | >2 | >3 | >4 |
| Share of non-mining to GDP (%) | 79.8 | >80 | >80 | >80 | >80 | >80 |
| Current account balance, including grants (% of GDP) | 2 | (3.8) | <(2.4) | <(2.4) | <(2.4) | <(2.4) |
| Formal employment (% of total employment) | 16.1 | 18.3 | 19.5 | 21.8 | 23.5 | 25.0 |
| Working poverty rate (%) | 37.8 | 35.9 | 35.0 | 34.0 | 33.0 | 32.0 |
| Youth unemployment rate (%) | 14.9 | 13.9 | 12.8 | 11.7 | 10.6 | 10.0 |

5.2.1 Economic growth strategies

Economic growth during the 7NDP period is expected to continue on a positive trajectory, and is projected to average above 5 percent. Growth will be supported by policy interventions related to increased investments in growth sectors of agriculture, tourism, manufacturing and energy, supported by mining, public economic infrastructure in transport and communication, especially in the rural areas and continued investment for improved service delivery in education and health. Additionally, industrialisation strategies will underpin the growth prospects in the Plan period. The focus of the Plan on these sectors is expected to have the following benefits:

- a) Creation of decent, productive jobs and increased incomes; climate smart and organic agriculture, sustainable forestry, sustainable construction and small-scale mining sectors which will be the areas of focus as they are labour intensive;
- b) Increased foreign exchange earnings from agriculture, tourism, and small-scale mining, thereby increasing the economy's resilience to external shocks and dilution of mining sector contributions to foreign exchange earnings.

5.2.2 Fiscal policy

The fundamental function of fiscal policy during the Plan period is to ensure financial restoration, prudence and sustainability, in the wake of recent challenges arising from both domestic and international factors. The Government's focus in the Plan period is, therefore, to restore budget credibility, transparency and ensure policy consistency. The thrust in the Plan period is to continue with fiscal consolidation both on the revenue and expenditure side to provide a supportive environment to unlock development bottlenecks and stimulate growth. Further, the private-public partnership option will be utilised to provide for resource sharing on viable and economic programmes and projects. Key fiscal measures for the period include:

- a) Addressing the accumulation of high interest payments on public debt and the risks associated with it by, among other things, limiting domestic and foreign borrowing;
- b) Re-aligning infrastructure spending to ensure budgetary sustainability;
- c) Enhancing the credibility of the budget by strictly adhering to budget allocations and halting the accumulation of arrears;
- d) Continuing with the reform, review and/or better targeting of subsidies in fuel, electricity and agriculture;
- e) Developing robust funding systems that ensure adequate funding to revenue collection entities, introducing fiscal registers and strengthening tax administration including the increased interface between and among revenue collection agencies; and
- f) Strengthening and rolling out collection mechanisms.

5.2.3 Monetary and financial sector policies

During the Plan period, the Government's policy stance in the monetary and financial sectors will continue to focus on maintaining price and financial system stability. Additionally, maintaining a single-digit inflation level and a stable exchange rate for enhanced economic competitiveness will be critical to support growth.

In the financial sector, government policy will be that of ensuring stability in the bank and non-bank sectors, including enhancing financial market deepening to stimulate increased access to financial services to support economic growth. The Government's priority in the Plan period will be addressing the cost of finance and giving direction to the financial sector by putting in place measures to improve credit provision to MSMEs. This will include mitigating risks in key sectors such as agriculture, tourism and mining. Harmonisation and strengthening of various pieces of legislation governing the financial sector will be the main critical reform area in the monetary and financial sectors during the Plan period.

Further, the Government will develop a new policy and strategy on financial inclusion to drive the agenda of making financial services inclusive and affordable to all.

5.2.4 External sector policies

Maintaining an open economy, with a competitive and market-driven foreign exchange rate regime, will remain government policy in the Plan period. The emphasis will be to promote a diversified export base with more focus on non-extractive sectors, such as agriculture, forestry and energy, as well as to increase foreign direct investment inflows and build up international gross reserves to at least 4 months of import cover by 2021. Additionally, maintaining a market determined and competitive stable exchange rate of the local currency will be sustained.

5.2.5 Debt strategy and management

The Government will devise the Medium-term Debt Management Strategy and mechanisms for periodic reviews of the policy. The debt strategy is to continue with maximising the use of available concessional resources. Consistency between the levels of external financing at minimum cost to the Government with the wider macroeconomic objectives of fiscal consolidation is central to the debt strategy in the Plan period. It is the Government's commitment that any new borrowings will not impact on the country's external debt sustainability. Non-concessional borrowing will be pursued only for projects with a high rate of return, particularly infrastructure projects. Therefore, conducting regular debt sustainability will be pivotal in enhancing debt management.

As regards domestic debt, the Government's strategy is to use more of long-term debt financing instruments than short-term. This is in an effort to reduce domestic borrowing using costly short-term instruments. The Government will put in place measures to reduce domestic borrowing so as not to crowd out private sector investments.

The Debt Management Strategy will also consider various available financing options to ensure that the country does not default on its debt obligations falling due during the period 2022-2024.

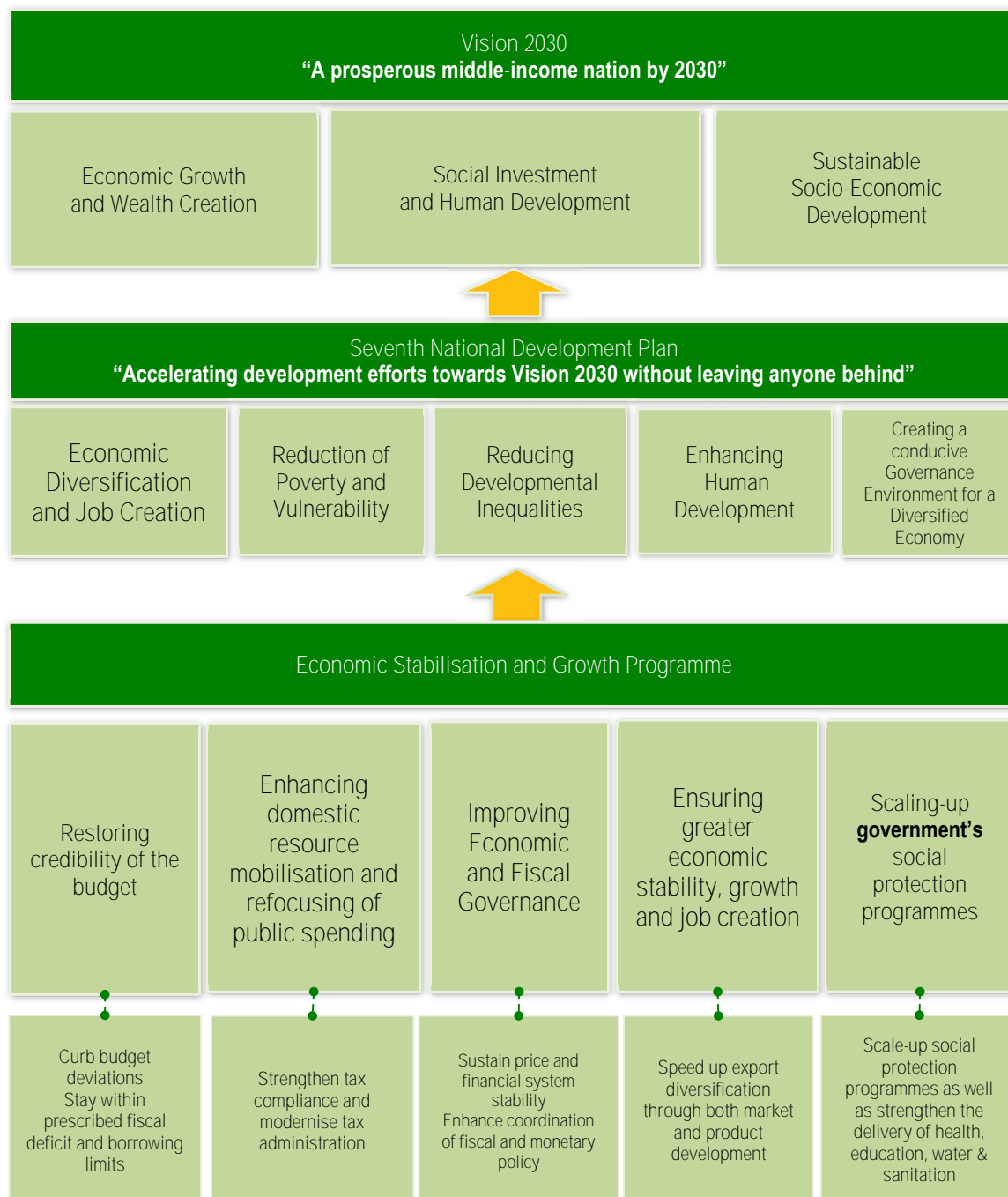
5.2.6 Structural reforms

To address structural imbalances in the economy as well as improve the efficiency of public financial management and institutions, the Government has formulated an Economic Stabilisation and Growth Programme (ESGP) aimed at restoring fiscal fitness to support inclusive growth and job creation. The Programme outlines key structural reforms which are aimed at:

- a) Restoring credibility of the budget by minimising unplanned expenditures and halting the accumulation of arrears;
- b) Enhancing domestic resource mobilisation and refocusing of public spending on core public sector mandates;
- c) Improving economic and fiscal governance by raising the levels of accountability and transparency in the allocation and use of public finances;
- d) Ensuring greater economic stability, growth and job creation through policy consistency to raise confidence for sustained private sector investment; and
- e) Scaling-up social protection programmes to shield the most vulnerable in our society from negative effects of the Programme.

These reforms will support the goal of "accelerating development efforts towards Vision 2030 without leaving anyone behind."

Figure 5-1: Linkages between the ESGP, the 7NDP and the Vision 2030



The following are some of the specific areas in which structural reform measures will be instituted:

- a) **Fiscal reforms** – The focus will be on reforming both revenue and expenditure. These reforms are aimed at achieving fiscal consolidation, to steadily reduce the budget deficit and aid to lower public debt, bolster investor confidence and reduce government borrowing. Emphasis will be on maintaining fairness and consistency in the tax system for improved equity and buoyancy. Key to this will be enhancement of revenue collection and enforcement mechanisms, and development of assured funding systems and policies to facilitate efficiency in tax administration.
- b) **Budget reforms** – Restoration of budget credibility will be pivotal in the Plan period. Crucial to this will be the migration from Activity-Based Budgeting to Output-Based Budgeting (OBB), to enhance the effectiveness of the budget. The shift to OBB will assist to align programme

structures of Ministries, Provinces and other Spending Agencies (MPSAs) expenditure estimates to their core functions and mandates and in line with the 7NDP. A better integration of planning and budgeting will facilitate the alignment of budget expenditures with the 7NDP objectives.

- c) To facilitate a more effective execution of the budget, the Medium-term Expenditure Framework will be strengthened through a more consultative policy review process and greater use of evidence with the MPSAs. In addition, the preparatory process of the Estimates of Revenue and Expenditure will be strengthened through effective use of analysis of historical expenditure and revenue.
- d) **Public financial management** – As a commitment to continue enhancing public financial management, the Government in the Plan period will focus on accelerating enactment of the Planning and Budgeting Bill, reviewing the Public Finance Act, fully operationalising the Treasury Single Account, enhancing mining sector value chain monitoring systems, restructuring the Zambia Public Procurement Authority and strengthening internal audit mechanisms.
- e) **Fiscal decentralisation** – The focus during the Plan period is to accelerate implementation of the National Decentralisation Policy for effective devolution of functions to councils. Of much importance to this will be the amendment of the Public Finance Act to provide guidance for implementation of an effective, efficient and transparent Inter-governmental fiscal framework for improved service delivery. Further, for effective transition of functions to councils, public officers managing devolved functions will be transferred to local authorities. Interventions will also be put in place to assist the dismantling of debt in councils and keeping statutory and contractual obligations current.
- f) **Subsidy reforms in energy and agriculture** – During the Plan period, the Government will focus on adjusting electricity tariffs (while maintaining the life line tariff to protect poorer households) and fuel prices in a phased manner to reach cost-reflective levels to attract private sector investment. In building towards the long-term, the entire electric energy sub-sector, including its legal framework, will be reviewed and reformed to ensure consistency with the liberalised market policy stance of the Government. In addition, fossil fuel prices, notably for oil and coal, will be gradually adjusted to reflect their negative externalities of pollution. At the same time enterprises' cost for employing labour will be reduced. This will incentivise more employment, less pollution and more energy efficiency. A similar scheme may be tested to tax charcoal while reducing the cost of and promoting alternative clean or improved cooking energy.
- g) In the agriculture sector, the focus will be on reforming the Farmer Input Support Programme (FISP) to be administered through the e-voucher system, to eliminate high overheads and improve targeting. It is also envisaged that the e-voucher will be rolled out to all districts and include high-yield locally produced organic fertiliser. This will stimulate local production and value addition in organic fertiliser production, reduce the import bill and make agriculture more sustainable and climate resilient. In addition, the Government will reform the Food Reserve Agency away from commodity marketing to focus only on strategic food reserve purchases.
- h) **Labour and pension reforms** – Labour is one of the most significant factors of production. To ensure that this important resource is well-managed to support economic growth and enhance diversification efforts, it is imperative that labour relations are improved, to create harmony between employer and employee interests. Therefore, the Government will, in the 7NDP period, strengthen the labour administrative system and promote the decent work agenda through accelerated implementation of labour reforms and create a comprehensive social security system.
- i) Key interventions in this regard will include: enactment of the Social Protection Bill, promotion of equal-pay-for-equal-work initiative, instituting performance-based remuneration reforms in the public service, and improving management of the public service payroll. Furthermore, the Government will ensure that resources from various national pension funds are utilised as an alternative financing mechanism for industrialisation.

- j) **Private sector development** – Reducing the cost of doing business is key for stimulating growth. The reform area will be on streamlining business registration, licensing and granting of incentives. Furthermore, the Government will accelerate implementation of measures aimed at improving the general business environment and making the country a prime destination for investment and wealth creation. In addition, the Government will continue with programmes and reforms aimed at growing MSMEs. The Government will also provide the requisite incentives to the private sector for industrialisation and export diversification.
- k) **Land reforms** – The reforms will focus on land mapping, audit and titling. Under land mapping the focus will be to enhance efficiency in mapping; the use of aerial techniques will be adopted to undertake a national land mapping. The land audit will assist to comprehensively establish land ownership, uses and availability for other developmental use to facilitate sustainable land use, planning and management as well as policy formulation. Key to this will be development of a land policy. Country-wide land titling will also provide impetus for access to credit.
- l) **State-owned enterprises** – In an effort to strengthen governance and operational efficiency of the existing state-owned enterprises (SOEs), the Government will streamline mandates of SOEs and set performance targets as a measure to increase their contribution to domestic revenues, employment creation and economic growth. Further, to address inefficiencies, high liabilities and poor financial management practices in a number of grant-aided institutions, a review of mandates, legislation and operations of these institutions will be undertaken to assess their viability and sustainability. This will be done with the view to amalgamate some of the mandates into existing government departments without compromising quality.
- m) **National statistics** – To support evidence-based policy formulation and effective programme monitoring and evaluation, the Government will strengthen the national system of statistics, to improve the quality and scope of statistical data in Zambia. The focus of the Plan in this area will be on developing cost-effective methods for collection, compilation and storage of data through increased investment in information and communication technology (ICT). Further, the National Strategy for Development of Statistics (NSDS) will be implemented, to improve timely release and quality of data provided for socio-economic decision-making. To effectively implement the NSDS, the Government will repeal the 1964 Statistics Act and replace it with more appropriate legislation in accordance with international statistical guidelines. Additionally, the Government will strengthen statistical units in MPSAs through the formulation and implementation of sectoral statistical strategies.

5.3 KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) in Table 5-2 will be used to monitor progress towards meeting the Plan's strategic focus of achieving economic transformation for job creation and improved livelihoods by sustaining a positive economic growth path which is diversified, inclusive and resilient. The measurement of key performance indicators will be based on three key areas, namely economic value-addition, job creation and sustainable development, and these encompass the broad macroeconomic objectives of the Plan.

Table 5-2: Key Performance Indicators – Macroeconomic

| Programmes | Key Performance Indicators | Baseline 2011-2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------|---|-----------------------|------|------|------|------|------|
| Economic Value Addition | Gross Domestic Product growth rate (%) | 5.0 | 3.9 | 4.6 | 5.2 | 5.4 | 5.5 |
| | Share of non-mining sectors as % of GDP | 79.8 | >80 | >80 | >80 | >80 | >80 |
| | Share of agriculture as % GDP | 7.8 | >8 | >10 | >10 | >10 | >10 |
| | FDI as a % GDP | 5.4 | >5 | >6 | >6 | >6 | >10 |
| | Manufacturing (% share) to GDP | 7.5 | >8 | >10 | >10 | >10 | >10 |
| | Share of NTEs earnings as % total export earnings | 24.9 | >25 | >30 | >30 | >30 | >30 |
| | Domestic revenue as % of GDP | 17.5 | >18 | >18 | >18 | >18 | >18 |
| | Overall fiscal deficit as % of GDP | (5.9) | <7 | <3 | <3 | <3 | <3 |
| | Domestic borrowing as % of GDP | 2.3 | <2 | <2 | <2 | <2 | <2 |
| | Trade balance (US\$ billion) | (1.52) | | | | | 1.5 |
| Job Creation | % of jobs generated by investments | | | | | | |
| | Agriculture (a) formal | (a) 11.3 | | | | | 20 |

| Programmes | Key Performance Indicators | Baseline 2011-2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------|---|-------------------------------------|---------|------|------|------|------|
| | (b) informal | (b) 56.0 | | | | | 40 |
| | Non-Agriculture | | | | | | |
| | (a) formal | (a) 88.7 | | | | | 95 |
| | (b) informal | (b) 43.9 | | | | | 30 |
| | Gini coefficient – measuring income inequality | 57.5 | <50 | <50 | <50 | <50 | <50 |
| Sustainable Development | Headcount poverty | 54.4 | | | | | <50 |
| | Extreme poverty | 40.8 | | | | | <40 |
| | Rural poverty | 76.6 | | | | | <70 |
| | Access rate to electricity | 33.1 | >35 | >40 | >40 | >40 | >40 |
| | Financially included adults (2015) | 59.3 | >60 | >70 | >80 | >90 | 100 |
| | Financially included adults – rural (2015) | 50.2 | >60 | >70 | >80 | >90 | 100 |
| | Financially included adults – urban (2015) | 70.3 | >80 | >90 | 100 | 100 | 100 |
| | Ratio of access to financial services using mobile services (2015) | 14 | >20 | >30 | >40 | >50 | >50 |
| | ICT penetration rate – ratio of households with access to mobile services | 64.5 | >70 | >70 | >70 | >70 | 100 |
| | Share of renewable energy in total energy mix | | | | | | |
| | Energy gap | | | | | | |
| | | Rate of deforestation (Ha per year) | 300,000 | | | | |
| Other Indicators | Annual average inflation (%) | 18.2 | <9 | 6-8 | 6-8 | 6-8 | 6-8 |
| | Gross international reserves (in months of import cover) | >3 | >3 | >3 | >3 | >3 | >3 |
| | Trade Dependence Index | 73.5 | | | | | |
| | Import Penetration Index | 34.8 | <30 | <20 | <20 | <20 | <20 |
| | Export Propensity Index | 33.1 | >35 | >40 | >40 | >40 | >40 |
| | Marginal Propensity to Import | 0.9 | <0.6 | <0.5 | <0.5 | <0.5 | <0.5 |

5.4 STRATEGIES FOR CROSS-CUTTING AND EMERGING ISSUES

5.4.1 The Elderly and disabled

During the Plan period, the Government will enhance measures to address the needs of the elderly and disabled to facilitate their integration as productive members of society. The specific issues of these vulnerable groups are often ignored and need to be considered since their living conditions are extremely difficult. Focus will be on infrastructure development, access to social services, such as health, home security, education, skills and entrepreneurship training. Access to employment for people with disabilities will also be supported. Compared to non-disabled persons, they experience higher rates of unemployment and economic inactivity and are at greater risk of insufficient social protection that is key to reducing extreme poverty.

5.4.2 Gender equality

As a commitment to promoting gender equality, the Government will maintain and accelerate efforts by facilitating organisational transformation to enhance responsiveness in all dimensions. To achieve this, the Government will enhance capacity for gender mainstreaming and engender policies, plans, programmes, projects, activities and budgets by coordinating and monitoring implementation of the National Gender Policy. With regard to women's empowerment, the Government will engender the planning and budgeting processes, especially in the key sectors driving national development. This will ensure equitable distribution of national resources between women and men, girls and boys and have meaningful impact in the medium and long-term on poverty reduction among women and girls.

5.4.3 Disaster risk reduction

Over the last three decades, floods and droughts cost Zambia more than US\$13.8 billion in disaster losses, which is equivalent to a 0.4 percent loss in annual economic growth. Currently, apart from emergency response to disasters and promoting integrated early warning strategies, disaster risk reduction is being enhanced through partnerships with key stakeholders who have contributed in reducing the impact of disasters. The issue of food security is important and the threats of floods, drought, cattle diseases, low agricultural technologies, refugees and internally displaced persons will be reduced through mainstreaming of disaster risk reduction in all key sectors of the economy.

Furthermore, since climate change has increased the frequency and intensity of disasters, the 7NDP will put in place strategies that aid affected communities to adapt to its effects through climate proofing their livelihoods, production and assets.

5.4.4 HIV and AIDS

Zambia has an estimated number of 1.2 million people living with HIV. However, the country has been able to stabilise the epidemic with HIV prevalence decreasing from 15.6 percent in 2002 to 11.6 percent in 2016. Between 2009 and 2016 the rate of new HIV infection dropped by more than 41 percent. Nonetheless, there are still about 46,000 new HIV infections annually that require concerted effort, continued domestic investment and leadership to reduce the new HIV infection and eventually achieve zero new infections. Currently, approximately 800,000 people living with HIV are on life-saving Antiretroviral Therapy.

Zambia is committed to the 2016 High Level Meeting Political Declaration that reaffirms member states' commitment to ending AIDS by 2030 in solidarity with the global community and ensuring country ownership, leadership and accountability. This commitment aims at achieving the 90-90-90 treatment targets by 2020. The 90-90-90 targets refer to 90 percent of people living with HIV know their HIV status, 90 percent of people tested positive for HIV get access to treatment services and 90 percent of people on antiretroviral treatment achieve HIV viral load suppression.

Efforts to enhance partnerships with stakeholders, such as communities, civil society, national and regional governments, political institutions, international organisations, academia, faith-based organisations and the private sector will be critical to achieving the 2020 targets.

The Government's strategy in the Plan period will be to reduce the national HIV prevalence which stood at 11.6 percent in 2016. During the Plan period, the Government will build on efforts to reduce the disease burden, the national HIV prevalence rate and the relatively high HIV prevalence for pregnant women. In the quest to reach a target of zero HIV transmission rate, the management of HIV/AIDS programming requires a strengthened holistic multi-sectoral approach for the nation to avert the scourge in a well-coordinated and sustainable manner. The social determinants of the disease burden have to be examined holistically. Every key stakeholder, including society at large, has a role to play to meet the goal of ensuring healthy lives and promote wellbeing for all at all ages through promotion of healthy behaviours and lifestyles.

Emphasis will be to avert and reduce the rate of new infections through promotion of programmes targeting prevention, mitigation, treatment, care and support, such as prevention of mother-to-child transmission in family setups and integration of prevention strategies at all levels of health care services, to reduce the disease burden.

PART III: THE PLAN – TOWARDS THE VISION 2030



6. 7NDP: TOWARDS THE VISION 2030

6.1 OVERVIEW OF THE VISION 2030

The 7NDP is a building block formulated to meet the goals contained in the Vision 2030. The Vision 2030 is a long-term plan that expresses the aspirations of the Zambian people to live in a strong and dynamic, middle income industrial nation that provides opportunities for improving the wellbeing of all. It embodies values of socio-economic justice underpinned by the principles of: Gender-responsive, sustainable development; Democracy; Respect for human rights; Good traditional and family values; Positive attitude towards work; Peaceful co-existence; and Public-private partnerships (PPPs). The Vision 2030 outlines long-term national and sector goals for attaining desirable socio-economic indicators, to fulfil the Zambian people's aspirations. Once implemented, the Vision positions Zambia as an economy which is competitive, self-sustaining, dynamic and resilient to any external shocks, supports stability and protection of biological and physical systems and is free from donor dependence. Added to these aspirations, Zambia is expected to have stable social and cultural systems that support human capital formation. Table 6-1 outlines additional attributes of the Zambian economy as they are envisioned to be in 2030.

Table 6-1: Zambia at a Glance in 2030

- A diversified, private sector-driven competitive economy providing equal opportunities for employment, entrepreneurship and investment;
- A country free from hunger, poverty and other forms of deprivation;
- An educated society with a youthful, economically productive and innovative population as a major asset for the country's productive base;
- A healthy society with a low disease burden and low mortality rate;
- A peaceful, tolerant, resilient and cohesive society with positive aspirations;
- A modern country with cities, towns and provincial areas that are secure, well-planned, providing basic amenities and linked by good roads and accessible by other types of transport systems;
- A thriving democracy based on political diversity, respect for human rights and freedoms and the rule of law;
- A country served by a modern, productive, efficient and performance-oriented public service;
- A country of culturally diverse, friendly, neighbourly people well-integrated into the African and international community.
- A country with rich bio-diversity where humans and the natural habitat mutually co-exist.

The aspirations of the Vision 2030 are operationalised through national development plans (NDPs). To date, Zambia has developed the Fifth National Development Plan (FNDP), the Sixth National Development Plan (SNDP) and the revised Sixth National Development Plan (R-SNDP). The development outcomes in the previous NDPs have provided contrasting development scenarios from what is espoused in the Vision 2030.

The Vision 2030 articulates alternative long-term development scenarios for the attainment of desirable socio-economic indicators by 2030. These are the baseline, preferred and optimistic scenarios. The baseline scenario assumes a real growth rate of 6 percent over the life-span of the Vision 2030. The preferred scenario assumes real growth rates of 6 percent in the period 2006-2010, 8 percent in 2011-2015, 9 percent in 2016-2020 and 10 percent in 2021-2030. Finally, the optimistic scenario assumes 6 percent real growth rate in the period 2006-2010, rising progressively to 14 percent by 2030.

The FNDP was required to propel economic growth at a rate of 6 percent between 2006 and 2010. The outturn during this period was 6.9 percent; despite this positive outcome, other social-economic indicators, such as poverty levels, remained high. Similarly, the SNDP era was supposed to grow the economy between 8 and 9 percent. However, the outturn has been an average growth of around 5 percent. Global and domestic challenges saw growth falling to 2.9 percent in 2015 from 6 percent in 2014. The 7NDP aims to grow the economy at an average of 5 percent over the period 2017-2021. The 7NDP has been developed in a way that will help put the country on the right track to meeting the Vision 2030.

6.2 UNPACKING THE VISION 2030

The Government through the Ministry of Development Planning has developed a National Performance Framework (NPF) as a tool that will assist government implementing agencies to logically link development in a manner that leads to the realisation of the Vision 2030. The NPF has been developed to support the planning, monitoring, evaluation and budgeting of medium-term national development plans covering the period 2016-2030. The NPF identifies four strategic objectives, seven long-term outcomes and key performance indicators (KPIs), 30 medium-term outcomes and 112 national measurement indicators.

To attain the Vision 2030, the four NPF strategic objectives are:

- a) To diversify and make economic growth inclusive;
- b) To enforce environmentally and socially sustainable development principles;
- c) To improve competitiveness and innovation; and
- d) To strengthen governance mechanisms and institutional capacities for sustained development.

Analysis of the Vision 2030 through its performance framework breaks down its provisions into nine Key Result Areas with accompanying outcomes and Key Performance Indicators. This means that if all medium-term plans until 2030 are effectively implemented, Zambia as a middle-income country will have the attributes depicted in Table 6-2.

Table 6-2: Long-term Outcomes and Description

| Long-term Outcome | Description "In 2030, Zambia will..." |
|--|---|
| 1. A Nation with Peace and Unity | ...have become a safe and secure country that universally embraces the principles and practices of equal access to justice, peaceful co-existence, common and shared destiny, unity in diversity, patriotism and ethnic integration. |
| 2. A Nation with Improved Governance | ...have incrementally developed political systems and structures drawn from global democratic practices that help to strengthen governance mechanisms and institutional capacities necessary to promote the Vision 2030, provide an enabling macroeconomic and sustainable development environment and promote public-private partnerships to drive development. |
| 3. A Nation without Hunger and Poverty | ...have significantly reduced hunger and extreme poverty and have institutionalised measures to provide socio-economic opportunities for poor women, men, youths and children. |
| 4. A Nation with Diversified and Sustainable Growth | ...have attained the status of a dynamic, regionally and internationally integrated and environmentally-friendly upper middle-income country with a diversified, balanced and strong industrial sector, a modern agriculture sector and an efficient and productive services sector that provides decent work opportunities for all citizens. |
| 5. A Nation with Equality and Rights | ...have firmly ensured provision of livelihood and empowerment through social protection schemes, mainstreamed women's participation and access to economic resources and enforced rights protection of the vulnerable, especially children and people with disabilities, at a level achieved by exemplary upper-middle income countries. |
| 6. A Nation with Improved Human Capital | ...have created a healthy and skilled working population that can meet the demands and challenges of upper middle-income development; that is, a technology-proficient, fully adaptive, innovative and productive labour force that also adopts exemplary work ethics, honesty, human and ethical values, quality consciousness and a quest for excellence. |
| 7. A Nation with Social Wellbeing | ...have provided its citizens with social wellbeing benefits derived from access to key public services based on the principle of people-centred development, in which citizens participate and benefit from the development process. |
| 8. A Nation with a Competitive Economy and Innovative People | ...have developed its economy to be efficient and capable to produce quality products competing favourably at international level and the costs of setting up and sustaining a business would have substantially dropped; this is expected to attract more local and foreign investments to drive the growth of the economy; new products and innovations would be entering the local and foreign markets thereby promoting efficiency and innovativeness in the economy. |
| 9. A Nation Existing in a Sustainable Environment |have improved its laws and regulations and institutions to promote and encourage sustainable use of environmental resources and adoption of environmentally-friendly practices to support the wellbeing of the population. |

Moving towards the Vision 2030 will require that the pathway to development is focused on the attributes outlined in Table 6-2. Given the development trends of the last few years, the 7NDP will be based on measures to mitigate risks to the economy and create a stable macroeconomic environment for results of other pillars to manifest in the medium to long-term. It, therefore, follows that the creation of a resilient and diversified export-oriented economy is paramount to setting Zambia back on the right path to meeting the Vision 2030.

6.3 MOVING TOWARDS THE VISION 2030: WHAT IT WILL TAKE

Zambia has to make fundamental policy shifts if the country is to achieve the objectives of the Vision 2030. Achieving these objectives is essential to repositioning the Zambian economy onto growth and development, in a manner that makes the country less susceptible to both domestic and external shocks. This is seen as a critical area of focus midway before the expiry of the Vision 2030. The following issues will be explored in the 7NDP, in line with the Vision 2030:

- a) **Accelerating economic diversification:** It is imperative that the Government fully exploits the country's resource endowments and diversifies away from copper while expanding job opportunities. The Zambian economy remains dependent on mining, with copper contributing approximately 77 percent to total exports. Diversifying away from copper is essential for shielding the economy from the effects of adverse commodity price fluctuations. Adverse movements in the international price of copper have a history of destabilising the economy as occurred in 2015 when the Zambian economy experienced three simultaneous shocks to domestic output (poor harvest, power crisis and sharply falling copper prices) which combined to place significant downward pressure on the exchange rate, upward pressure on domestic prices and created further fiscal pressures. Table 6-3 presents GDP shares for the priority sectors in 2010 and 2015. The contribution of mining to GDP marginally fell by 0.2 sectoral GDP shares between 2010 and 2015. The other sectors – agriculture, manufacturing and tourism (accommodation and food services) – saw reductions of 4.9, 0.4 and 0.1, respectively, in their contributions to GDP. Progress towards diversification should show a much bigger reduction in the contribution of mining to GDP and increases in other sectors.

Table 6-3: GDP Shares for Priority Sectors in 2010 and 2015

| Sector | Sectoral GDP Share | |
|---|--------------------|------|
| | 2010 | 2015 |
| Agriculture | 9.9 | 5.0 |
| Mining | 12.9 | 12.7 |
| Manufacturing | 7.9 | 7.5 |
| Accommodation and food services (Tourism) | 1.7 | 1.6 |

- b) **Building a strong manufacturing and industrial base:** A broad-based and buoyant manufacturing and industrial base is key to building a strong export-oriented economy that can create resilience in the economy to both external and domestic shocks. This is crucial to ensuring a stable foreign exchange, enhanced foreign currency reserves, stable inflation, more decent jobs and an expanded capital base for the economy, among other things. A strong manufacturing and industrial base also helps in forging backward and forward linkages between primary, secondary and tertiary industries and ensures sustained circular flow of resources within the economy while bolstering job creation. The manufacturing sector contributed about 8.6 percent to GDP in the period 2006-2010. However, the sector's contribution fell to 6.2 percent in the 2011-2015 period.
- c) **Promoting graduation of micro and small to medium-scale enterprises:** Recognising the positive correlation between the growth of MSMEs and job creation, efforts will be made to address factors that impinge on the growth of MSMEs. These factors include prohibitive interest rates, lack of collateral to enable entrepreneurs borrow and expand their businesses, poor access to technology, weak entrepreneurial culture, weak collaboration among indigenous businesses and a weak policy environment to support MSME growth.

- d) **Investing in human capital development:** Even though Zambia is well within the Vision 2030's objective of maintaining the unemployment rate below 10 percent, the country still lacks adequately skilled workers. The major challenge that the country faces is that most workers enter the labour force after dropping out of school and without attaining basic numeracy, ICT and literacy skills. The Government will in an effort to improve the skills of the workforce, promote a bias towards training programmes and investments in technical and vocational skills that tend to promote self-employment, especially among the youth. Vulnerability of the economy should be tackled at various fronts, one of which should include focusing on the country's human capital, especially the youth, to effectively participate in employment opportunities that may arise from increased economic activities in sectors that will drive economic diversification.

Moreover, efforts will be made to match investment prospects that tend to define future labour characteristics, to the supply of skills. The Government will in the 7NDP period facilitate investment in generating information on job prospects and strengthen the interface between job seekers and the market.

- e) **Strengthening governance mechanisms and institutional capacities:** To accelerate attainment of a diversified and inclusive economy, good governance is imperative. This implies improving the policy environment, transparency and accountability, accelerating decentralisation and devolution to local authorities and improving the rule of law, human rights and constitutionalism.

6.4 OVERALL GOAL AND STRATEGIC OBJECTIVES OF THE 7NDP

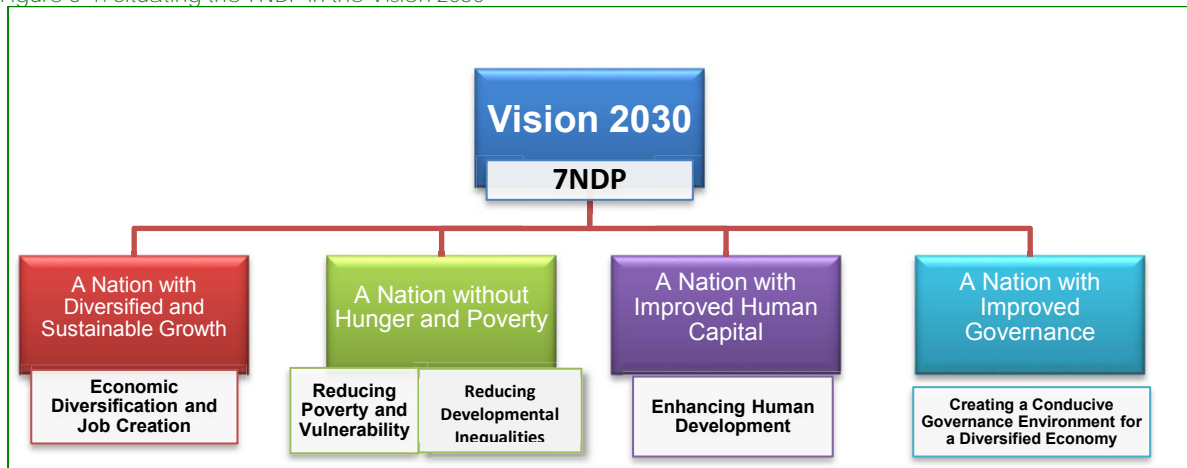
The main goal of the 7NDP is to create a diversified and resilient economy for sustained growth and socio-economic transformation driven by agriculture, mining and tourism. The 7NDP prioritises strategies and programmes that show promise of diversifying the economy. The Plan also takes cognisance of the need to increase employment opportunities for all Zambians. Therefore, efforts have been made to not only identify sectors with growth potential, but also those that have the capacity to add value to job creation. Further, the Plan prioritises interventions that ensure that no one is left behind as the economy grows. Thus, emphasis is placed on strengthening governance systems and institutions to ensure that growth is sustainable.

Realisation of the overall goal of the 7NDP will be achieved through the following strategic objectives:

- a) To diversify and make economic growth inclusive;
- b) To reduce poverty and vulnerability;
- c) To reduce developmental inequalities;
- d) To enhance human development; and
- e) To create a conducive governance environment for a diversified and inclusive economy.

The objectives of the 7NDP are anchored on some of the long-term outcomes that have been derived from the Vision 2030. Figure 6-1 illustrates the specific objectives of the 7NDP and the corresponding long-term outcomes of Vision 2030.

Figure 6-1: Situating the 7NDP in the Vision 2030



To attain the Vision 2030, Zambia will **diversify and make economic growth inclusive** (inclusive and diversified growth). This strategic objective addresses the negative consequences of Zambia's traditional adherence to copper as a dominant source of revenue and maize as the main staple food. Both policies have not sufficiently supported poverty reduction and hunger eradication in rural areas. This strategy is to be adopted in the remaining 15 years (2017-2030), divided into stages of diversification of agricultural products, development of agro-business and other manufacturing sectors and expansion of the service sector, in particular tourism. Specifically, the pathway to a nation with a diversified economy will benefit from the following interventions:

- a) Improved production of technology and innovation through the use of research and development;
- b) Improved priority socio-economic physical infrastructure;
- c) Restructured, diversified and export-oriented economic sectors;
- d) Increased private sector engagement across sectors;
- e) Increased employment opportunities in both urban and rural areas; and
- f) Enforced sustainable development principles.

Attaining the Vision 2030 also requires that the **poor and vulnerable are safeguarded** (reducing poverty, inequality and vulnerability). This pathway reflects two sets of outcomes. The first is a reduced number of the poor and vulnerable through national target programmes on hunger eradication and poverty reduction. The second is derived from the trickle-down effects coming from social assistance, labour market programmes, gender equality work, housing support, universalisation of secondary education, health care and health-related benefits for the poor and access to services. The 7NDP also focuses on interventions that support those poor households that have the capacity for self-sustenance through livelihood empowerment programmes that will enable them graduate and enter the mainstream economic sectors. Specifically, the 7NDP will aim to:

- a) Reduce all forms of inequality;
- b) Promote a well-nourished population free of all forms of malnutrition, capable of contributing to economic growth and diversification;
- c) Improve the general welfare of poor and vulnerable households; and
- d) Promote livelihoods and empowerment.

Realising the Vision 2030 will require an **improvement in human development** (enhanced human development). This strategic area addresses the need to develop human beings' capacities, specifically their ability to be educated, be healthy, have a reasonable standard of living and feel safe. It also addresses the need to attain the desired human capital development by building inclusive and appropriate skills that respond to the demands of the labour market. Building appropriate skills relies heavily on the quality of primary and secondary education. However, the proportion of primary school

learners that graduate to secondary school, and eventually to tertiary education, is still small. The following specific strategies will be pursued:

- a) To promote a highly skilled workforce that contributes effectively to economic growth and diversification;
- b) To promote livelihoods and empowerment in rural areas;
- c) To enhance the effectiveness of economic empowerment programmes;
- d) To achieve universal health care through improved health-related services; and
- e) To improve the education system that produces individuals with numeracy, ICT and literacy skills beyond a basic level.

Finally, to realise the Vision 2030, Zambia will also strengthen governance mechanisms for creating conditions to accelerate Zambia's diversification and inclusive growth agenda (enhanced governance environment).

This strategic area takes cognisance of the SDGs, especially those related to gender equality, decent work and economic growth, and peace, justice and strong institutions that are seen as key for the creation of a good governance environment. This strategic area addresses the necessary frameworks and capacities in the public sector for initiating medium-term changes for Zambia to realise its vision of total adherence to good governance by 2030. The 7NDP will focus on the following key areas to reach this vision:

- a) Improving the policy environment;
- b) Improving transparency and accountability;
- c) Establishing an inclusive democratic system of governance;
- d) Improving service delivery;
- e) Accelerating decentralisation and devolution to local authorities; and
- f) Improving the rule of law, human rights and constitutionalism.

The strategic areas outlined above are envisaged to set the stage for transforming Zambia into a diversified and inclusive economy, while strengthening governance systems and safeguarding the poor and vulnerable. The specific interventions to be implemented over the 7NDP period are described in detail in the ensuing chapters.

PART IV: STRATEGIC AREAS OF THE 7NDP



7. ECONOMIC DIVERSIFICATION AND JOB CREATION

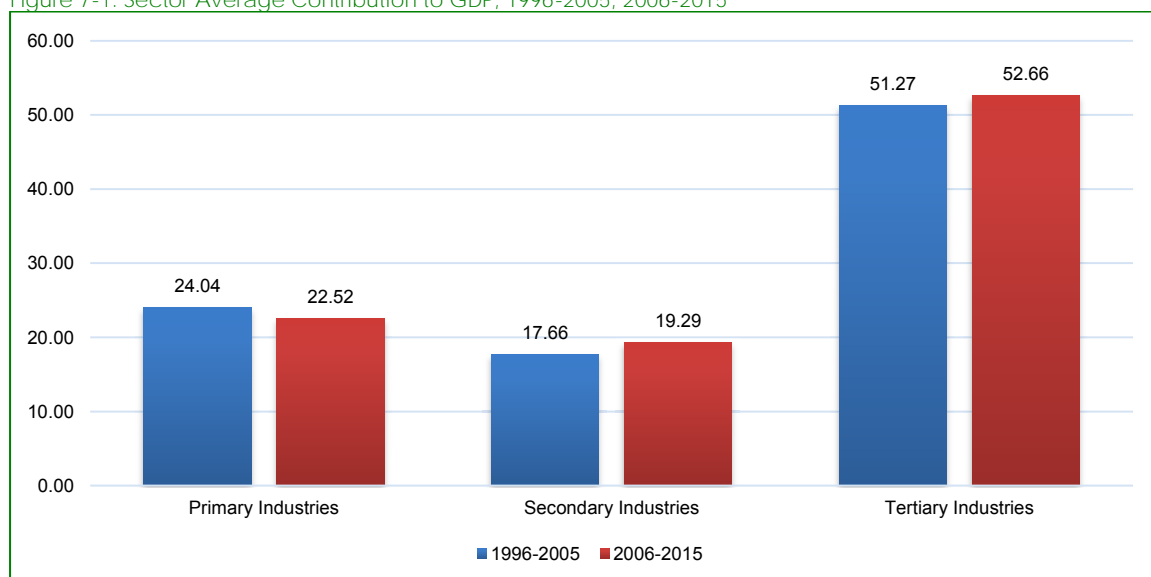
7.1 OVERVIEW

The Government aspires to deliver a prosperous middle-income economy that offers decent employment opportunities for all Zambians of different skills and background, by harnessing opportunities for economic diversification and growth. Economic diversification offers Zambians opportunities to realise additional jobs and benefits from Zambia's vast endowment of natural and human resources. Zambians, both from rural and urban areas, will benefit from a stronger and more diversified economy that supports a strong manufacturing base. The vast raw materials in agriculture and mining offer opportunities for value addition through forward linkages to manufacturing and agro-processing, and increased production and exportation of non-traditional exports to domestic and international markets.

Regrettably, Zambia has achieved minimal economic diversification over the previous development plans. Economic output remains concentrated in the tertiary and primary sectors dominated by retail and wholesale trade, agriculture and mining. The secondary sector that is expected to support high value manufacturing remains subdued. Equally, the structural composition of GDP is not commensurate with the distribution pattern of employment where employment is heavy in the low productivity agrarian sector. The GDP share of wholesale trade is the highest of all the industries while its share of employed population is only 11.8 percent, compared to agriculture, forestry and fisheries whose share of employment is 48.9 percent. Mining and quarrying, despite being the second highest industry with regard to GDP share, only accounts for 1.4 percent of the employed population; this is largely due to the high level of mechanisation. Construction and manufacturing account for 3.8 percent and 3.1 percent of the employed population, respectively. The failure to absorb labour in sectors other than agriculture is attributable to a mismatch between acquired skills and the job needs of employers, inability of industry to absorb the fast-growing labour force and short and underdeveloped value chains.

Figure 7-1 below shows that secondary industries had the smallest percentage contributions to GDP of 17.66 and 19.29 in the periods 1996-2005 and 2006-2015, respectively while the highest were in tertiary industries with 51.27 and 52.66, respectively. Primary industries took the second position with 24.04 and 22.52, respectively.

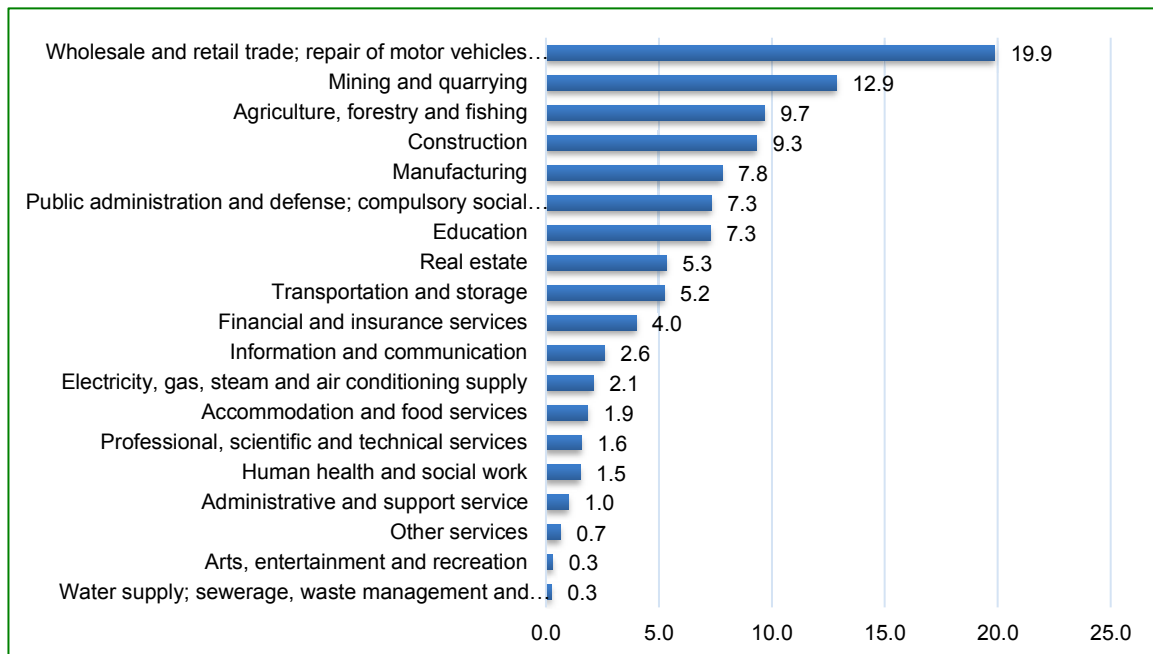
Figure 7-1: Sector Average Contribution to GDP, 1996-2005, 2006-2015



Source: Central Statistical Office

The notable contributors to GDP over the last 10 years were wholesale and retail trade averaging 19.9 percent, followed by mining and quarrying at 12.9 percent, agriculture, fish and forestry at 9.7 percent and construction at 9.3 percent. Other notable industries were manufacturing at 7.8 percent, public administration and defence at 7.3 percent and education at 7.3 percent. Figure 7-2 below shows the industry contribution to GDP for the period 2006-2015.

Figure 7-2: Industry Contribution to GDP (average), 2006-2015



Source: Central Statistical Office

Though agriculture is the largest employer, the sector's low contribution to GDP calls for radical strategies to improve production and productivity as well as value addition along sub-sector value chains.

While some strides have been made towards export diversification, the export portfolio is still dominated by traditional primary commodities, mainly copper, cobalt and maize which account for over three-quarters of total exports. This is despite an increase in manufactured products, such as sugar and cement. The total number of export products, however, increased from 704 in 2005 to 843 in 2015. In addition, the country has diversified its market, having been exporting to 68 countries in 1997 to 126 in 2015. Non-traditional exports (NTEs) present substantial opportunity for export growth and diversification but their contribution remains inadequate, staggering on average to below 35 percent of total exports in the last ten years. For instance, the share of NTEs to total exports grew from 19.8 percent in 2006 to 25.6 percent in 2015 as Figure 7-3 below shows.

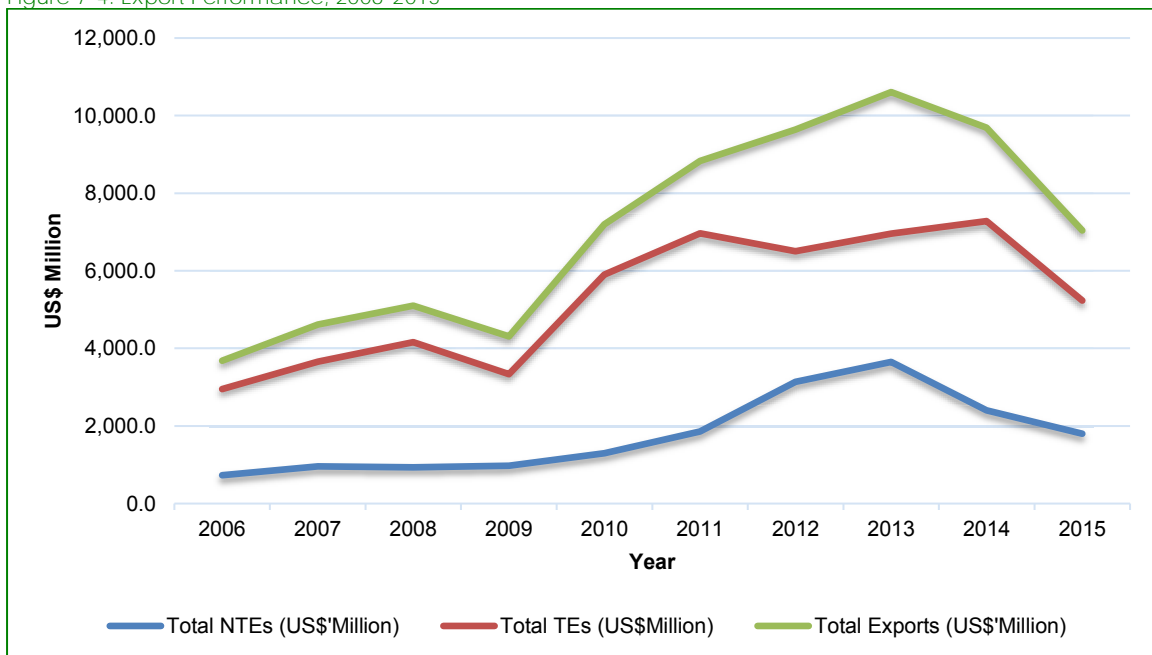
Figure 7-3: Non-Traditional Exports as a Share of Total Exports, 2006-2015



Source: Central Statistical Office

Total exports exhibited steady growth from US\$3,682 million in 2006 to US\$7,038 million in 2015, having recorded a peak of US\$10,607 million in 2013. However, owing to unfavourable commodity prices on the international market, exports declined from 2013 to 2015 as shown in Figure 7-4.

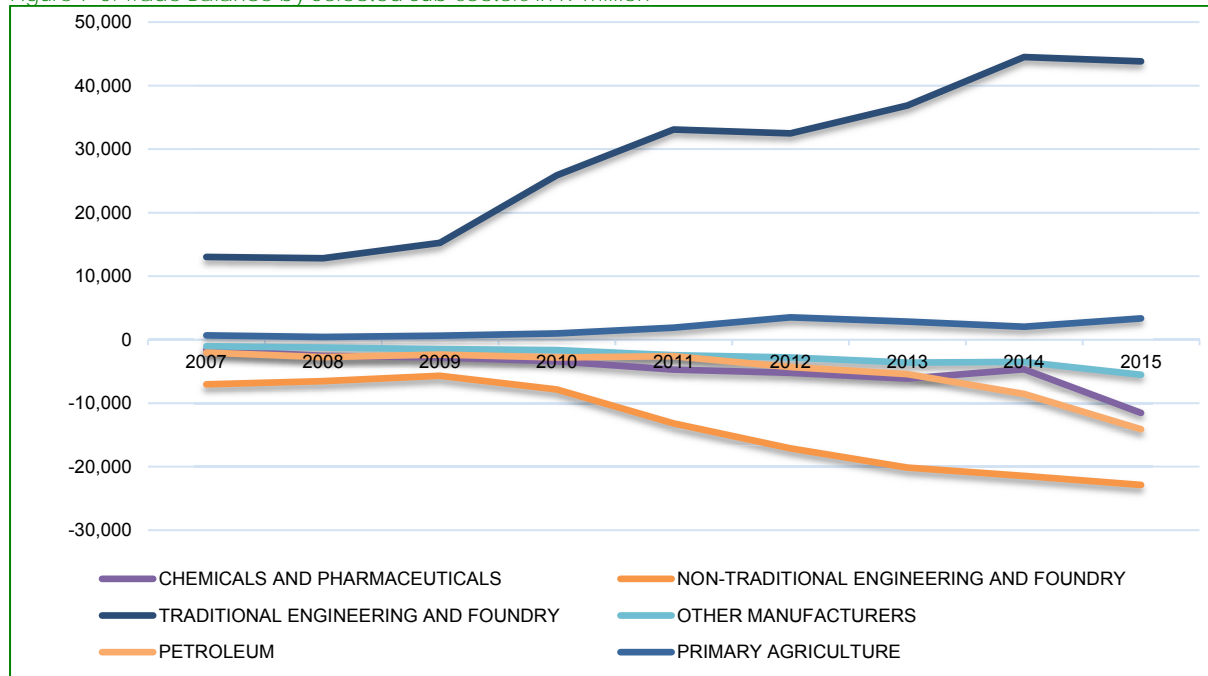
Figure 7-4: Export Performance, 2006-2015



Zambia continues to depend heavily on imports for finished consumer products, intermediate inputs and machinery. This negatively affects the performance of the trade balance and economic resilience during periods of adverse fluctuations in global commodity prices. The trade balance posted a healthy surplus over the last decade although it started to lose ground towards the close of the SNDP/R-SNDP owing to various domestic and external factors, such as energy deficit, plummeting copper prices and export bans on maize. Heavy reliance on imports for finished consumer products, intermediate inputs and machinery is also responsible for the excessive foreign currency drain, deterioration of the exchange

rate and inflationary pressure that the country has been experiencing in the recent past. Zambia’s trade surplus is mainly driven by refined copper and cobalt – traditional engineering and foundry – while the deficit is driven by NTE engineering and foundry products, petroleum, chemicals and pharmaceuticals and other manufactured products. Figure 7-5 below shows the trade balance performance for the last decade.

Figure 7-5: Trade Balance by Selected Sub-sectors in K' million



Source: Ministry of Commerce, Trade and Industry

Zambia has an opportunity to accelerate diversification in production and export of non-traditional commodities in agriculture, mining, manufacturing and tourism. This can be achieved through product and market diversification, value addition, enhanced productivity at firm level and enhanced contribution of NTEs. Private sector participation will be crucial for the overall success of economic diversification. The Government will support the business regulatory environment as well as play an active role in the provision of supportive infrastructure and investment partnerships. However, there is need to address the constraints that have hampered the country’s diversification efforts.

7.2 BINDING CONSTRAINTS TO ECONOMIC DIVERSIFICATION AND JOB CREATION

Zambia’s efforts to achieve economic diversification and job creation can be attained through addressing socio-economic and structural issues which constitute binding constraints. These constraints are related to:

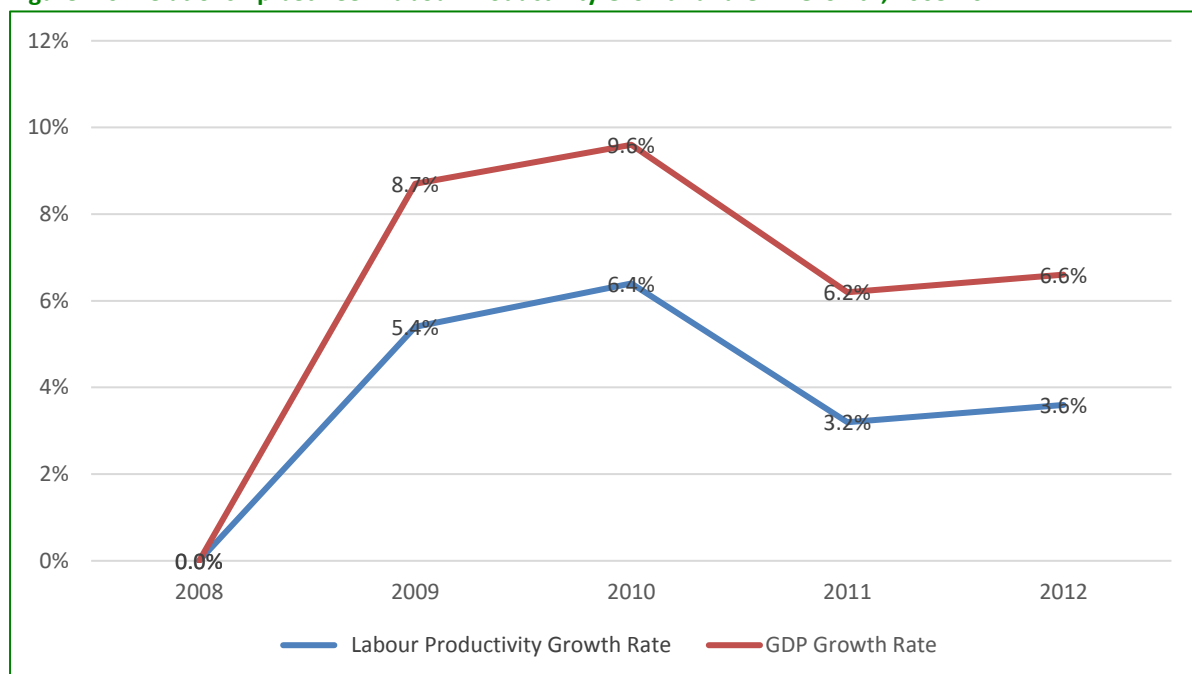
- a) **Inadequate infrastructure** – Inadequate levels and low quality of infrastructure development lead to low economic activity and high production costs which result in low competitiveness. Critical infrastructure, such as housing, electricity, feeder roads, rail, air and water transport and water supply and sanitation has not been adequate to facilitate the desired levels of economic transformation and leverage private investment.
- b) **High cost and limited availability of long-term finance** – The high cost and limited availability of long-term finance remain major constraints to growth, particularly for small to medium-scale enterprises. The major form of finance in Zambia is commercial bank loans that are mainly designed to support cash flow solutions and not long-term capital. At the same time, rural finance, venture capital and leasing finance that offer targeted finance products to

particular business segments remain underdeveloped. This has posed serious limitations and ability of entrepreneurs to start or expand their operations.

- c) **Inadequate water resource development and supply** – Zambia’s inability to adequately harness its vast water resources is a binding constraint to growth in a number of sectors, such as agriculture, manufacturing, energy, transport, mining and tourism.
- d) **Low labour productivity** – Productivity is directly linked to improved standards of living in the form of higher consumption arising from higher growth rates. An increase in value addition per employee leads to a growth in GDP. In Zambia, trends indicate that labour productivity has been declining. Figure 7-5 below shows the relationship between labour productivity growth and GDP growth for the period 2008-2012. Increased productivity results in the production of more goods and services for the same amount of relative work and this helps in transforming people’s living standards. There is a positive correlation between increase in physical capital, technology and human capital with an increase in productivity. One of the binding constraints to raising productivity has been weak physical capital, which are the resources that people have in savings and investments as well as lack of access to technology to bring about higher production outputs within a short period of time. This is exacerbated by weak human capital as a result of low levels of productive skills in specialised production lines required to improve efficiency in the production of goods and services.

It is imperative in the 7NDP period that efforts are made to re-orient the economy such that the production of outputs is done with the barest minimum levels of inputs used in the production process. Where outputs increase while labour hours for instance remain static, is an indication that the economy is advancing technologically. In agriculture, which is the main driving sector for economic diversification, yields per hectare are much lower than in advanced economies, which requires investment in education to increase human capital, promote research and development and access to technology with a view to increasing outputs and exports earnings.

Figure 7-6: Relationship between Labour Productivity Growth and GDP Growth, 2008-2012



Source: Central Statistic Office

- e) **Low access to land** – Land is an important resource for investment, production of goods and services in the economy, wealth creation and ultimately poverty reduction. However, there are several constraints in accessing land on title, such as inadequate information on land issues, inefficiencies and delays in processing title deeds and insecure land tenure systems.
- f) **Inadequate skills and innovation** – Skills development is key in empowering citizens to enable them participate meaningfully in economic activities. Zambia has low entry into technology and science-related fields. There is bias towards arts and social sciences as opposed to technical and vocational-related fields, leading to a skills mismatch between industry needs and the labour market. In addition, there is low capacity for research and development in technical and vocational-related fields as well as low use of ICT. Inadequate skills and technology innovation further significantly contribute to the low labour productivity, which is a key binding constraint to growth.
- g) **High cost of transportation** – Reliable, interconnected and relatively low-cost transport is essential for achieving diversified and sustainable economic growth. Apart from human mobility, transportation contributes to economic growth by facilitating both domestic and international trade flows. Due to long distances to major export markets and sources of inputs, Zambia faces higher transport costs compared to her peers that have direct access to the sea. Domestically, the relatively sparse population distribution and poor infrastructure in some instances increase the transportation costs for traded goods.
- h) **Weak market information systems and economy-wide coordination failures** – Market failures negatively affect the pace of industrialisation, which is a prerequisite for achieving resilient economic diversification. In Zambia, market information systems are still underdeveloped due to low level of ICT connectivity and the high cost of providing wireless data and voice services. This affects the pace of market information acquisition and the ease of doing business. Economy-wide coordination inadequacies also manifest through the failure of the private sector to invest massively in heavy manufacturing and in certain geographical clusters.

7.3 STRATEGIC DIRECTION AND FOCUS

Achieving economic diversification is a long-term development objective. Thus, the 7NDP has prioritised the implementation of strategies towards attainment of core outcomes that will support this objective by forming a building block for subsequent NDPs. The identified critical development outcomes for realising this strategic direction are as follows:

- a) A diversified and export-oriented agriculture sector;
- b) A diversified and export-oriented mining sector;
- c) A diversified tourism sector;
- d) Improved energy production and distribution for sustainable development;
- e) Improved access to domestic, regional and international markets;
- f) Improved transport systems and infrastructure;
- g) Improved water resources development and management;
- h) Enhanced information and communication technology;
- i) Enhanced decent job opportunities in the economy; and
- j) Enhanced research and development.

In the context of this Plan, economic diversification will be attained through value addition and industrialisation anchored on agriculture, mining and tourism. These sectors have been prioritised due to their high growth potential, comparative and competitive advantages as well as their potential for poverty reduction. In this regard, intra and inter-sector as well as market diversification will be

emphasised. In addition, programmes on the economic empowerment of citizens to participate in various sector value chains will be promoted.

Overall success of this strategic area will be driven by private sector investment while the Government will continue to play its role of improving the policy and business environment. Key reforms will be pursued in the areas of land administration and management, financial sector, business regulation, labour market, public service, ICT and trade facilitation within the context of a decentralised system of governance. Further, quality, innovation, local content and intellectual property reforms and regulations will be strengthened. The Government will also continue undertaking, promoting and facilitating the establishment of multi-facility economic zones and Industrial parks across different sectors to bridge the infrastructure gap and at the same time promote value addition to raw materials.

7.4 DEVELOPMENT OUTCOME 1: A DIVERSIFIED AND EXPORT-ORIENTED AGRICULTURE SECTOR

The agriculture sector is the fourth largest contributor to GDP (8.7 percent) and the largest contributor to employment. The sector is critical for achieving diversification, economic growth and poverty reduction in Zambia. Family agriculture is the backbone of the rural economy and thus holds great potential for modernisation due to its predominance. The rural population is still growing, therefore labour supply in agriculture is plentiful and its absorption will be crucial to rural development: the absolute numbers of workers in agriculture will grow, putting increasing pressure on natural resources or on urban labour markets. The agriculture sector will also retain its central role in rural livelihoods and employment over the next decades.

The 7NDP will, therefore, pay attention to agricultural development, considering two major leverage effects. First, increasing farmers' incomes directly supports rural demand, which results in the development of new activities and the diversification of the local economy, contributing to the overall process of structural transformation. Second, increasing agricultural outputs leads to the development of both upstream and downstream activities, the consolidation of value chains and the expansion of agro-industries, which are significant sources of employment and present real opportunities for economic diversification.

In addition, organic and competitive advantages in agriculture are numerous, including the currently low use of chemical fertiliser which allows Zambia to leapfrog to high productive organic fertiliser use and techniques, which receive a premium price on the world market. This will create local value addition in organic fertiliser production, increase organic export revenues and reduce the import bill from chemical fertilisers.

Agriculture has the advantage of abundant land and water resource endowments. The sector has traditionally focused on crop production. However, there is a continuous increase in the demand for livestock and timber products due to population growth, urbanisation and increased incomes. Therefore, the increasing demand for livestock products provides the opportunity for diversification within the agriculture sector. Diversification within the agriculture sector will be central in improving productivity, providing inputs to agro-processing and the manufacturing sector, for increased contribution to foreign exchange earnings and resilience to emerging challenges, as rains become more erratic and less predictable due to climate change. Integrating climate smart techniques is necessary to buffer against natural shocks, such as droughts and the weakening of seed and animal varieties due to the impact of climate change. Agro-diversification and development will thus be based on comparative and competitive advantages in line with the Government's Green Revolution agenda.

Focus will be placed on improving production of high value exports, such as cashew nuts, coffee, maize, wheat, tea, cotton, sugar, fish, agro-forestry and livestock products as well as other commodities to support the local manufacturing sector. Emphasis will be placed on value addition through development of complete value chains along these commodities.

In 2014, the SADC region's total commercial consumption of maize, wheat and sorghum was 39 million tonnes against regional production of 34 million tonnes. Therefore, there is potential to increase the current levels of export by 300 percent. However, to exploit this opportunity, Zambia needs to increase the current production and productivity levels.

Fisheries offer great potential for diversification, gainful employment and poverty reduction. Fish is a critical source of high quality animal protein and provides livelihoods for populations that live around natural water bodies. The fisheries sub-sector also provides business opportunities in aquaculture and related industries in the value chain.

The fisheries sub-sector in Zambia is, however, underdeveloped contributing around 3.2 percent to national GDP and many natural water bodies have been overfished due to inadequate legislation, control and surveillance. This has been exacerbated by climate induced effects that have reduced the yields of capture fisheries and have made Zambia continue being a net importer of fish. In 2011, fish imports were valued at US\$ 32,118,412 which increased by 253 percent to US\$113,434,446 in 2015. The value of fish exports decreased from US\$1,081,964 to US\$503,649 between 2011 and 2015.

The depletion of fish stocks has affected the livelihoods of the surrounding populations who depend on the fishing value chain. This scenario demands increased investment in fish farming technologies, sustainable management of capture fisheries and strengthening fisheries training and research. As the population continues to grow, the country's fish requirements will also increase to about 214,625 MT from the current 135,000 MT to attain the recommended level of fish intake of 12 Kg per person per annum, giving a deficit of 107,883 MT.

Zambia has the potential to develop 2.75 million hectares of land under irrigation but less than 200,000 hectares are actually irrigated. Therefore, irrigation development remains a key intervention for increasing crop diversification, production and productivity. During the period 2011-2016, only 17,800 hectares of new land were brought under irrigation, of which 6,800 hectares were through public investments while 11,000 hectares were through private sector investment.

In an effort to adapt and mitigate the effects of climate change on the agriculture sector, the Government will promote the adoption of agricultural environment-friendly practices (climate smart and organic techniques,) such as conservation farming, crop rotation, less use of chemical fertiliser and creating public awareness on the adverse effects of climate change. Furthermore, since climate change has increased the frequency and intensity of disasters, the Plan has put in place strategies and programmes to aid communities to adapt to its effects through climate proofing their livelihoods, production and assets.

Given the opportunities in the sector, efforts will be made to strengthen research and extension delivery to support production as well as product development and promotion of quality standards to value added products from the sector. Holistic development in the sector value chains will include investment in production, agro-processing and marketing, and distribution mechanisms which will lead to creation of job opportunities. This will contribute to the creation of a competitive, export-oriented, diversified and resilient economy. Thus, the transformation of both livestock and fisheries into diversified, competitive and export-oriented sub-sectors envisaged over the Plan period will require increased investment in water management and aquaculture-related infrastructure, ICT, logistics, storage, cold chain and road infrastructure.

7.4.1 Strategy 1: Improve production and productivity

Production and productivity improvement will be undertaken along the entire product value chain from farm to agro-processing and manufacturing at the sector and enterprise levels. The increase in production will be achieved through intensified agricultural mechanisation, increasing the area under

cultivation and the number of farmers participating in production, driven by enhanced extension service delivery and increased private sector participation, among others.

Programmes:

- a) Productivity-enhancing technology development;
- b) Farm block development;
- c) Irrigation development;
- d) Agriculture input supply management;
- e) Aquaculture development;
- f) Research and development promotion (crops, livestock and fisheries);
- g) Early warning systems development; and
- h) Farm power and mechanisation enhancement.

7.4.2 Strategy 2: Improve access to finance for production and exports

This strategy will focus on enhancing access to affordable finance for farmers, agri-business MSMEs and exporters of high value agricultural products. Other interventions will include access to finance for auxiliary services to production and exports. Special focus will be placed on vulnerable groups, such as women and the youth. Further, the strategy will focus on enhancing capacities of established farmer groups to participate in export markets, while creating a conducive environment for large exporters of crops, livestock, fish and forestry products to increase export volumes.

Programmes:

- a) Agricultural finance product development;
- b) Export financing and insurance promotion;
- c) Product standardisation and quality assurance enhancement; and
- d) Business development services provision.

7.4.3 Strategy 3: Enhance agriculture value chains

Development in the sector value chains will include investment in production, agro-processing and marketing, including export market and distribution mechanisms. Value chain development will promote the participation of small and medium enterprises, coupled with provision of business development services to enterprises along different value chains. Emphasis will be placed on promotion of citizen participation in agri-business and linking local to regional and international value chains.

In addition, efforts will be made to strengthen market linkages between primary production areas and processing centres for reduced costs to the final product, hence being competitive in the domestic and regional markets. Agro-processing parks establishment will support the processing of primary agricultural products into value added products. These will be augmented by standardisation and quality assurance, modernised agricultural finance facilities and insurance that creates a business case for agriculture.

Programmes:

- a) Agro- and forestry-based processing and manufacturing promotion;
- b) Product standardisation and quality assurance enhancement;
- c) Agri-business development services provision; and
- d) Value chain linkages promotion.

7.4.4 Strategy 4: Promote diversification within the agriculture sector

Focus will be placed on agricultural diversification in crops, fisheries, livestock and forestry products based on comparative and competitive advantage of each product and agro-ecological zones.

Programmes:

- a) Crop, forestry fisheries and livestock product diversification; and
- b) Agriculture cooperatives and farmer group development.

7.4.5 Strategy 5: Enhance investment in agricultural infrastructure

Investments in agricultural infrastructure will be prioritised to create a conducive environment for a vibrant agriculture sector. The aim is to enable the sector produce, process and market its various products competitively in the domestic, regional and international markets. Key among such infrastructure will be warehousing, storage, breeding centres and irrigation, among others.

Programmes:

- a) Livestock and fisheries breeding and service centres development;
- b) Storage facilities development;
- c) Fisheries support infrastructure development;
- d) Rural roads development;
- e) ICT development;
- f) Agricultural training institutions development; and
- g) Research and extension infrastructure development.

7.4.6 Strategy 6: Promote small-scale agriculture

The focus will be on small-scale agriculture, which has shown its capacity for driving economic and social change. Even if large-scale managerial and corporate agriculture can facilitate the connection to downstream activities and agro-industry and contribute to the response to the growing food demand, it is more likely to be capital intensive and therefore offer fewer prospects for job creation, and less sustainable in the long run due to its reliance on fossil fuels.

Small-scale agriculture has the potential to create jobs and enhance the living conditions of rural communities with the proviso that some key actions are implemented to improve the income, rights and status of family farmers and family farm workers. These actions include addressing risk reduction through improved farming systems, a better market environment, secure land rights and adequate provision of public goods and social protection among others.

Programmes:

- a) Farmers' organisations development; and
- b) Rural infrastructure development;

7.5 DEVELOPMENT OUTCOME 2: A DIVERSIFIED AND EXPORT-ORIENTED MINING SECTOR

Zambia has a mining history that spans over 100 years and continues to play a major role in the economic development of the country. The main mining activity is large-scale copper mining while the production, processing and export of other minerals remain underdeveloped. Under this Plan, emphasis will be on broadening the range of minerals to cover non-traditional mining of gemstones, gold and industrial minerals as well as promotion of value addition to mining products and include energy and material efficiency strategies to increase productivity and reduce environmental pollution. A

programme will be set up, financed through the Environmental Protection Fund and will be invested into productive jobs for environmental restoration, notably reforestation. In addition, mining of iron ore will be scaled-up to support the growth of the newly declared Kafue Iron and Steel Multi-Facility Economic Zone.

This Plan also focuses on formalising and empowering small-scale miners to make them more productive, supporting development of lapidaries and local auction sales of gemstones and enhancing the capacity of local businesses to participate in the mining value chains and boost export revenue.

7.5.1 Strategy 1: Promote exploitation of gemstones and industrial minerals

Focus will be on increasing exploration, mining, processing and promoting use of industrial minerals and gemstone products, to increase contribution to the growth of other sectors. Emphasis will also be placed on enhancing the capacities of small-scale miners to increase production. The Government will strengthen policy implementation and regulatory enforcement that does not stifle exploration of new mineral deposits.

Programmes:

- a) Geological information generation and provision;
- b) Mineral processing technology development;
- c) Small-scale miner's empowerment;
- d) Small-scale mines regulatory framework enforcement;
- e) Market linkages development;
- f) Strategic environmental assessment and risk management; and
- g) Mineral exploration promotion.

7.5.2 Strategy 2: Promote local and foreign participation in mining value chains and industrialisation

This strategy is aimed at enhancing capacities to participate in mining value chains that have the highest potential to impact economic growth and poverty reduction. Further, efforts will be made to facilitate mining-based value addition and industrialisation by supporting the development of manufacturing industries to produce inputs for other sectors, to contribute to the growth of other sectors.

Programmes:

- a) Capacity development;
- b) Policy and regulatory framework review and enhancement;
- c) Access to finance promotion;
- d) Mining value-chain development;
- e) Research, innovation and technology promotion; and
- f) Investment Promotion.

7.5.3 Strategy 3: Promote petroleum and gas exploration

The strategy will facilitate the establishment and capacity development of relevant institutions to monitor and regulate petroleum exploration. In addition, a governance framework for the sector will be established to attract investment and ensure efficient, safe and environmentally-friendly petroleum exploration.

Programmes:

- a) Policy and regulatory framework review and enhancement;
- b) Capacity development;
- c) Geological and geophysical information generation and provision; and
- d) Environmental management.

7.5.4 Strategy 4: Promote small-scale mining

As part of the diversification agenda within the mining sector, the Government will focus on building the productive capacity of artisanal and small-scale miners involved in the exploration of gemstones and industrial minerals. In addition, artisanal and small-scale miners will be formalised.

Programmes:

- a) Small-scale miner's empowerment;
- b) Small-scale miners access to finance promotion;
- c) Occupational health, safety and environment strengthening;
- d) Small-scale mining skills development; and
- e) Small-scale miners and investors partnerships promotion.

7.6 DEVELOPMENT OUTCOME 3: A DIVERSIFIED TOURISM SECTOR

Tourism is an important service sector in Zambia. The country is endowed with rich natural heritage and other tourism attractions such as water falls, lakes, rivers, gorges and wildlife. The Musi-oa-Tunya Falls (Victoria Falls), one of the seven natural wonders of the world, is the largest tourism attraction site. Zambia also has a diverse cultural heritage ranging from food and beverages to different traditional ceremonies.

The sector continues to face challenges which include: lack of a comprehensive national tourism plan; underdeveloped tourism-related infrastructure; limited investment in the tourism sector by both local and foreign investors; limited tourism product offering range and scope; inadequate tourism promotion and marketing; low participation by locals in direct and indirect tourism development; and Zambia being perceived as high cost.

Under this Plan, focus will be on expanding the tourism industry beyond the traditional tourism sites and products and promoting integration of destinations that will make Zambia more competitive in the region. In particular, the Government will intensify the development of the southern tourism circuit to enable tourists to easily combine visits of the Musi-oa-Tunya, Lower Zambezi, Kafue National Park and other key tourism sites. Furthermore, strategies that stimulate domestic tourism will be promoted, to insulate the sector from adverse fluctuations in the number of foreign visitors.

The Government will also continue with the aspirations of the Kasaba Bay Integrated Development Plan to develop the northern tourism circuit through PPPs and private sector investment. This will be achieved by developing requisite infrastructure to key heritage sites, such as waterfalls and wetlands. Further, the Plan will address the infrastructure challenges that limit the tourism season of the four major national parks, namely Kafue, Lower Zambezi, South Luangwa and the Musi-oa-Tunya.

7.6.1 Strategy 1: Promote tourism-related infrastructure

The Government will develop, upgrade and rehabilitate roads, viewing loops and airstrips to and within the major national parks, namely Kafue, Lower Zambezi and the Musi-oa-Tunya to efficiently interlink the major destinations in the southern tourism circuit and South Luangwa to prolong the tourism season from seven to 12 months per annum. The Government through PPPs and private sector investment will

develop requisite infrastructure to provide access to Nsumbu National Park as a low volume but high value tourist destination.

The development of arts and culture infrastructure will also be supported, to improve the contribution of the country's unique natural and cultural heritage to diversify the tourism product. During the Plan period, cultural villages that are currently undergoing construction will be completed.

Programmes:

- a) Southern tourism circuit linkage development;
- b) Northern tourism circuit linkage development;
- c) South Luangwa National Park accessibility development;
- d) Road and local air travel infrastructure and service development; and
- e) Arts and cultural infrastructure Development.

7.6.2 Strategy 2: Promote diversification of tourism products

The Government will promote the development and expansion of non-traditional modes of tourism, such as eco- and agro-tourism and cultural and community-based tourism. The Government will also promote investment in the development of large theme parks, accommodation and conference facilities of international standard in the southern tourism circuit and the midlands, using innovative financing mechanisms, such as PPP arrangements, venture capital and carbon financing.

Development and expansion of non-traditional modes of tourism, such as adventure tourism that responds to the growing demand by increasing younger tourists, eco- and agro-tourism, cultural and community-based tourism, mine tourism and other areas of interest will be prioritised.

Programmes:

- a) Tourism products promotion;
- b) Theme parks, accommodation and conference facilities development promotion;
- c) Music and arts festivals development promotion;
- d) Adrenaline and adventure tourism promotion; and
- e) Tourism investment promotion.

7.6.3 Strategy 3: Promote tourism source market segmentation

The country will focus on growing the traditional source markets by increasing market penetration and exploiting emerging markets to expand the tourist base.

Programmes:

- a) Tourism promotion and marketing.

7.6.4 Strategy 4: Promote domestic tourism

During the 7NDP period, focus will be on tapping into the unexploited potential of domestic tourism as a way of contributing to the overall diversification of the tourism sector and the economy. The Government through the Zambia Tourism Agency will identify and partner with operators within the hospitality industry willing to use a two-tier system in the pricing of accommodation facilities during off-peak tourism seasons, to allow local citizens pay a lower rate. In addition, a robust campaign will be conducted to bring about a mind-set change in organisations and citizens such that tourism is not perceived as a mere luxury but as a form of relaxation that increases productivity. This will help boost not only domestic tourism but also enhance the resilience of the tourism and hospitality industry.

Programme:

- a) Two-tier tourism product pricing system development; and
- b) Domestic tourism campaigns.

7.6.5 Strategy 5: Restock National Parks

Focus will be on restocking of national parks whose wildlife populations have declined to levels where safari and photographic tourism is not viable. The Government will also strengthen the capacity of the Department of National Parks and partner with the private sector and communities to protect wildlife.

Programmes:

- a) Wildlife law enforcement enhancement;
- b) National parks restocking; and
- c) Public-private partnership wildlife protection enhancement.

7.7 DEVELOPMENT OUTCOME 4: IMPROVED ENERGY PRODUCTION AND DISTRIBUTION FOR SUSTAINABLE DEVELOPMENT

Energy plays a key role in facilitating activity in all sectors of the economy. Zambia is endowed with a range of energy resources, particularly woodlands and forests, water, coal and renewable sources, such as geothermal, wind and solar energy and has the potential to generate about 6,000 megawatts (MW). However, as at 2016, the country's installed capacity stood at 2,742 Mw of which 97 percent was from hydro and 3 percent from other sources.

The ramifications of the country's failure to diversify its electricity generation mix became marked in 2015 when the energy deficit resulted in unprecedented levels of electricity supply rationing to all consumers. Demand for electricity stood at 1,949 MW; however, the sector was only able to generate 1,281 MW. This situation was largely as a result of inadequate and delayed investments in generation and transmission infrastructure and the failure to diversify energy generation sources over the last 30 years. This was further compounded by inadequate incentives to attract investment in the sector. The deficit was exacerbated by the effects of climate change, in particular low rainfall, given that Zambia has been highly dependent on hydro-power despite the envisaged growth of other sources of energy to about 15 percent by 2030.

To increase supply, there is need to promote investment in hydro, nuclear, geothermal, wind and solar energy generation. The current projections indicate that growth in demand will increase between 150 MW and 200 MW per annum. The peak demand for electricity in the country is likely to be 3,000 MW by 2021 and is expected to increase to over 3,525 MW in 2030.

Zambia imports its petroleum products to support socio-economic activities. With regard to petrol and diesel, 50 percent is refined locally and 50 percent is imported. In 2015, consumption of petroleum products stood at about 366,524 metric tonnes (MT) of unleaded petrol, 818,418 MT of diesel, 18,300 MT of kerosene, 44,160 MT of jet fuel, 3,230 MT of liquefied petroleum gas and 129,149 MT of heavy fuel oil. The domestic prices of fuel are determined by several factors, among them the international oil prices and the exchange rate of the Zambian Kwacha to the United States Dollar. This has resulted in fluctuation in prices and intermittent supply of petroleum products. To maintain a stable supply, there is need to maintain an efficient and cost-reflective mechanism of pricing petroleum products. The inefficiencies in the petroleum supply chain have negatively impacted on the cost of production, consequently reducing Zambia's competitiveness.

In view of the above, measures to grow and diversify the energy sector to enhance its contribution to economic diversification by expanding power generation and transmission capacities as well as

maintaining a stable supply of petroleum products will be implemented. The goal is to ensure universal access to clean, safe, reliable and affordable energy at the lowest cost, consistent with national development aspirations. Therefore, during the Plan period, the following broad strategies will be undertaken.

7.7.1 Strategy 1: Enhance generation, transmission and distribution of electricity

To enhance the supply of electricity for economic development, infrastructure development will be promoted. The objective is to expand and improve electricity generation, transmission and distribution, as well as encourage the development of small and mini/micro hydro power stations. Further, the Government will promote the establishment of an open and non-discriminatory transmission access regime in the electricity sub-sector, implement a cost-reflective electricity tariff regime and adopt the electricity grid code.

Programmes:

- a) Policy and regulatory framework review and enhancement;
- b) Electricity infrastructure development promotion; and
- c) Electricity generation, transmission and distribution expansion.

7.7.2 Strategy 2: Enhance strategic reserves and supply of petroleum products

Under this strategy, an efficient mechanism for the procurement of petroleum strategic stocks will be put in place. Further, efficient fuel delivery systems will be strengthened through programmes such as the construction of a finished product pipeline, to meet the domestic demand for petroleum products. This will also be enhanced by promoting the setting up of petroleum businesses in rural areas through public-private partnerships. Further, storage infrastructure for reserves will be constructed and rehabilitated.

Programmes:

- a) Strategic petroleum reserves enhancement;
- b) Petroleum sub-sector management;
- c) Infrastructure development; and
- d) Public-private partnership rural petroleum businesses establishment promotion.

7.7.3 Strategy 3: Promote renewable and alternative energy

This strategy aims at promoting the development and use of renewable and alternative energy sources, such as solar, wind, biomass, geothermal and nuclear as a way of diversifying the energy mix and improving supply. Therefore, renewable energy resource mapping and promoting the development and use of renewable energy technology systems, including implementing a feed-in tariff and bidding system which is attractive for private investment into renewable energy generation, will be undertaken. In addition, during this Plan period efforts will be made to develop a comprehensive national energy strategy including a master plan for sustainable alternatives to charcoal and other household energy needs.

Programmes:

- a) Policy and legal framework review and enhancement;
- b) Renewable and alternative energy development promotion;
- c) Wood fuel sub-sector management; and
- d) Energy efficiency and conservation promotion.

7.7.4 Strategy 4: Improve electricity access to rural and peri-urban areas

Under this Plan, efforts will be devoted to promoting rural electrification programmes to enhance rural development and increase access to rural and peri-urban consumers at an affordable cost.

Programmes:

- a) Rural electrification promotion; and
- b) Peri-urban electrification improvement promotion.

7.8 DEVELOPMENT OUTCOME 5: IMPROVED ACCESS TO DOMESTIC, REGIONAL AND INTERNATIONAL MARKETS

Zambia's population projected at 15.9 million in 2016 provides a vibrant market for domestic goods and services. This market has steadily grown over the past decade in line with rising urbanisation, especially among cities located along the line of rail, and the corresponding growth of the middle class. During the 7NDP period, the focus will be to provide easy access to markets for local products in line with the projected increase in Zambia's population that is expected to reach 27 million by 2035.

In addition to the domestic market, regional and international markets provide an opportunity for Zambia to diversify its production and export base. In the region, Zambia has access to a wider market of 390 million people under the Common Market for Eastern and Southern Africa (COMESA), 277 million people under the Southern African Development Community (SADC) and 600 million people under the tripartite community (COMESA-Eastern African Community (EAC)-SADC). The tripartite region has a combined GDP of US\$1.3 trillion and about 60 percent of total intra-Africa Trade. As at 2016, Zambia's share in intra-regional trade under COMESA stood at 22 percent for imports and 11.7 percent for exports. Under SADC, the market share for imports is 13.6 percent and 4.9 percent for exports. However, it should be noted that Zambia imports more than she exports to both COMESA and SADC. The major exports by value to the COMESA region include: maize, electricity, sulphuric acid, raw cane sugar and tobacco. In terms of imports, the top five include light and medium oils, copper ores, cobalt oxide and hydroxide and cobalt ores and concentrates.

To the SADC region, the top five exports include refined copper, maize, electrical energy, gold and articles of cobalt. In terms of imports, the top five include medium oils, copper ores, cobalt oxide and hydroxide, cobalt ores, concentrates and light oils. The major export destinations in the region include the Democratic Republic of Congo (DRC), South Africa (RSA), Zimbabwe, Malawi, Tanzania and Kenya while the major import sources include RSA, DRC, Mauritius, Kenya, Zimbabwe, Mozambique and Tanzania.

Zambia also relies on overseas markets to earn a substantial proportion of its export revenue mainly accessed through preferential trading arrangements, such as Everything But Arms, African Growth and Opportunity Act, Japanese, Chinese, Indian and Canadian initiatives. To preserve the European market from dynamic changes in the global trading reforms of exports occurring under duty and quota free basis, Zambia is further negotiating the Economic Partnership Agreements with the European Union under the Eastern and Southern Africa configuration. However, the country has not fully utilised these opportunities due to among others, sanitary and phytosanitary requirements, high cost of production, distance to markets, trade financing arrangements, border efficiency issues and quality of products.

During the period of the 7NDP, Zambia will focus on the following strategies, in order to improve trade facilitation and market penetration at the domestic and international levels, to reposition the country into a competitive one and consequently reverse the trade imbalance.

7.8.1 Strategy 1: Improve trade facilitation

To facilitate import and export trade, efforts will be directed towards ensuring that all trade activities take place in an efficient, transparent and predictable manner. Particular attention will be paid to realigning and integrating the roles and procedures of border agencies, simplifying small-scale trading, providing supportive systems and infrastructure and developing trade corridors. Further, legal and regulatory reforms to support trade facilitation will be implemented.

Programmes:

- a) Transport infrastructure development;
- b) Corridor development;
- c) Efficient border management;
- d) One-stop border posts establishment; and
- e) Policy and legal framework review and enhancement.

7.8.2 Strategy 2: Secure access to export markets

To expand market access for Zambian products and services, the Government will effectively engage in negotiations at bilateral, regional and multilateral levels, to secure markets as well as address barriers to market entry, including through organic certification to access the European Union and United Kingdom markets for organic produce. In addition, participation in regional and multilateral processes will be enhanced through, among other ways, a collaborative approach with Missions abroad and line Ministries as well as enhancing relations with trading partners. Further, institutional support to both producers and exporters will be critical to maximise benefits from existing and new markets. During the Plan period, Zambia will consolidate trade relations with DRC and Angola, to increase exports into these markets.

Programmes:

- a) Trade promotion and expansion;
- b) Trade negotiations enhancement;
- c) Market analysis, research and development promotion; and
- d) Trade information service provision.

7.8.3 Strategy 3: Enhance the competitiveness of Zambian products

To enhance competitiveness in the domestic and foreign markets, efforts will be directed towards supporting producers and exporters of Zambian products and safeguarding local industry from imports and unfair trade practices. This will be promoted through strengthening national quality infrastructure facilities, such as quality assurance and enforcement mechanisms, packaging, product development support, streamlining licensing procedures and removal of non-tariff barriers. Emphasis will also be placed on the promotion of local products on the domestic market, fair competition and consumer welfare.

Programmes:

- a) Standardisation and quality assurance enhancement;
- b) Product development support;
- c) Technical and packaging support;
- d) Trade remedies support; and
- e) Infant industry protection.

7.8.4 Strategy 4: Improve logistics management

The Government, in partnership with the private sector, will facilitate provision and improvement of logistical infrastructure and services to support both domestic and international trade, such as warehousing, storage, laboratory facilities and testing equipment as well as ICT infrastructure at points of entry.

Programmes:

- a) Inter-country trade centre promotion, establishment and enhancement; and
- b) Inland dry ports development.

7.8.5 Strategy 5: Promote international cooperation

Zambia will position herself to improve regional and international relations to advance national interests, such as accessing markets in the region and internationally. This will be done through enhancing international cooperation.

Programmes:

- a) Joint Permanent Commission operationalisation;
- b) Global strategic partnership promotion;
- c) Regional Indicative Strategic Development Plan implementation;
- d) Agenda 2063 and NEPAD implementation;
- e) COMESA-EAC-SADC Tripartite Framework implementation;
- f) Preferential Trade Agreement operationalisation; and
- g) High level engagement facilitation.

7.8.6 Strategy 6: Promote economic diplomacy

Under this strategy, the Government will identify and utilise strategic Zambian Missions abroad as the front end for advancing economic diplomacy. This will be supported by maintaining presence in countries of strategic trade and investment importance for the country. The Government will further institute appropriate structures to comprehensively undertake economic intelligence with a view to help Zambia's repositioning in the global market. This agenda will further establish effective linkages between Zambia's key institutions that support the economic diversification and foreign private investment. In addition, the Government will under this strategy foster the integration of global and regional development agendas like the SDGs, RISDP, Agenda 2063 and other progressive protocols under SADC, COMESA, African Union and United Nations.

Programmes:

- a) Trade mediation programmes support;
- b) Economic diplomacy capacity development;
- c) Economic career diplomat's deployment scaling-up;
- d) Private sector regional and international trade negotiations integration; and
- e) Global and regional development agendas integration.

7.9 DEVELOPMENT OUTCOME 6: IMPROVED TRANSPORT SYSTEMS AND INFRASTRUCTURE

A well-functioning transport system has the potential to reduce the overall cost of doing business in the country, thereby contributing to the attainment of a diversified and resilient economy for sustained growth and socio-economic transformation. An improved transport system and infrastructure will enable efficiency in the movement of goods and people within Zambia. Further, as a land-linked country, with eight neighbouring countries, Zambia requires its transport infrastructure to be in good state to link to principal ports and serve as a hub for goods in transit. Zambia's transport sector constitutes mainly four modes, namely railways, aviation, roads and maritime.

The Government remains determined to deliver improved transport infrastructure within the four modes of transportation to grow the economy and improve socio-economic opportunities across the country. Investment in improved transport systems and infrastructure will drive wider economic benefits, including supporting growth and creation of jobs, raising the productive capacity of the economy, driving efficiency and boosting international competitiveness.

7.9.1 Strategy 1: Construction and rehabilitation of railways

Zambia's rail network enables peoples and freight to travel within Zambia and between countries. During the Plan period, the Government will prioritise construction of new railway spurs and rehabilitation of existing lines. The focus will be to undertake a comprehensive rehabilitation of the Zambia Railways mainline (including inter-mine lines) and to revitalise the Tanzania-Zambia Railway Authority (TAZARA) to increase operational efficiency, reduce the cost of freight, and increase the tonnage being carried.

During the 7NDP period the Government will commence construction of the Chipata-Petauke-Serenje railway line that will complete the link from the port of Nacala to the existing railway lines in Zambia. Further, the Government will promote private investments to construct other rail spurs, including intra-city transit systems.

The Government will also migrate the rail gauge from the existing Cape gauge to Standard gauge, which will enable higher speeds and higher tonnage of freight. Further, focus will be on the development of attendant infrastructure, acquisition of rolling stock and other equipment as well as improving the management of the rail systems.

Programmes:

- a) Railway network rehabilitation and modernisation;
- b) Greenfield rail spurs construction; and
- c) Sector reform implementation.

7.9.2 Strategy 2: Development of aviation infrastructure and operations

Focus will be on construction and upgrading of airport infrastructure to provide modern equipment and facilities which will enable the country to handle higher volumes of traffic, both passengers and cargo. Provincial and strategic airports will also be upgraded to increase the capacity to handle more traffic.

As a way to diversify the economy, establishment of a national airline will be critical to transportation of passengers and cargo. During the Plan period, focus will be on acquiring aircraft to serve domestic, regional and inter-continental routes. Further, arrangements will be made to acquire cargo planes that will assist in exporting agricultural produce to markets in the region and beyond.

Programmes:

- a) Provincial and strategic airport upgrading;
- b) International airport upgrading and construction;
- c) Civil aviation capacity development; and
- d) National airline establishment.

7.9.3 Strategy 3: Construction and rehabilitation of road network

Focus will be on construction and maintenance of road infrastructure to ensure enhanced and safe connectivity across the country and to preserve road asset investments. In addition, focus will be on upgrading and rehabilitating of roads and bridges to foster trade and development, facilitate movement of goods and services and reduce travel times and costs.

During the Plan period, the Government will continue implementing its key programmes in the sector, which include Link Zambia 8000, Pave Zambia, Feeder Road Rehabilitation and the C400, among others. The Government will also continue to develop tolls and collect road user charges to finance its programmes in the road sub-sector as well as pursuing PPPs as a financing mechanism for road construction.

Programmes:

- a) Road infrastructure construction;
- b) Road infrastructure maintenance;
- c) Road infrastructure upgrading and rehabilitation; and
- d) Road revenue and safety enhancement.

7.9.4 Strategy 4: Construction and rehabilitation of maritime and inland waterways

Focus will be on expansion and modernisation of the inland port of Mpulungu to increase access to the Great Lakes Region markets. There will also be focus on the development and rehabilitation of canals and harbours to service rural communities through increased trade and service delivery. During the Plan period, studies will be undertaken to determine the feasibility of developing the Kafue River into a navigable channel for bulk goods and tourism.

Programmes:

- a) Canal construction and rehabilitation; and
- b) Harbour infrastructure rehabilitation and modernisation.

7.10 DEVELOPMENT OUTCOME 7: IMPROVED WATER RESOURCES DEVELOPMENT AND MANAGEMENT

Water resources infrastructure is a critical component in the provision of sustainable water resources management and services for engineered irrigation, drainage, water supply and sanitation, hydropower generation, flood control and food security. Furthermore, water resources management systems for collection, analysis and generation of products and services for various users are critical for planning and decision-making. The Government will ensure that water resources are properly harnessed, developed and managed so that they play their key role as an engine and catalyst for socio-economic development.

Zambia has abundant water resources with renewable water resources per capita estimated at 8,700 m³. This figure is much higher than the 1,000 m³ per capita which is used to define countries with water scarcity and 1,700 m³ per capita for countries with water stress. Statistics have shown that there is strong

correlation between economic growth, industrial growth and water consumption. According to SADC, 14 percent of the total annual renewable water resources in the SADC region are stored, compared to 70-90 percent in most industrialised regions. Water abstraction is at 170 m³ per capita per year compared to 1,330 m³ per capita per year for developed countries; and irrigated land stands at 7 percent of available irrigable land, compared to 70 percent in developed regions. At national level, Zambia's irrigable potential is 400,000 ha out of which only about 100,000 is being irrigated and hydropower potential stands at about 6,000 MW, compared to stored capacity of around 2,000 MW.

Effects of climate change have had a serious negative impact on Zambia's water resources availability, mainly due to inadequate water resources infrastructure. The country's national water resources reservoir storage capacity is far much lower compared to other countries in the region. Currently, there are six medium to large dams with a total storage of about 188,105 million m³, most of which is for power generation. In addition, there are about 2,000 small dams spread across the country with an estimated storage of 1,500 million m³ to be increased by 100 million m³ by the end of 2017 as a result of planned interventions.

As a result of low water resources storage capacity, the country continues to experience low water levels causing load shedding of electricity, consequently adversely affecting production. According to a report by the Indaba Agricultural Policy Research Institute, economy-wide annual losses due to load shedding in Zambia amount to K32.5 billion (representing 18.8 percent of GDP) while losses to the agriculture sector are estimated at K2.83 billion (representing 1.6 percent of GDP). These losses are likely to stifle future economic growth.

Furthermore, increasing water resources reservoir storage capacity plays a critical role in flood control and disaster management. In the year 1988/89, urban flooding left 500,000 people in the Kafue basin homeless. In 2005, flash floods affected the Kafue Gorge power station disrupting power generation for over two weeks, thereby affecting economic growth.

Several strategies will be undertaken during the Plan period to address water development and management challenges with a view to increasing availability of water resources for utilisation by productive sectors, for enhanced health of the ecosystem and sustainable economic growth.

7.10.1 Strategy 1: Enhance rain water harvesting and catchment protection

During the Plan period, focus will be on water resources infrastructure development through construction of small, medium to large dams to meet various water needs particularly for domestic, agriculture and hydropower generation. Increasing water resources availability through increased storage will in the long run mitigate the impact of climate change and help to build resilience. These initiatives will also serve rural communities, thus supporting productive use of water and livelihoods and increasing resilience to the adverse effects of climate change, such as floods and droughts. The Government will promote protection and improvement of catchment areas, to protect recharge zones and river sources.

Programmes:

- a) Water resources assessment and quantification enhancement;
- b) Catchment delineation and protection;
- c) Water resources infrastructure development;
- d) Early warning systems development; and
- e) Rain water harvesting promotion.

7.10.2 Strategy 2: Promote local and trans-boundary aquifer management

During the Plan period, management of local and trans-boundary aquifers with riparian states will be promoted to ensure regional integration and water security in the broader framework of River Basin Water Management, utilising local and international financing initiatives. Zambia is located in the headwaters of both the Zambezi and Congo basins. Therefore, the Government will promote partnerships in the management of trans-boundary aquifers by developing a framework for data collection and information exchange.

Programmes:

- a) Aquifers exploration and development;
- b) Aquifers identification and mapping; and
- c) Trans-boundary aquifers information exchange centres development promotion.

7.10.3 Strategy 3: Promote inter-basin/catchment water transfer schemes

The Government will promote implementation of programmes and projects on transfer of water resources from water rich parts of Zambia to water stressed parts to support various socio-economic activities.

Programmes:

- a) Basin and catchment water potential assessment; and
- b) Water transfer infrastructure development.

7.10.4 Strategy 4: Promote alternative financing for water resources development

The Government will promote innovative ways of financing the development of water resources, through promotion of PPPs and private sector participation to increase investment in the water sector. Particular attention will be paid to private entities whose major input in their production chain is water resources.

Programmes:

- a) Water resources financing promotion; and
- b) PPP promotion.

7.11 DEVELOPMENT OUTCOME 8: ENHANCED INFORMATION AND COMMUNICATION TECHNOLOGY

Information and communication technology (ICT) has been identified as a catalyst for socio-economic development by promoting competitiveness as well as being an enabler of good governance. However, there are several challenges regarding access to and utilisation of ICT in Zambia. ICT infrastructure, both public and private, is inadequate and fragmented, resulting in poor connectivity and communication. Further, the public sector, in particular, lacks adequate human resource in the area of computing and information technology. This has been compounded by a weak supportive legal and institutional framework for the development and utilisation of ICT.

Empirical evidence of Zambia's performance in the utilisation of ICT can be found in indices produced by various international organisations. For example, the 2016 E-Government Development Index published by the United Nations Department of Economic and Social Affairs ranks Zambia at 132 out of 193 countries. Another agency of the United Nations, the International Telecommunications Union in its 2015 ICT Development Index places Zambia at 153 out of 167 countries. The 2015 Network

Readiness Index or Technology Readiness Index by the World Economic Forum shows that Zambia ranks 116 out of 139 participating countries. Zambia's poor performance in these indices indicates a clear need for accelerated ICT development to effectively and efficiently support the economic stabilisation, growth and diversification aspirations.

Despite the above-mentioned challenges faced by the ICT sub-sector, the number of mobile telephone subscribers increased by 5.75 percent from 11,326,570 in 2006 to 12,017,034 in 2016, representing a penetration rate of 74.9 percent. Accessibility to internet services by the public also continued to increase. This was on account of a rise in mobile cellular coverage, coupled with the upgrade of mobile networks which continued to enable the provision of broadband internet services across the country.

Under this Plan, the focus will, therefore, be to increase investments in ICT infrastructure and human resource development. Further, the Government will undertake policy, legal and institutional reforms to facilitate universal access to ICT and promote the use of ICT in business (e-Commerce); networking of services and applications across the public sector and online access to government services will be prioritised. The mainstreaming of ICT in the education curriculum will be accelerated to ensure increased uptake and utilisation of ICT to reduce government service delivery costs.

7.11.1 Strategy 1: Strengthen legal framework of information and communication technology

The Government will put in place appropriate laws, policies and regulations to support the provision of electronic services and to promote private sector/citizen confidence and participation.

Programmes:

- a) Policy, legal, institutional and regulatory framework review and enhancement.

7.11.2 Strategy 2: Improve ICT infrastructure for service delivery

To improve ICT infrastructure, there is need to invest in and upgrade telecommunications networks, data centres and access devices through the SMART Zambia Master Plan. This will improve the flow of information within and among government institutions, enterprises and citizens to bring about social and economic benefits.

Programmes:

- a) ICT common infrastructure development;
- b) ICT innovation park establishment; and
- c) Broad band infrastructure expansion.

7.11.3 Strategy 3: Provide electronic services

The Government will transform its mode of delivery of public services from traditional face-to-face interaction to online channels to ensure that citizens and business entities can access services anywhere and anytime. The Government will also facilitate ICT skills up-scaling for public service workers and the private sector. To ensure sustainable development and utilisation, the Government will accelerate the mainstreaming of ICT in the Zambia education curricula.

Programmes:

- a) Electronic services deployment;
- b) ICT skills in public and private institutions scaling-up; and
- c) ICT in Zambian schools mainstreaming.

7.12 DEVELOPMENT OUTCOME 9: ENHANCED DECENT JOB OPPORTUNITIES IN THE ECONOMY

Zambia's labour force increased by 14 percent from 5 million in 2008 to 5.8 million in 2012 and the 2014 Labour Force Survey estimates the labour force at 6.3 million. Total employment grew by 11.3 percent from 5.3 million in 2012 to 5.9 million in 2014, representing an employment-to-population ratio of 71.9 percent. About 4.9 million persons, representing 84 percent of the employed, were in the informal sector. The main challenge is to increase the quantity and quality of productive employment at all levels of the economy and in all parts of the country, to reduce poverty and achieve inclusive economic growth.

The 7NDP will aim to enable both rural and urban businesses – particularly MSMEs – increase productivity and expand and promote formalisation of their businesses with a view to enhance the creation of decent and inclusive job opportunities in the economy. To ensure an enabling policy environment for job creation, the Government will implement the National Employment and Labour Market Policy. Other policies aimed at strengthening backward and forward production linkages and improving partnerships and connectivity between urban and rural areas will be undertaken. Specifically, policies to promote urban-rural remittances will be implemented as part of the efforts to improve partnerships.

7.12.1 Strategy 1: Promote industrialisation and job creation

One area of focus in the promotion of industrialisation and job creation is the development of a globally competitive business environment and a strong private sector through private sector development (PSD). The PSD involves designing and implementing policies to encourage inclusive growth or economic transformation through investment, productivity growth, business expansion and employment. The Government will implement key reforms, such as those dealing with business licensing and regulation, trade logistics, MSME development and ease of doing business. The Government will also enhance the capacity of the public sector to support the growth and development of the private sector.

Furthermore, the Government will prioritise involvement of the private sector in implementation of the strategy through the enhancement of public-private dialogue and the creation of partnerships aimed at the creation of jobs. In addition, the Government will address the challenge of unemployment and informality by prioritising the creation of jobs in the key growth sectors of agriculture, tourism, construction and manufacturing.

Programmes:

- a) Private sector development and competitiveness reform implementation;
- b) Productivity and skills development;
- c) Cross sector job creation partnership promotion;
- d) Value-addition and value-chain diversification development;
- e) Integrated e-services and e-business solution promotion;
- f) Coordinated innovation and research-ecosystem development;
- g) Access to finance promotion;
- h) Private sector policy dialogue promotion;
- i) Public sector capacity development; and
- j) Regulatory reform and enhancement.

7.12.2 Strategy 2: Facilitate micro, small and medium enterprise development

Under this strategy, initiatives to address constraints to enterprise growth and development will be pursued. Therefore, the policy and regulatory environment that fosters the growth of MSMEs and those that govern the employment and labour market will be enhanced. In addition, promotion of skills

development such as entrepreneurship, creating urban industrial clusters, strengthening value chain linkages and provision of business development services to MSMEs will be undertaken.

Other initiatives will include promotion and extension of social security cover, occupational safety and health protection to the informal sector. Supporting equality and empowerment initiatives for women, the youth and the disabled in the labour market, to increase their respective participation rates in formal sector employment, will be promoted. This will result in an increase in the share of women in non-agricultural wage employment from 28.6 percent in 2014 to 45 percent in 2021; an increase in the share of youths in non-agricultural wage employment from under 20 percent in 2014 to over 30 percent in 2021; and an increase in the employment rate of persons with disabilities from 45.5 percent of the disabled population in 2005 to 55 percent in 2021.

Programmes:

- a) Business development service provision;
- b) Credit guarantee schemes support;
- c) Business and market linkages promotion;
- d) Industrial yards and cluster development;
- e) Informal sector social security, occupational safety and health protection promotion;
- f) Formal sector vulnerable groups empowerment support;
- g) Capacity development; and
- h) Policy and regulatory framework review and enhancement.

7.12.3 Strategy 3: Promote cooperatives development

The 7NDP will emphasise the use of cooperatives as a model to contribute to job creation. Focus will be to diversify the cooperative model into sectors other than agriculture. Emphasis will be placed on realigning cooperatives to operate as business entities that can create employment and income generating activities, such as value adding ventures. Further, the Government will promote and enhance the capacity and governance of cooperatives and review the legal and institutional framework supporting cooperative development.

Programmes:

- a) Cooperative development; and
- b) Institutional and regulatory framework review and enhancement.

7.12.4 Strategy 4: Increase employment opportunities in rural areas

To increase employment opportunities in rural areas, the Government will promote rural infrastructure development, agro value chain development and labour-intensive industries operating in rural areas. In addition, the Government will establish rural employment guarantee schemes aimed at facilitating the development of agriculture infrastructure, such as irrigation and storage in targeted regions.

Programmes:

- a) Public works development;
- b) Labour intensive industries promotion;
- c) Rural employment guarantee scheme promotion;
- d) Resettlement schemes development; and
- e) Infrastructure development.

7.12.5 Strategy 5: Improve labour productivity

Improving labour productivity calls for change in attitude towards work at national level covering the rural, urban, private and public-sector workforce. Labour productivity performance in relation to GDP growth shows a decline from 5.4 percent in 2009 to 4.6 percent in 2012 for the labour productivity growth rate, against 8.7 percent in 2009 to 7.8 percent in 2012 for the GDP growth rate. During the Plan period, Zambia aims to attain a labour productivity growth rate of 7 percent.

Programmes:

- a) Technology development;
- b) Research and development promotion;
- c) Scientific management work system adaptation and adoption;
- d) Skills development and utilisation promotion;
- e) Productivity rules and regulations enhancement; and
- f) Public and private sector Kaizen mainstreaming.

7.12.6 Strategy 6: Promote entrepreneurship skills training and development

Zambia suffers a skilled-worker gap in manufacturing caused by the mismatch between the skills offered by training institutions and those demanded by industry. The level of self-starting entrepreneurs is also low especially among graduates. The Government will implement a strategy to narrow the employee skills gap in manufacturing during this Plan period and meet manufacturing human capital needs, including entrepreneurship, by implementing the following programmes.

Programmes:

- a) Skills development fund establishment;
- b) Manufacturing competence model development;
- c) Fast-track high skilled manufacturing training programmes development;
- d) Innovative technologies skills development facilitation;
- e) Vocational and entrepreneurship development promotion;
- f) Traditional apprenticeship support; and
- g) Entrepreneurship zeal mentorship and talent cream skimming support.

The implementation of all the above economic diversification measures is expected to stimulate economic production and demand in a manner that will support working people and their families. It is further expected to generate and support vibrant and vertically linked businesses that are capable of creating new jobs and sustaining existing ones, in addition to achieving horizontal diversification of products and services. During the Plan period, the Government has targeted to create at least one million jobs under various programmes identified under economic diversification as follows: in agriculture, forestry, fisheries and livestock 550,000; tourism 300,000; manufacturing 90,000; infrastructure 20,000; energy 90,000; and transport 20,000.

7.13 DEVELOPMENT OUTCOME 10: ENHANCED RESEARCH AND DEVELOPMENT

Research and Development (R&D) plays a critical role in the innovation and development processes. R&D results in improvement of the quality and quantity of production. Research is a key element of many developmental agendas and, when well-planned and used, enables a government to formulate evidence-based policies that lead to massive economic gains over a period of time. Science, technology and innovation (STI) are recognised today as the most important drivers of sustained and inclusive development.

In Zambia's development agenda, R&D is expected to play a critical role in the diversification process and to explore opportunities that will enhance the productive capacities of the various sectors of the economy. Zambia envisions an economy which is competitive, self-sustaining, dynamic and resilient to any external shocks, and supports stability and protection of biological and physical systems. This calls for the country to be technologically proficient and fully able to adapt, innovate and invest, using its human and natural resources.

In 1996, the Government formulated the National Science and Technology Policy which led to a complete reorganisation of the legal and institutional framework that existed from 1970. This policy gave rise to an important set of statutory instruments and various sector Acts and policies, that for several years provided the institutional and legal framework for the operation of science and technology in the country. Over the years, the implementation of this Policy has revealed various challenges affecting the advancement of STI. Among the challenges include human capital, research infrastructure and equipment, funding, and quality assurance.

During the Plan period, R&D will be given priority. To achieve the objectives and goals set out in this Plan, there is need for the Government together with stakeholders to invest in research and development. It is through research that evidence to inform cost-effective programming and policy changes can be generated to allow positive contributions to economic diversification and creation of decent jobs. As part of the broader research agenda, the Government will ensure that higher institutions of learning strengthen research capacities to conduct various research activities and also develop capacities in the Zambian people to carry out research programmes with internationally accepted standards.

7.13.1 Strategy 1: Enhance research and development, and innovation capacity

The strategy will focus on developing a high-quality research base with a critical mass of highly qualified human resource, modern adequately equipped infrastructure and a technology development structure that will popularise science and technology for promoting and creating a national culture of research and innovation. This will increase national research activities in all sectors of the economy to enhance value addition for increased productivity.

Programmes:

- a) Laboratory infrastructure development;
- b) Infrastructure upgrading;
- c) Quality assurance enhancement; and
- d) Financing improvement.

7.13.2 Strategy 2: Enhancing policy formulation and analysis

To drive the economic diversification agenda, the Government will focus on strengthening policy-making processes through investing in research and analysis. Research will be centred on developing technologies and initiatives that will enhance the attainment of the objectives set out in the five development outcomes of the Plan, with a view to establishing linkages and trade-offs across strategies and programmes contained in the Plan. Therefore, capacities will be strengthened to produce evidence-based analytical studies that will adequately inform policy development and subsequent paradigm shift.

Programmes:

- a) Research quality assurance;
- b) Policy review and analysis enhancement;
- c) Diversification agenda research promotion; and
- d) System and capacity assessment.

Table 7-1: Key Result Area 1: Economic Diversification and Job Creation

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target |
|--|---|----------|---------------------------|--------|
| Economic Diversification and Job Creation | 7a Total value of export earnings (traditional and non-traditional exports) in US\$ billions | 5.968 | 2016 | 11.936 |
| | 7b Percentage share of non-traditional exports in total export earnings | 27.3 | 2016 | 40.0 |
| | 7c Value of non-traditional exports in US\$ billions | 1.63 | 2016 | 4.77 |
| | 7d Trade balance in US\$ billions | -1.61 | 2015 | 1.58 |
| | 7e Total value of exports by major product categories (%) | | | |
| | - Consumer goods | 11.7 | 2016 | 23.4 |
| | - Raw materials | 4.2 | 2016 | 4.2 |
| | - Intermediate goods | 78.5 | 2016 | 61.2 |
| | - Capital goods | 5.6 | 2016 | 11.2 |
| | 7f Gross value-added percentage growth rates in selected economic activities (constant 2010 prices) | | | |
| | - Agriculture, forestry and fishing | -7.7 | 2015 | 7.8 |
| | - Mining and quarry | 0.2 | 2015 | 1.0 |
| | - Manufacturing | 5.6 | 2015 | 10.6 |
| | - Electricity, gas, steam and air conditioning supply | -1.5 | 2015 | 12.4 |
| | - Construction | 18.0 | 2015 | 12.5 |
| | - Information and communication | 2.5 | 2015 | 25.4 |
| | - Financial and insurance services | 12.5 | 2015 | 15.4 |
| | - Arts, entertainment and recreation | 3.8 | 2015 | 12.5 |
| | 7g Gross Value Added (Growth of transport Sector) | 0.6 | | 6.5 |
| | 7h Unemployment rate among persons 12 years or older | | | |
| | - Total | 15.8 | 2015 | 7.9 |
| | - Male | 14.9 | 2015 | 7.5 |
| | - Female | 16.8 | 2015 | 8.4 |
| - Rural areas | 8.6 | 2015 | 7.2 | |
| - Urban areas | 25.6 | 2015 | 12.8 | |
| 7i Percentage share of small-scale industries in total value added | 29.9 | 2015 | 40.0 | |
| 7j ICT penetration rate (2016) | | | | |
| - Mobile Subscription | 74.9 | | 90 | |
| - Mobile Internet | 32.2 | | 50 | |

CONDITIONS FOR SUCCESS

1. A consistent and coherent business policy environment to foster increased private sector participation;
2. Improved transport systems;
3. Improved energy infrastructure;
4. Institutional and legislative reforms to improve coordination among various players for reduced cost of doing business;
5. Availability of affordable financing;
6. Improved labour productivity;
7. Increased investment in ICT infrastructure;
8. Conducive policy and legal framework to facilitate universal access to ICT;
9. Enabling policy and legal framework for promotion of MSMEs;
10. Availability of well developed and managed water resources; and
11. Enhanced R&D capacities.

8. POVERTY AND VULNERABILITY REDUCTION

8.1 OVERVIEW

In September 2000, Zambia joined other 188 countries in the World to become a signatory to the Millennium Development Goals (MDGs). Based on the Millennium Declaration of the United Nations, the MDGs set human and economic development goals and targets to be attained between 1990 and 2015. Eradicating extreme poverty and hunger was goal number one, whose specific targets were to reduce extreme poverty and hunger by half by the end of 2015. However, by the end of 2015 when the MDGs period officially came to an end, Zambia was still one of the poorest countries in the world with an estimated poverty rate of 54.4 percent. Poverty continues to persist in Zambia even under episodes of strong economic growth. About half of the population currently lives below the poverty line (US\$1.09) while 40.8 percent are unable to meet daily basic needs, such as food. The situation is even worse in rural areas where an estimated 76.6 percent are classified as poor.

The number of vulnerable households has also been on the rise and comprises people with limited access to essential services that are necessary for human survival such as health, education, water and sanitation. In addition, poor nutrition, which in part is a function of food insecurity in poor households, further erodes the human capital potential. This reinforces the intergenerational transfer of poverty and keeps these households trapped in a vicious cycle of poverty. Vulnerable groups currently include: female-headed households, child-headed households, persons with disabilities, orphaned children, the chronically ill and elderly people.

Nonetheless, the Government still remains resolved to reducing poverty and vulnerability among its citizens. While progress during the MDGs period proved challenging, Zambia has again joined the rest of the world in fighting poverty through the Sustainable Development Goals (SDGs) to finish off what was started. Like the MDGs, the SDGs are part of the 2030 Agenda for Sustainable Development which seeks, among other things, to end poverty and reduce vulnerabilities by 2030.

Under this Plan, the Government will in line with SDG number 1 implement nationally appropriate social protection systems to achieve substantial coverage of the poor and vulnerable. This will ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, and access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. This is with a view to reduce social exclusion and enhance their productive capacities.

In addition, social protection programming will promote household food and nutrition security requirements. Special focus will be on reducing poverty and vulnerability among women, the youth, the elderly and persons with disability. Programmes for moderating income inequalities will focus on promotion of livelihood potential among poor and vulnerable populations, with emphasis on provision of finance, agricultural inputs and entrepreneurship skills, including public works to promote community infrastructure and assets. The Plan will also adopt income redistribution, such as social cash transfers, and will ensure that output enhancing activities are promoted for the poor but viable populations to become productive and contribute to national development.

Furthermore, the Government will work at ensuring that the economy returns to strong economic growth. However, of equal importance is ensuring that the *'nature'* and *'character'* of the growth achieved during the 7NDP period is notably different from the growth achieved during previous plan periods, which was characterised by marginal reductions in poverty and increases in inequality.

8.2 BINDING CONSTRAINTS AGAINST POVERTY AND VULNERABILITY REDUCTION

Ending poverty and vulnerability is a very difficult undertaking that requires concerted efforts from various stakeholders. It also calls for high levels of political will for those in leadership. In Zambia, being vulnerable is often associated with chronic poverty, but could also result from events such as being orphaned, widowed, retrenched, retired or losing livelihoods or assets. Disadvantaged population groups such as women, the disabled and people in remote areas are more likely to be vulnerable than others. Zambia's high levels of poverty and vulnerability could persist if fundamental causes are not addressed. The binding constraints that perpetuate poverty and vulnerability include:

- a) **Unemployment and underemployment:** Zambia has an unemployment problem, which affects both rural and urban areas. Rural areas have a more acute problem of underemployment, as workers are underpaid for their labour, leaving them vulnerable to poor living conditions. In the urban areas, workers are usually engaged in the informal sector, which is characterised by low wages and lack of social protection; this perpetuates their vulnerability too.
- b) **Limited access to finance:** The level of financial intermediation is very low in Zambia, with rural populations being disproportionately affected. The high interest rates have compounded the problem. In rural areas, people are vulnerable as a result of their inability to access finance, inadequate entrepreneurship skills and unaffordable agricultural inputs.
- c) **Inadequate infrastructure:** Rural populations face relatively poor infrastructure services; services such as roads, hospitals, schools, water and sanitation are scarce and this accentuates poverty, vulnerability and inequality.
- d) **Limited access to services and markets:** Limited access to social services and markets is an acute constraint in rural areas. Not only are the social services inadequate, but where they are available, financial constraints often limit the extent to which rural communities can access them. Similarly, the rural population is disadvantaged with regard to access to markets, which compels them to sell their produce below market prices.

8.3 DEVELOPMENT OUTCOME 1: ENHANCED WELFARE AND LIVELIHOODS OF THE POOR AND VULNERABLE

During the Plan period, the Government is committed to reducing poverty by 20 percent. This will be achieved by enhancing access to basic needs and social services.

8.3.1 Strategy 1: Strengthen coordination of social protection systems

Focus will be on accelerating implementation of the integrated framework of basic social protection programmes and putting in place a road map for enhancing an integrated/multi-sector response. In addition, the Government will support the establishment of referral systems and a single-window approach at district and community level.

Programmes:

- a) Social protection coordination strategy development;
- b) Integrated basic social protection framework development; and
- c) Single-window social protection services implementation.

8.3.2 Strategy 2: Improve coverage and targeting of social protection programmes

Efforts will be made to expand coverage of social assistance programmes to address income insecurity of the poor and vulnerable, as well as support access to health and education, improved nutrition and human capital investment.

During the Plan period, appropriate legal and regulatory reforms will be undertaken to tailor social security schemes to the needs and characteristics of workers in the informal sector. In addition to extending coverage, efforts will be made to improve the targeting and performance of social protection programmes, to ensure that the intended poor and vulnerable beneficiaries are able to benefit from them.

Programmes:

- a) Social cash transfer enhancement;
- b) Farmer input support programme enhancement;
- c) Food security pack enhancement;
- d) Home grown school feeding enhancement;
- e) Public welfare assistance scheme enhancement;
- f) Access to health and education services promotion;
- g) Social protection programme targeting enhancement;
- h) Informal sector social security coverage extension;
- i) Social health insurance scheme introduction; and
- j) Legal and regulatory reform implementation.

8.3.3 Strategy 3: Implement pension reforms

During the Plan period, implementation of pension reforms will be accelerated to ensure efficiency and reliability of the provision of pensions in a financially sustainable manner, as one of the key strategies to enhance social welfare. Parameters and benefits of pension schemes and employment injury schemes will be redesigned, based on updated and sound actuarial valuation, coupled with supportive legal and regulatory framework, which will include disability-related contingencies and other provisions aimed at improving access and inclusion of marginalised and excluded groups.

Programmes:

- a) Pension reforms implementation;
- b) Employment injury scheme reforms implementation; and
- c) Legal and regulatory framework review and enhancement.

Table 8-1: Key Result Area 2: Reduced Poverty and Vulnerability

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target | |
|--|--|----------|---------------------------|--------|---|
| Reduced Poverty and Vulnerabilities | 8a Incidence of poverty by region (%) | | | | |
| | - Total | 54.4 | 2015 | 43.5 | |
| | - Rural | 76.6 | 2015 | 61.3 | |
| | - Urban | 23.4 | 2015 | 18.7 | |
| | 8b Incidence of extreme poverty (%) | | | | |
| | - Total | 40.8 | 2015 | 43.5 | |
| | - Rural | 60.8 | 2015 | 61.3 | |
| | - Urban | 12.8 | 2015 | 18.7 | |
| | 8c Percent of social cash transfer beneficiary household who are judged as severely insecure | 9 | | | 0 |
| | 8d HIV prevalence among adults 15-49 by sex (%) | | | | |
| | - Total | 11.6 | 2016 | 7.8 | |
| | - Female | 14.5 | 2016 | 9.7 | |
| | - Male | 8.6 | 2016 | 5.8 | |
| | 8e Percent of adults aged 15-49 living with HIV that know their status by sex | | | | |
| | - Total | 67.3 | 2016 | 75.0 | |
| | - Female | 70.0 | 2016 | 77.6 | |
| | - Male | 62.8 | 2016 | 70.4 | |
| 8f Percent of adults aged 15-49 living with HIV that know their status and are on treatment by sex | | | | | |
| - Total | 85.4 | 2016 | 90.0 | | |
| - Female | 84.9 | 2016 | 90.0 | | |
| - Male | 86.2 | 2016 | 90.0 | | |

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target |
|-------------|---|----------|---------------------------|--------|
| | 8g Percent of adults aged 15-49 living with HIV that know their status, are on treatment and have achieved viral load suppression | | | |
| | - Total | 89.2 | 2016 | 100.0 |
| | - Female | 89.7 | 2016 | 100.0 |
| | - Male | 88.2 | 2016 | 100.0 |
| | 8h Percentage of households with health cover | 3.9 | 2014 | 30.0 |

CONDITIONS FOR SUCCESS

1. Full implementation of the decentralisation policy;
2. Equitable access to economic resources such as land and finance;
3. Full implementation of the Social Protection Policy;
4. A coherent institutional framework and financial management system for social protection;
5. Broadened social protection coverage to the informal sector;
6. Equitable access to social services, such as education, health, water and sanitation; and
7. An effective multi-sectoral early warning system to respond to disasters and mitigate their effects.

9. REDUCING DEVELOPMENTAL INEQUALITIES

9.1 OVERVIEW

Zambia has recorded an average of 7 percent economic growth in the past decade. However, poverty levels are still high at 54.4 percent, with rural poverty at 76.6 percent in 2015. Huge disparities exist between rural and urban areas and this has undermined the capacity of the rural population to significantly contribute to economic growth. The Gini coefficient as a measure of income inequality increased from 0.65 in 2010 to 0.69 in 2015, placing Zambia in the category of the most unequal countries. Inequality in Zambia is potentially a threat to long-term social and economic development. Therefore, reducing inequality not only between rural and urban areas but also within the areas is important to improving the wellbeing of the population.

Under this strategic area, emphasis has been placed on reducing income and gender inequality and the rural-urban divide. Other aspects of inequality are covered mainly under the Enhanced Human Development strategic area.

The Government will in the Plan period promote inclusive growth initiatives that will ensure that benefits of economic growth are shared more equitably. Strategies will be employed that will systematically and comprehensively promote increased production and productivity, provide market linkages between urban and rural areas for primary products, enhance access to rural labour reserves for industry and enhance access to finance or credit. Other strategies will focus on employment creation and improvement of labour market policies and adoption of income redistribution measures, such as social protection.

9.2 BINDING CONSTRAINTS TO REDUCING DEVELOPMENTAL INEQUALITIES

Adequate infrastructure is one of the basic requirements for competitiveness and improved accessibility to markets. One of the major areas that aggravate inequality in rural areas is infrastructure deficits, which tend to inhibit their competitiveness. Most rural parts of Zambia have low access to electricity and have poor road networks to attract investment and contribute effectively to diversification and job creation, especially in the agriculture sector. The contributing factors that have led to inequalities include inability to effectively implement the Decentralisation Policy to an extent that resources and decision-making have precluded people at lower levels from effectively participating in the planning and implementation processes.

Social service delivery and improved infrastructure are imperative to reducing inequalities between and within cities and communities. Within urban areas, there are disparities in accessing social services between planned and unplanned settlements where the majority of the poor people live, with women and children being the most marginalised. The situation of women gets compounded by the fact that society still reinforces inequality in women's access to productive resources due to various discriminatory customary practices and laws, which are patriarchal in nature. These practices place an unfair burden on women and relegate them to be second class citizens or play subservient roles in their communities and households.

Other binding constraints to reducing inequalities are limited access to services, such as water and sanitation, electricity, security, housing and finance. In addition, the majority of the people who are working are in the informal sector (83.1 percent) establishments which are characterised by high levels of underemployment and low productivity, culminating in low disposable incomes at household level. On the contrary, high levels of productivity are predominant in high-tech industries which employ relatively fewer people (16.9 percent) and with higher incomes than in the informal sector. These contrasting scenarios are part of the factors that tend to exacerbate higher levels of inequality.

9.3 DEVELOPMENT OUTCOME 1: REDUCED INEQUALITIES

9.3.1 Strategy 1: Promote integrated rural development

Focus under this strategy will be to transform underdeveloped rural settings into cohesive communities with profitable and productive opportunities where members enjoy equitable access to basic public and social services, such as rural electrification, rural financing, housing development, rural industrialisation with emphasis on agro-industrialisation, rural water supply and sanitation and creation of rural employment opportunities. Focus will also be on investing in expanding rural road networks with particular emphasis on feeder roads to improve access to markets for rural entrepreneurs.

Further, the Government will promote improved partnership and connectivity between urban and rural areas. Specifically, policies to promote urban-rural remittances will be implemented as part of the efforts to improve partnerships between urban and rural areas.

Programmes:

- a) Infrastructure development;
- b) Rural electrification;
- c) Rural agro productivity enhancement;
- d) Rural financing promotion;
- e) Rural industrialisation;
- f) Social services provision;
- g) Housing development; and
- h) Rural-urban partnership promotion.

9.3.2 Strategy 2: Promote urban and peri-urban economies

To develop urban and peri-urban economies, priority will be on development and implementation of Integrated Development Plans in the identified areas and regions. The policy focus will be on promoting entrepreneurship, creating urban industrial clusters, strengthening value-chain linkages and improving infrastructure in formal settlements.

The Government will also implement measures targeting deprived segments of urban settings in form of infrastructure development and delivery, such as water and sanitation services, waste management, road and rail network and housing. In addition, efforts will be directed at expediting the formalisation and upgrading of informal settlements.

Programmes:

- a) Decent work agenda promotion;
- b) Infrastructure development;
- c) Entrepreneurship development;
- d) Value-chain linkage enhancement;
- e) Informal settlements formalisation and upgrading;
- f) Industrial clusters creation;
- g) Waste management;
- h) Housing development; and
- i) Social service provision.

9.3.3 Strategy 3: Reduce gender inequality

The strategy in the Plan period will be to reduce the gender gap by structural impediments which perpetuate gender inequality in the country. Gender inequality remains an important issue for policy in Zambia. In line with SDG 5, providing women and girls with equal access to education, health care, decent work and representation in political and economic decision-making processes will be the Government's focus during the Plan period. The Government is aware that unbalanced power relations between women and men in the domestic, community and public domains remain impediments to the advancement of women. Zambian women have fewer decision-making positions compared to men at all levels and remain the worst victims of the country's high unemployment and poverty. Women also have differentiated access to credit, improved technology, land and extension services, which constrain agricultural productivity and other economic activities.

To address gender inequality, focus will be on collaboration and use of a holistic multi-sectoral approach in tackling the problem of the inequality gap by scaling-up women's economic empowerment programmes as well as affirmative action for women, gender mainstreaming and promotion of girl-child education.

Programmes:

- a) Gender affirmative action;
- b) Gender mainstreaming;
- c) Gender empowerment; and
- d) Girl-child education promotion.

9.3.4 Strategy 4: Enhance income opportunities for poor and marginalised groups

The gap between the rich and the poor in particular has been getting wider and wider over the last decade and half (2000-2014). According to the 2015 Living Conditions Monitoring Survey report, Zambia's Gini coefficient now stands at 0.69, up from 0.60 in 2010; higher than that of Africa (0.43;) and comparable to some of the continent's most unequal countries. like South Africa, Namibia and Botswana. The income disparity reflects the country's inability to distribute its economic growth fairly across the population and is potentially a threat to long-term social and economic development. Reducing income inequality is, therefore, an important step to improving the wellbeing of the population.

The focus of this strategy will be to reduce income differences by restructuring the tax regime and reallocating the benefits to the disadvantaged. Tax differentiation measures will be undertaken to an extent that there will be lower taxes for lower incomes and targeted tax incentives for economic activities for small and medium enterprises. In addition, measures to accelerate formalisation of the informal sector, to promote growth of formal sector enterprises and contribute to enhancing the decent work agenda will be put in place. Programmes such as decent work agenda, tax differentiation measures, formalisation of the informal sector as well as improving access to finance by MSMEs will be implemented.

Programmes:

- a) Decent work agenda promotion;
- b) Pro-poor taxes enhancement;
- c) Informal sector formalisation; and
- d) MSMEs access to finance promotion.

Table 9-1: Key Result Area 3: Reducing Development Inequalities

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target |
|-----------------------------------|-----------------------------------|----------|---------------------------|--------|
| Reducing Development Inequalities | 9a Gini coefficient by region | | | |
| | - Total | 0.57 | 2015 | 0.47 |
| | - Rural | 0.45 | 2015 | 0.42 |
| | - Urban | 0.49 | 2015 | 0.48 |
| | 9b Poverty gap ratio by region | | | |
| | - Total | 26.4 | 2015 | 20 |
| | - Rural | 39.2 | 2015 | 30 |
| | - Urban | 8.5 | 2015 | 5 |
| | 9c Gender parity index in schools | | | |
| - Grade 1-7 | 0.99 | 2015 | 1.00 | |
| - Grade 8-12 | 0.85 | 2015 | 1.00 | |

CONDITIONS FOR SUCCESS

1. Full implementation of Decentralisation Policy;
2. Adequate and appropriate infrastructure for improved social services delivery;
3. Equitable access to productive resources by the disadvantaged; and
4. Improved access to electricity, water and sanitation for underserved areas, especially rural areas.

10. ENHANCING HUMAN DEVELOPMENT

10.1 OVERVIEW

Human development involves expansion of human freedoms to live long, healthy and creative lives and to actively participate in shaping equitable and sustainable development. As people are both beneficiaries and drivers of human development, there is need to invest in them to enhance their human capacities in self-employment and wage employment that leads to socio-economic growth. This entails that people should be educated (to include formal and non-formal skills development), healthy, have a reasonable standard of living and feel safe.

The assessment of the levels of human development focuses on longevity which is denoted by life expectancy at birth; knowledge or education which is measured by adult literacy rates and combined enrolment rates; and the standard of living measured by Gross National Income per capita. The three dimensions are combined into an index which ranges between 0 and 1, where 0 denotes complete lack of human development while 1 depicts a condition of perfect or maximum human development. This means the human development of a given country worsens as the index gets closer to zero and improves the closer it gets to one. Zambia's Human Development Index (HDI) value increased from 0.422 in 1980 to 0.586 in 2014, which is an indication that the quality of life has been improving over the years.

The improvements in Zambia's HDI reflect positive developments in health, education and living standards over the years. School enrolment has greatly improved and more children now than before enter Grade 1. School attendance has equally improved and now stands at 83.1 percent for primary school, 85.7 percent for junior secondary school and 65.3 percent for senior secondary school. The proportion of the literate population has been rising for both men and women over time. However, the female literacy rate (86 percent in 2010) is still below the male literacy rate (91 percent in 2010). Life expectancy at birth was 51.2 years in 2010 against the projected 54.2 years as at 2017. With regard to rural/urban distribution using the same sources, as at 2010 rural areas recorded a life expectancy of 51.7 years against 54.0 years projected in 2017, while in urban areas life expectancy increased from 50.8 to 51.7 years.

Income per capita in Zambia has also been largely on the rise over the years and led to the transitioning of Zambia from a low to a lower middle-income country in 2011. This has been a result of sustained growth of the economy over a period of more than a decade.

Despite the progress highlighted above, there are still many challenges facing human development in Zambia. Health and the delivery of health-related services are lacking in many ways. While a number of positive strides have been made, such as reducing maternal and child mortality, controlling malaria and related deaths and lowering the prevalence of HIV and AIDS remain challenges. Further new challenges have emerged in the form of non-communicable diseases. Deaths from non-communicable diseases, such as cancer, diabetes and cardiovascular diseases have been on the rise in Zambia. Unfortunately, the country does not seem prepared for this new burden of diseases. Those in rural areas especially face difficulties as there are no facilities for early detection while the cost of treatment is insurmountable given the high levels of poverty.

Zambia also continues to face challenges regarding the quality of its labour force as the majority of those seeking employment are not properly skilled in the specific jobs they want. Additionally, the low level of investment in primary water resources infrastructure development has affected the availability of water resources for various uses, particularly the provision of services and access to clean, safe water and sanitation. In 2015, 67.7 percent of households had access to safe water. In rural areas, 51.6 percent of households had access to safe water while access levels were at 89.2 percent for urban areas. In terms of access to improved toilet facilities, only 39.7 percent of households on average had access.

To attain the desired human capital development, there is need to build inclusive and appropriate skills that respond to the demands of the labour market. Training in business development, technical and vocational skills will also be required to support innovation and technology that will drive growth. Building appropriate skills will to a large extent depend on the quality of primary and secondary education, making this level of education an important area of interest for the next five years. Health service delivery will also need to be enhanced through infrastructure development, expanding the health workforce and building more health facilities. Measures will be put in place to promote applied research and training in engineering, sciences, mathematics and ICT to enhance the quality and productivity of the labour force.

In view of the above, the 7NDP will under this strategic area prioritise simultaneous investments in health and education to enhance the quality of human capital, accelerate economic growth and promote job creation. Furthermore, the availability and utilisation of safe and clean water and provision of sanitation services, which impact on the health and productivity of the people, will be prioritised by promoting investments in water resources development, to improve access in both rural and urban areas. Emerging and cross-cutting issues, such as gender, disability, biodiversity, climate change and disaster risk reduction, which have significant impact on human development, will also need to be addressed.

10.2 BINDING CONSTRAINTS TO ENHANCED HUMAN DEVELOPMENT

Zambia's achievement of enhanced human development can be harnessed through, among others, addressing various aspects that constitute binding constraints. These binding constraints are related to a weak decentralised administrative and fiscal system of governance, coupled with weak coordination among various institutions that contribute to enhancing human development. As a result, the country has registered high poverty levels due to stagnating per capita incomes, especially in the 1990s, decreased fiscal expenditure in health, education and social protection, declining life expectancy exacerbated by HIV and AIDS, inadequate access to social services and drought, which has constrained incomes of the majority of the country's workers in the agriculture sector.

10.3 DEVELOPMENT OUTCOME 1: IMPROVED HEALTH AND HEALTH-RELATED SERVICES

In recognition of the fact that economic productivity is a function of a healthy citizenry, the Government is determined to transform Zambia into a nation of **healthy and productive** people. A healthy workforce is critical for the successful attainment of Zambia's Vision 2030 objective of becoming a prosperous middle-income nation as it enables the country to enhance its economic productivity and earn a substantial demographic dividend. To this end, health will be a top priority in this Plan and will be regarded as a key economic investment that will contribute to the evolution of the human capital to drive our socio-economic development agenda. As a strategy to achieve this, emphasis will be placed on strengthening health systems and services using the **primary health care approach**, to enhance the wellbeing of all Zambians. The health service model will be re-engineered to emphasise, in this particular order: health promotion, disease prevention and curative and rehabilitative services in close-to-client settings. The first rung on the ladder of our health services will be community-based prevention health services rather than curative services.

During the Plan period efforts will be expended in reducing the prevalence and impact of communicable diseases such as HIV, tuberculosis and malaria. Efforts will also be made to address the emerging non-communicable diseases such as cancer, diabetes, hypertension, cardiovascular and mental illness. To achieve this, investments will be made in strengthening health promotion programmes and ensuring availability of all critical health system inputs, such as adequate medical personnel, equipment, infrastructure and medical supplies. In our quest to build a healthy and productive nation, we will emphasise strong inter-sectoral actions to address determinants of health, such as water and sanitation, nutrition, education, household income, housing and road infrastructure.

10.3.1 Strategy 1: Strengthen public health programmes

Prevention of disease is a key aspect in effective public health management. During the Plan period, greater and more effective investments in primary health care will be undertaken by strengthening fundamental components of the health system. Primary health care will be the pillar of the health system and will be central to preventing epidemics; improving women's and children's health; controlling major infectious diseases, such as malaria, tuberculosis, and HIV and AIDS; and managing the rising burden of non-communicable diseases, such as diabetes, cardiac disease and cancer. Public health will be strengthened by implementing programmes aimed at promoting maintenance of a clean, healthy environment and good nutrition. In addition, efforts will be exerted towards reducing the incidences of non-communicable diseases. Epidemic control and preparedness programmes will also be enhanced for prevention and reduction of disease incidences.

Other areas of focus will be water and sanitation and food safety regulation to ensure safe drinking water and sanitary conditions. The legal and regulatory framework for public health will be revised with a view to harmonise and update it to meet the emergent issues and also encourage disease surveillance and public health research for preventative purposes.

Programmes:

- a) Health education promotion;
- b) School health promotion;
- c) Maternal child health care and family planning promotion;
- d) Infectious diseases immunisation;
- e) Epidemic preparedness and control enhancement;
- f) Nutrition promotion;
- g) Physical exercise promotion;
- h) Legal and regulatory framework review and enhancement; and
- i) Public health research promotion.

10.3.2 Strategy 2: Expand capacity to increase access to quality health care

During the Plan period, access to quality health care will be enhanced. Efforts will be made to improve distribution of health facilities at all levels and to enhance the capacity of healthcare personnel and supply of essential drugs and medical supplies. Focus will be placed on building the health system to ensure equitable access to essential medical products, vaccines and technologies of assured quality, safety, efficacy and cost-effectiveness. Local production of medicines and generic drugs will also be promoted to reduce cost and improve access to health care. Investments will also be made in building a well-performing health workforce that will be fairly distributed, competent, responsive and productive. Investment in areas lacking health infrastructure will be prioritised. To improve financial access to health services and improve resource availability, alternative health care financing arrangements will be implemented. Given that reduction of maternal mortality is a key health sector objective, there will be increased attention to increasing proportion of skilled attended deliveries and where pregnancy complications occur, there will be need to enhance access to emergency obstetric care services.

Programmes:

- a) Infrastructure, equipment and transport improvement;
- b) Medical commodities supply improvement;
- c) Health care financing improvement; and
- d) Health service delivery enhancement.

10.3.3 Strategy 3: Enhance food security and nutrition

Under-nutrition is endemic in many parts of the country and poses a serious threat to the cognitive development and wellbeing of many. Forty-eight percent of children under age 5 are stunted, 6.6 percent are wasted and 13.3 percent are underweight. To have a productive workforce and healthy population, strategies will be undertaken to prevent micronutrient deficiency, which is a major contributor to childhood morbidity and mortality. Programmes will include supplementary feeding and safe and nutritious food education programmes that will ensure people have access to the right nutrition for their daily needs. Other interventions will include enhancing food security at household and national levels. Legislation reform and research in food and nutrition will be prioritised to meet national food and nutrition standards.

Programmes:

- a) Supplementary and school feeding enhancement;
- b) Micro-nutrients fortification and supplementation;
- c) Nutritious foods and household food security promotion;
- d) Food and nutrition legislation reforms;
- e) Research and development promotion;
- f) Food and nutrition research promotion;
- g) Health and nutrition advocacy; and
- h) Nutrition information system development.

10.3.4 Strategy 4: Promote private sector participation in health care delivery

Private sector participation through modalities such as PPPs in the health care delivery system will be promoted. This will be implemented in the medium to long-term to augment existing efforts in health services with more emphasis on the provision of medical training and highly specialised medical services to reduce the costs of sending patients abroad for treatment.

Programmes:

- a) PPP service provision promotion; and
- b) PPP medical training promotion.

10.3.5 Strategy 5: Accelerate human resource outputs, recruitment and retention

The mainstay of development in the health sector hinges on health systems strengthening including human resources, together with infrastructure, healthcare services, leadership and governance and health financing. Human resource training and recruitment are key priorities in the face of the human resources for health crisis that the country has faced for over twenty years. Despite various efforts in training and recruitment, a large deficit still remains between the available number of health workers and the needs of the health sector with regard to both the numbers and the skills mix.

The health sector needs to focus on stipulating strategic directions that result in a coherent, efficient and effective training mechanism and platform that is responsive to national priorities and creates synergies to maximise returns on investment for every Kwacha spent on training. Further, the scale-up of the numbers of health professionals trained and recruited must be at a large enough scale to make an impact on provision of health care services given the large human resource for health deficit. This will complement the unprecedented investment in infrastructure by way of building health posts, district hospitals, central hospitals and the modernisation programme of several hospitals into centres of excellence.

Programmes:

- a) Health workforce capacity development;
- b) Health workforce recruitment and retention enhancement;
- c) Health workforce deployment improvement; and
- d) Health workforce competence and quality assurance enhancement.

10.4 DEVELOPMENT OUTCOME 2: IMPROVED EDUCATION AND SKILLS DEVELOPMENT

Improved education and skills development are instrumental in creating societies that are better able to respond to social and economic development challenges they face. The availability of a skilled workforce is necessary to support the transition of all economic sectors towards highly productive activities, raise labour productivity, attract investment into the country, reduce poverty and build resilience in the economy. Issues of lifelong learning, continuing professional development and knowledge production, alongside innovation, are key to building the capabilities of individuals and society as a whole and achieving gender equality.

While Zambia has made strides in achieving universal primary education, a key challenge remains in participation rates across education levels as measured by the Net Enrolment Rates (NER). In 2015, primary and secondary education net enrolment rates stood at 89 and 28.1 percent, respectively. For tertiary education only 7.6 percent of the population possessed a bachelor's degree by 2010. With respect to the Gender Parity Index (GPI) there is near parity at primary school where for every 100 boys enrolled there are 99 girls while at secondary school level, GPI drops to 84 girls for every 100 boys. These disparities are evident across the urban-rural regional divide. Investment in education and skills development will enable the country overcome the challenges of low progression rates to higher education levels, gender disparities in participation rates as well as variations in participation rates across the rural-urban dichotomy. Additionally, special attention needs to be directed to broadening access and participation to education by disenfranchised populations that are found in remote places and over-crowded urban areas, such as Lusaka.

Zambia's Vision 2030 emphasises developing quality human capital, including investing in quality education and skills development. Education in all its forms is expected to produce an efficient and inclusive labour force which can resolve mismatches in workforce demand and supply and enable all citizens to participate in and benefit from the nation's economic growth.

In an effort to promote quality teaching and learning, in 2013 the Government enacted the Teaching Profession Act, which facilitated establishment of the Teaching Council of Zambia. The Act aims at enhancing professionalism in the teaching service and regulating teacher training institutions.

Achieving diversification in Zambia will require a labour force that has functional skills and qualifications that support the development of practical skills in science, technology, engineering and mathematics. Technical Education, Vocational and Entrepreneurship Training (TEVET) will play an important role in contributing to building human capital that will effectively support economic diversification. There are, however, several constraints that Zambia faces in attaining this objective, some of which include low access to skills training, poor quality of skills training and skills mismatch caused by the peripheral role played by industry in the development and implementation of TEVET curricula.

The education sector in collaboration with other sectors will employ several strategies to ensure that efforts are working towards attainment of Zambia's Vision 2030. The strategies will also enhance inclusion and participation of all citizens taking into account their age, gender, disability and other factors. In addition, emphasis will be placed on improving the quality and relevance of education.

10.4.1 Strategy 1: Enhance access to quality, equitable and inclusive education

Programmes enhancing equitable access by all persons, including those with disabilities and special needs, to school places at all levels of education will be implemented in the medium to long-term. Investment in infrastructure and use of innovative methods of delivering education will be undertaken. Infrastructure development to promote equitable access to quality education and skills training, distance education, research, innovation and vocational and entrepreneurship training will be implemented. This will be aided by advanced ICT that will play a critical role in expanding learning opportunities for different groups of learners and promote life-long learning and continuing professional development.

One of the major challenges that the education system faces is the low quality of education as evidenced by low performance results in the National Assessment Surveys. To improve quality, focus will be on enhancing the development of literacy and numeracy skills in learners, especially at primary education level, through implementation of the revised curriculum. Priority will also be given to the procurement and supply of learning and teaching materials (including ICT) and upgrading teacher competences.

Programmes:

- a) Infrastructure development;
- b) Teacher training, recruitment and deployment improvement;
- c) Equity and inclusive education enhancement;
- d) Youth and adult literacy expansion and improvement; and
- e) Policy coordination, planning and information management improvement.

10.4.2 Strategy 2: Enhance access to skills training

Opportunities for skills acquisition are very limited, constrained even further by high cost barriers to skills acquisition. Out of the 300,000 youths that leave the school system every year at Grades 7, 9 and 12, only about 8 percent can enrol in tertiary institutions.

The Zambia Development Agency in its education sector profile shows that there is very low absorptive capacity for TEVET. Vocational skills training centres in 2011 had the capacity to enrol only 14,000 learners. Also, less than 13 percent of the potential and eligible population had access to TEVET services, well below the average range for middle income economies.

In 2015, there were a total of 24,636 candidates that were assessed and certified under TEVETA. This is against a total of about 6.9 million people in the 2014 Labour Force Survey reported to have never received any skills training. To increase access to skills training, the Government will enhance implementation of the strategies that were commenced during the SNDP period. These strategies include the following:

- a) Secondary school vocational education and training;
- b) Institution-based learning;
- c) Open, distance and flexible learning;
- d) Workplace/on-the-job training;
- e) Learnership, including apprenticeship;
- f) Recognition of prior learning assessments;
- g) National skills competitions; and
- h) Career exploration and information.

This wide range of training systems will ensure inclusiveness as people with different learning abilities and capacity or lack thereof to pay for training are included, hence no one is left behind. The Government will in the Plan period promote establishment of more vocational training institutions. Further, to support the development of practical skills in science, technology, engineering and

mathematics, the Government will ensure the provision of training equipment, support the upgrading of lecturer qualifications and establish centres of excellence in science, technology and engineering. To ensure that learners from poor household's access skills training, the Government will establish a vocational skills bursary scheme.

Programmes:

- a) Centres of excellence establishment;
- b) Trades training institutions operationalisation;
- c) Training institutions rehabilitation and construction;
- d) Alternative training mode promotion;
- e) Continuing professional development; and
- f) Inclusive vocational training promotion.

10.4.3 Strategy 3: Enhance private sector participation

Private education and training providers will continue to be important partners in the delivery of education and training for all at all levels. The Government will provide a conducive environment for private sector participation in an effort to raise the current private provision, which stands at 8.8 percent. The Ministry responsible for education will provide private institutions with professional support in the form of advisory, training and evaluation services. In addition, the Government will ensure that proprietors of private institutions are suitably and adequately represented on appropriate committees and that staff from such institutions are involved in relevant activities. Furthermore, there will be special effort to improve private sector participation in skills development for out-of-school youths through provision of incentives to the private sector to invest in delivery of education and skills training.

Programmes:

- a) Private sector education participation promotion;
- b) Private sector skills development participation promotion.
- c) Private sector youth and adult education participation promotion; and
- d) PPP Skills Development Fund implementation.

10.4.4 Strategy 4: Continuous review of curriculum

The Government, in collaboration with stakeholders, will undertake continuous revision of curricula at all levels of education to enhance the relevance of the education system for the labour market. This will include focus on important contemporary global market skills needs, such as science, mathematics, technology, innovation, entrepreneurship and strategic leadership training.

Programmes:

- a) Curriculum and materials development;
- b) Pre-service and in-service teacher training provision;
- c) Curriculum assessment and evaluation enhancement;
- d) Standards monitoring enhancement;
- e) Curriculum framework standardisation; and
- f) Training equipment provision.

10.4.5 Strategy 5: Enhance role of science, technology and innovation

Programmes to prioritise research in education institutions will be enhanced, to promote productivity, innovation and competitiveness in the economy. Research and innovation will drive the creation of new products and new ways of producing existing products efficiently.

Programmes:

- a) Science and technology human capital development;
- b) Science and technology infrastructure development;
- c) Science, technology and innovation (STI) financing;
- d) STI quality assurance enhancement; and
- e) STI coordination enhancement.

10.5 DEVELOPMENT OUTCOME 3: IMPROVED ACCESS TO WATER SUPPLY AND SANITATION

Access to water and sanitation services by all segments of the population is a key component of all aspects of sustainable development and this challenge becomes more important when the population growth by 2030 is factored in. All sectors require access to adequate water and sanitation services for their productivity to be enhanced. In 2015 only 40 percent of households in Zambia had access to improved sources of sanitation. Additionally, 27 percent of people in urban areas and 85 percent in rural areas had no access to improved sources of sanitation. The proportion of households accessing improved sources of drinking water increased from 63 percent in 2010 to 67.7 percent in 2015. Households in urban areas had more access to improved sources of drinking water at 89.2 percent compared to 51.6 percent of households in rural areas in 2015.

Poor water supply and sanitation conditions are major contributors to the burden of disease and expose people to water-borne diseases and related ailments. There is need to increase levels of access to clean and safe water and sanitation services for people in rural and urban areas. To achieve this, strategies to facilitate water and sanitation services provision and prioritise the utilisation of clean and safe water among households will be intensified.

Further, solid waste that is disposed of at undesignated places poses various health risks to the affected communities. According to the World Health Organisation, inappropriate disposal of waste poses the most significant environmental health problems that threaten human health in Africa. This is because poorly managed waste is one of the major breeding grounds for flies and rodents, while burning of waste produces toxic fumes. These can in turn result in health conditions, such as diarrhoea, respiratory and gastrointestinal tract infections and skin diseases

Strategies will be undertaken during the Plan period to address water supply and sanitation challenges with a view to improving the living conditions of citizens. Water conservation and water-related disaster management coordination will also be incorporated in all strategies to mitigate effects of climate change and variability.

10.5.1 Strategy 1: Enhance provision of adequate safe water and sanitation

Effective and sustainable management of clean, safe water and sanitation is key to improved health for all. Water supply and sanitation will be enhanced through established local authorities, commercial utilities, the private sector and communities.

Programmes:

- a) Water quality monitoring improvement;
- b) Water supply and sanitation and hygiene promotion,
- c) Communication and advocacy enhancement;
- d) Sector coordination enhancement; and
- e) Capacity development.

10.5.2 Strategy 2: Improve availability of water and sanitation infrastructure

During the Plan period, infrastructure development will be prioritised in rural areas, to improve the livelihoods of the rural population where the majority of the poor live. Further, priority will be placed on investments in water supply and sanitation services and its management in urban areas. Focus will be on addressing water-related hazards, promotion of resilience of water and sanitation, infrastructure development including construction, rehabilitation and retro-fitting. Capacity development will be enhanced to incorporate disaster risk reduction into the design and construction of facilities. Further, research in water and sanitation management and development will be promoted.

Programmes:

- a) Water supply and sanitation infrastructure development;
- b) Sustainable operations and maintenance improvement;
- c) Water and sanitation management promotion; and
- d) Capacity development.

10.5.3 Strategy 3: Enhance research in water supply and sanitation services

Research in water supply and sanitation will be enhanced to mitigate the impact of climate change on urbanisation and water utilisation in all sectors of the economy. Further, information, education and communication on sanitation services will be stepped up to influence behavioural change.

Programmes:

- a) Research and knowledge management improvement; and
- b) Keep Zambia Clean Campaign promotion.

10.5.4 Strategy 4: Promote alternative financing for water and sanitation

Alternative ways of financing the development and implementation of the provision of water supply and sanitation services will be prioritised. Public-private partnerships, and private sector and community participation will be strengthened for the implementation of this strategy.

Programmes:

- a) Basket financing promotion; and
- b) Public-private partnership enhancement.

10.5.5 Strategy 5: Enhance provision of adequate solid waste management services

Provision of solid waste management will be a priority under this Plan. Focus will be on institutional and capacity development to ensure that implementing agencies are well placed to provide these services. Provision of appropriate equipment and infrastructure for solid waste management will be facilitated to ensure sustainable service delivery. Nationwide campaigns against littering and messages encouraging the population to access services will be accelerated.

Programmes:

- a) Institutional capacity development;
- b) Awareness campaigns;
- c) Stakeholder coordination enhancement;
- d) Solid waste management improvement; and
- e) Equipment procurement facilitation.

Table 10-1: Key Result Area 4: Enhanced Human Development

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target |
|---|---|----------------------------|---------------------------|--------------------------|
| Enhanced Human Development | 10a Human Development Index (rank) | 0.586 (139) | 2014 | 0.75 (<100) |
| | 10b Percent adult literacy (15-49) | 67.5 (women) 82.7 (men) | 2013/14 | 85.0 (women) 90 (men) |
| | 10c Labour force productivity | 3.6 | 2012 | |
| | 10d Life expectancy at birth | 53.3 | 2015 | >60 |
| | 10e HIV incidence among adults 15-49 (per 100 persons) | 0.7 | 2016 | 0.5 |
| | 10f Percent of population living below the poverty line | 54.4 | 2015 | <50 |
| | 10g Percent prevalence of | | | |
| | - Wasting | 6.0 | 2015 | 2.0 |
| | - Underweight (children under 5 years of age) | 14.8 | | 5.0 |
| | - Stunting | 40.1 | | 35 |
| | 10h Maternal mortality rate | 0.74 | 2013/14 | 0.37 |
| 10i Under five mortality rates | 75 | 2013/14 | 37.5 | |
| 10j Proportion of grade one entrants with pre-school experience | 24.4 | 2015 | 50 | |

CONDITIONS FOR SUCCESS

1. A decentralised administrative and fiscal system of governance;
2. Legislative and institutional reforms to enhance access to social services;
3. Access to adequate water and sanitation services; and
4. Effective participation of the private sector in the provision of social services.

11. CREATING A CONDUCTIVE GOVERNANCE ENVIRONMENT FOR A DIVERSIFIED AND INCLUSIVE ECONOMY

11.1 OVERVIEW

A conducive governance environment is a pre-requisite for political stability, human security, economic growth and sustainable development. Good governance encompasses democracy, constitutionalism, the rule of law, human rights, sound professional and insulated public institutions and officers and transparent and accountable economic and administrative governance systems, among others.

Good governance is imperative for creating conditions to accelerate Zambia's diversification and inclusive growth agenda. Various governance concerns will be addressed in the Plan period, to contribute to the realisation of a resilient and diversified economy, especially in the key sectors of agriculture, tourism, manufacturing and mining. The Government will through this Plan mainstream the Sustainable Development Goals (SDGs). Efforts will be made under the strategic area on conducive governance environment to address SDG 5 – Gender Equality; SDG 8 – Decent Work and Economic Growth; and SDG 16 – Peace, Justice and Strong Institutions that hinge on creation of a good governance environment.

During the preceding national development plans, a number of strides were recorded in upholding the good governance agenda, notably the amendment of the Zambian Constitution and establishment of the Small Claims Court. However, the sector continued to face challenges of inadequacies and inconsistencies in the regulatory framework and policy environment, access to justice, transparency and accountability, democratisation and slow pace of implementation of decentralisation reforms.

To ensure “total adherence to good governance by 2030”, the Government will continue to promote good governance in the following areas during the 7NDP: (i) improving the policy environment; (ii) improving transparency and accountability; (iii) establishing an inclusive democratic system of governance; (iv) improving service delivery; and (v) improving rule of law, human rights and constitutionalism.

11.2 BINDING CONSTRAINTS TO A CONDUCTIVE GOVERNANCE ENVIRONMENT FOR A DIVERSIFIED AND INCLUSIVE ECONOMY

Zambia's achievement of a resilient and diversified economy will be dependent on a conducive governance environment. However, there are a number of binding constraints which need to be addressed.

During the previous Plan period, the key hindrances to achieving a conducive governance environment was the slow pace of implementation of key reforms such as decentralisation and labour, land, judicial and private sector reforms. This was further compounded by weaknesses in the national legal frameworks and poor enforcement of laws which hamper efforts to promote workers' rights and decent work, particularly those of female workers. Arising from this, there has been a high backlog of court cases, congestion in prisons, delayed disposal of court cases, high cost of legal services and long distances to courts, thus compromising observance of the country's human rights and the rule of law.

Additionally, there were weak mechanisms for personnel performance accountability, such as performance contracts and appraisals, as well as inadequate institutional capacities and logistical constraints to support service delivery.

Other factors that constrain a conducive governance environment are weak transparency and accountability mechanisms and overly centralised oversight institutions, such as the Anti-Corruption Commission, Office of the Public Protector, Drug Enforcement Commission and the Office of the Auditor-General.

To address these constraints, the Government will focus on the following development outcomes.

11.3 DEVELOPMENT OUTCOME 1: IMPROVED POLICY ENVIRONMENT

The Government will during the Plan period put in place a conducive and stable policy environment with a view to providing certainty to the general public, businesses and public-sector institutions, thus instilling public, investor and institutional confidence. This will be achieved through establishment of inclusive consultative processes as well as legal reforms that will ensure legally binding, inclusive and coherent policy formulation and implementation. Further, this will be done with the use of correct information; therefore, data collection will be enhanced through statistical reforms.

11.3.1 Strategy 1: Reform and re-establish inclusive consultative structures

The Government will reform and reorient consultative structures and other advisory institutions to conform them to the integrated development approach of the Plan. This will be achieved by first determining the thematic level of Cluster Advisory Groups (CAGs), establishing the legal and/or administrative frameworks for operationalising the CAGs and then setting up and financing the CAGs. Reform and re-invigoration of national and sub-national structures, such as the National Development Committee (NDCC), Provincial Development Coordinating Committees (PDCCs), District Development Coordinating Committees (DDCCs) and Ward Development Committees (WDCs), will be undertaken to improve the policy formulation and implementation environment.

Programmes:

- a) Cluster Advisory Groups establishment and operationalisation; and
- b) Legal and administrative framework formulation and implementation.

11.3.2 Strategy 2: Reform labour policy and legislative framework

The Government will reform the existing labour laws and policies, to implement the decent work agenda. During the Plan period, efforts will be made to address distortions that impede the free functioning of the labour market and put in place labour standards that will protect the rights of workers while ensuring that investments and productivity of enterprises are safeguarded.

Programmes:

- a) Labour law and policy reforms implementation;
- b) Integrated labour inspections promotion; and
- c) Social dialogue enhancement.

11.3.3 Strategy 3: Accelerate implementation of the Decentralisation Policy

During the Plan period, the Government will accelerate implementation of the National Decentralisation Policy. Key to this will be the devolution of functions with matching resources to local authorities. The Public Finance Act will be amended to provide guidance for implementation of an effective, efficient and transparent fiscal framework for improved service delivery as well as local economic development.

Further, interventions will be put in place to assist the dismantling of debt in local authorities and keeping statutory and contractual obligations current.

The Government will also focus on capacity development at national, provincial and local levels, to effectively implement the decentralisation process leading to improved service delivery.

Programmes:

- a) Devolution implementation;
- b) Fiscal decentralisation implementation;
- c) Citizen participation promotion;
- d) Local authorities' debt dismantling; and
- e) Capacity development.

11.3.4 Strategy 4: Enhance national data and information systems

The timely provision of relevant and reliable statistics is critical for public policy formulation, implementation, monitoring and evaluation and for overall economic governance. To enhance the statistical delivery system, the Government will strengthen management of information systems and establish them in all MPSAs where they do not exist. Further, the Government will repeal and replace all relevant statistical legislation and enact new legislation, ensuring that the new legal environment is consistent with international practices in statistical development and delivery. In addition, the Government will decentralise and strengthen the Vital Statistics Registration System. The Government will also accelerate implementation of the National Strategy for the Development of Statistics (NSDS) 2014-2018, which provides policy guidelines on statistics in the country.

Programmes:

- a) Integrated management information systems development;
- b) National statistics legal reforms implementation; and
- c) Vital statistics registration system decentralisation.

11.4 DEVELOPMENT OUTCOME 2: IMPROVED TRANSPARENCY AND ACCOUNTABILITY

Transparency and accountability in the management of public resources are key to the country's quest to attain a diversified and resilient economy. In this regard, the Government will focus on improving transparency and accountability for enhanced public service delivery and growth in the economy. Further, the Government will enhance and strengthen accountability mechanisms, review and strengthen legal frameworks for oversight institutions and foster stakeholders' participation in promoting transparency and accountability. Under this Plan, the Government will progressively decentralise some of the oversight institutions.

11.4.1 Strategy 1: Strengthen transparency and accountability mechanisms

The Government will strengthen structures such as Ward Development Committees, DDCCs, PDCCs and NDCC, to increase avenues for engagement on development issues. The Government will also reform Sector Advisory Groups and other advisory institutions to conform them to the integrated development approach of the Plan. In addition, the Government will operationalise the provisions of the Constitution which provide for creation of WDCs. The Government will also review the National Anti-Corruption Policy and Act to enhance protection of whistle blowers.

The Government will strengthen oversight institutions, such as the Office of the Auditor-General, Office of the Public Protector and the National Assembly, by devolving their presence to the lower levels of governance. In addition, the Government will create an enabling environment to enable civil

society play a meaningful role in the area of social justice, good governance and national development by reviewing the Non-Governmental Organisations Act of 2009.

Programmes:

- a) National Anti-Corruption Policy review and enhancement;
- b) Advisory bodies reform;
- c) Oversight institutions strengthening; and
- d) Non-governmental organisation legal framework review and enhancement.

11.4.2 Strategy 2: Strengthen public financial management

The Government will undertake financial and budgetary reforms that are aimed at improving public financial management and promoting accountability and transparency in the use of public resources, to ensure prudent use of resources. In addition, the Government will enhance financial management capacities in MPSAs, to facilitate more effective management of public resources. Further, the Government will undertake planning and budgeting reforms by enacting the National Planning and Budget Bill, to strengthen platforms for the engagement of different stakeholders in the national development process and create synergies between the Plan and the budget. Tax reforms will be undertaken to enhance tax administration efficiency. Moreover, procurement reforms will be undertaken to strengthen procurement systems.

Programmes:

- a) Public Finance Act review and enhancement;
- b) MPSAs capacity development;
- c) Planning and budgeting reform implementation;
- d) Tax administration reform; and
- e) Procurement reform.

11.5 DEVELOPMENT OUTCOME 3: AN INCLUSIVE DEMOCRATIC SYSTEM OF GOVERNANCE

Democratisation is the establishment of a democratic system of political governance. In the context of Zambia's development planning, democratisation includes all efforts aimed at consolidating and strengthening the democratic process and institutions. The ever-present need for government actions to be legitimatised by citizens means that participation is key to sustainable development. In light of the foregoing, deliberate interventions are required in the area of governance and administration to strengthen processes and systems that allow citizens to participate in the country's governance.

11.5.1 Strategy 1: Promote platforms for citizen engagement and participation

The Government will create platforms for engagement to ensure government decision-making processes allow citizens to participate more. The Government will pay particular attention to promoting inclusive participation of women, the youth and other special groups in governance. Civic engagement for women and the youth, networks and organisations will be promoted. Further, equitable and gender-sensitive, social, economic and cultural barriers affecting women and the youth will be removed.

Programmes:

- a) Inclusive civic engagement promotion; and
- b) Public awareness promotion.

11.5.2 Strategy 2: Strengthen electoral processes and systems

Under the Plan period, focus will be placed on strengthening legislation, national and institutional policies and programmes, to increase participation in the electoral process. Focus will also be on addressing voter needs and concerns through awareness efforts to enhance civic duties and responsibilities among citizens. In this regard, continuous voter registration (with sensitisation arrangements) and updates of the Voter's Register will be undertaken; the legal and/or administrative provisions for electoral dispute resolution mechanisms, such as the Constitutional Court and the Judicial Complaints Commission, will be reviewed and, where necessary, reformed; capacity development of public electoral institutions and continuous national registration card registration will also be undertaken.

Programmes:

- a) Continuous voter registration and update implementation;
- b) Electoral dispute resolution mechanism review and enhancement;
- c) Public electoral institution capacity development; and
- d) Continuous national registration card registration implementation.

11.6 DEVELOPMENT OUTCOME 4: IMPROVED SERVICE DELIVERY

The Government will continue with reforms to enhance professionalism and efficiency in the public service. The reforms will aim at building public satisfaction and confidence. The Government will undertake necessary reforms in the public sector aimed at promoting objective, suitable and impartial recruitment and placement of public service officials, while entrenching professionalism in the public service. The Government will also modernise and enhance the delivery of public services through the use of ICT. In addition, the Government will put in place mechanisms to improve the work culture in the public service by instituting measures to account for performance by public service workers. Further, the Government will institute measures aimed at insulating public service officers from undue political influence.

Particular attention will be given to land reforms because land remains a critical factor of production, providing a basis for national development. Without an efficient and effective land administration system, meaningful development becomes difficult to achieve. Therefore, land reforms will be undertaken to ensure security of land tenure.

11.6.1 Strategy 1: Scale-up public service reforms

During the Plan period, the Government will undertake necessary reforms to enhance service delivery. A public service audit will be undertaken to assess existing competences aimed at matching placements with skills. Service delivery charters and performance contracts will also be institutionalised across all MPSAs as one of the key instruments for assessing performance.

In line with the 2016 Amended Constitution, the Government will review laws and regulations that govern the appointment, confirmation, promotion, dismissal, transfer and hearing of appeals from officers in the Civil Service, to ensure security of tenure and professionalism of the civil service. Civil service performance contracting mechanisms will also be rolled out to lower levels of management in the Civil Service (below the Permanent Secretary level). Further, the Government will re-introduce civil service pre-entry examinations prior to recruitment and in-service training for all civil service officials by providing legal and administrative provisions for examination and mandatory structured periodic in-service training respectively. In addition, the Government will formulate and implement a comprehensive National Recruitment and Placement Policy that is informed by a civil service human resource audit and provides for the establishment of service delivery charters, security of tenure, civil service performance contracting, pre-entry examinations and mandatory in-service training.

Programmes:

- a) Civil Service human resource audit;
- b) Service delivery charter enhancement;
- c) Public officials' security of tenure review and enhancement;
- d) Civil Service performance contracts and civil service examinations implementation;
- e) National recruitment and deployment policy development; and
- f) Capacity development.

11.6.2 Strategy 2: Strengthen land administration and management

The Government will review the Land Policy, establish the Lands Commission as per 2016 Amended Constitution and repeal the Lands and Deeds Act. This is to streamline land administration and management, make it more robust, transparent and ensure efficient land allocation. The Government will also institute a nation-wide land audit and digital mapping and titling project of all land.

The Land Management Information System will be upgraded (and fully digitised) and scaled-up to cover all land nationwide. Further, the Government will continue investing in e-governance systems to improve efficiency and transparency in the sector and establish a time-bound work programme for all relevant Ministries and other agencies, to establish integrated e-governance services. In addition, the Government will strengthen the capacity of local authorities in land administration and management to give effect to decentralisation.

Programmes:

- a) Land Policy review and enhancement;
- b) Land and Deeds Act review and enhancement;
- c) Land audit;
- d) Land management information system enhancement;
- e) Land e-governance development; and
- f) Country-wide land titling implementation.

11.7 DEVELOPMENT OUTCOME 5: IMPROVED RULE OF LAW, HUMAN RIGHTS AND CONSTITUTIONALISM

During the Plan period, the Government will put in place policies and strategies to enhance access to justice, observance of the rule of law and human rights. Following the 2016 amendment to the Constitution, the Government will enact consequential legislation to give effect to the provisions made in the Constitution. These interventions will contribute to the maintenance of order and security, while creating an enabling environment for both citizens and the business community to conduct their affairs and businesses in a functional legal and justice system.

11.7.1 Strategy 1: Strengthen prosecution system

The Government will in a decentralised manner facilitate the incorporation of all public prosecutors from other law enforcement agencies, such as the Immigration Department, Police Service, Anti-Corruption Commission and Drug Enforcement Commission into the National Prosecution Authority, to enhance coordination and effectiveness in the of provision of prosecution services. In addition, capacity development will be enhanced in view of different levels of qualifications for prosecutors. The Government will also operationalise the electronic Case Flow Management System among key criminal justice institutions in the country that include, the Police Service, Correctional Service, National Prosecution Authority, Legal Aid Board and the Judiciary.

Programmes:

- a) National Prosecution Authority decentralisation;
- b) Integrated prosecution system development;
- c) Case Flow Management System development; and
- d) Capacity development.

11.7.2 Strategy 2: Enhance access to justice

The Government will focus on strengthening the capacities of institutions within the legal and justice sector to ensure that a number of challenges, such as the high backlog of cases, congestion in prisons, inadequate legal representation, inadequacies in the capacities of judicial systems and limited issuance of police bonds, are addressed. In this regard, the Government will update the draft Legal Aid Policy to serve as a framework to guide the provision of legal aid services by CSOs and community-based organisations; construct court infrastructure; and establish high courts in provinces. Further, the Government will undertake sensitisation programmes aimed at enlightening the public, particularly women and vulnerable groups, about their options for access to justice.

Programmes:

- a) Legal Aid Policy review and enhancement;
- b) Court infrastructure development;
- c) High courts decentralisation;
- d) Access to justice awareness campaigns; and
- e) Capacity development.

11.7.3 Strategy 3: Promote human rights

The Government will take measures to put in place an enhanced Bill of Rights to safeguard human rights. Extensive sensitisation campaigns aimed at educating the citizenry on the Bill of Rights will be undertaken before constitutional reforms are made. The Government will introduce appropriate legislation to empower the Human Rights Commission to grant quasi-judicial remedies and orders which are binding to the state. Furthermore, the parole system will be enhanced to protect the rights of reformed prisoners.

Programmes:

- a) Bill of Rights sensitisation campaigns;
- b) Constitutional reforms;
- c) Legal reforms; and
- d) Parole system enhancement.

11.8 DEVELOPMENT OUTCOME 6: ENHANCED NATIONAL VALUES, PRINCIPLES AND ETHICS

During the Plan period, the Government will be committed to inculcating national values, ethics and principles into all aspects of state affairs, while taking an all-encompassing approach to engaging religious organisations in the development agenda of the country. The core values, principles and ethics at the centre of the developmental agenda of the country will be as enshrined in the 2016 Amended Constitution, while upholding the Christian ethos.

11.8.1 Strategy 1: Promote inculcation of national values and principles

Promoting understanding and dissemination of national values, principles and ethics as enshrined in the Constitution will be strategic and appropriate means of delivering Zambia's Christian heritage as a standard of governance approach. In addition, focus will be on facilitating the mainstreaming of national values, principles and ethics in the country's development agenda, while promoting citizen ownership and participation. The targeted agencies will be local and traditional authorities, churches, learning institutions, the grass-root levels and both the public and private sectors.

Programmes:

- a) National guidance promotion;
- b) Mainstreaming of national values, principles and ethics in national development; and
- c) Dissemination of national values, principles and ethics.

11.8.2 Strategy 2: Promote platforms for religious engagement and participation

Promoting platforms for engagement with religious organisations will provide a strong collaborative and partnership mechanism between the Government and the church for on-going dialogue on inculcating national values, principles, ethics and the Christian ethos in national development. This will be achieved through national indabas and capacity development of church businesses and organisations to become capable partners of the state and communities in national development.

Programmes:

- a) Church-state dialogue promotion; and
- b) Church-state good governance promotion.

11.8.3 Strategy 3: Enhance research in application of values and principles

This strategy will aim to enhance research in the application of national values and principles. Research stands as a cornerstone to the improvement and application of any principles and ideals a country believes in. In view of this, a number of research studies will be conducted to inform mainstreaming of national values and principles in the development agenda of the country.

Programmes

- a) Research and development on application of national values and principles.

Table 11-1: Key Result Area 5: A Conducive Policy Environment for Economic Diversification

| Result Area | Key Performance Indicators | Baseline | Year of Baseline Estimate | Target |
|---|---|----------|---------------------------|--------|
| A Conducive Policy Environment for Economic Diversification | 11a Ease of doing business ranking | 111 | 2015 | 90 |
| | 11b Value of net foreign direct investment inflows (US\$ million) | 1,777 | 2015 | 3,554 |
| | 11c Government revenue as a percentage of GDP | 18.6 | 2015 | >20 |

CONDITIONS FOR SUCCESS

1. Full implementation of decentralisation;
2. Enhanced participation of citizens in matters of social justice and good governance;
3. Implementation of legal and constitutional reforms;
4. Stable political environment;
5. Efficient land management and administration;
6. Comprehensive interpretation of national values, principles and ethics to all stakeholders;
7. Enhanced participation of citizens in matters of inculcating and practicing national and Christian values, principles and ethics;
8. Effective cooperation from stakeholders, i.e. MPSAs, civil society and traditional leaders; and
9. Enabling policy and legal framework environment.

PART V: 7NDP FINANCING



12. FINANCING THE 7NDP

12.1 OVERVIEW

Financing over the Plan period will build on the principles of the 2016 Economic Stabilisation and Growth Programme dubbed “Zambia Plus”, aimed at achieving fiscal consolidation to provide a supportive environment to unlock bottlenecks and create a diversified and resilient economy for sustained higher growth and socio-economic development. Therefore, financing requirements for the Plan programmes will be from a combination of financing sources, which will include domestic revenues, and domestic and foreign borrowing which will be limited to achieving a lower fiscal deficit of no more than 1.4 percent of GDP on a cash basis by the end of the Plan period. Other sources will be the private sector through such mechanisms as PPPs, as well as the private sector as sole financiers of projects and programmes. Aggressive engagement with cooperating partners will be employed, to obtain some significant fiscal relief through accessing of grants and concessional loans.

In view of the foregoing, an Integrated Resource Mobilisation and Financing Framework (IRMFF) will be developed to guide the nation on resource mobilisation, acquisition, allocation and utilisation, to avoid wastage and misallocation of resources through unplanned borrowing, as well as other financing commitments. The Framework will also provide predictability and a more coordinated way of mobilising resources for financing the 7NDP. Further, to ensure equity in the distribution of mobilised financing, resource allocation formulas will be considered and devised and utilised where required in allocating resources to development needs across the country during implementation. Key to the actualisation of the IRMFF is the development of the financing plan which will ensure that resources are properly aligned to planned programmes and projects so that efficiency, effectiveness and economy in resource utilisation are realised.

12.2 RESOURCE ENVELOPE

In the Plan period, resources from domestic revenues, borrowing and grants are estimated at K341.3 billion, an average of K68.3 billion annually.

Table 12-1: Estimate of Resources, 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 | TOTAL | AVERAGE |
|------------------------|------------|------------|------------|------------|------------|-------------|------------|
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| A. Available Resources | 64,510,302 | 66,552,178 | 68,511,033 | 68,864,597 | 72,542,618 | 341,280,727 | 68,256,145 |
| 1. Revenue and Grants | 45,171,256 | 48,773,407 | 51,951,106 | 57,455,933 | 60,875,059 | 264,226,761 | 52,845,352 |
| O/w Total Revenue | 42,939,787 | 46,387,967 | 49,422,540 | 54,800,938 | 58,087,315 | 251,638,547 | 50,327,709 |
| Grants | 2,231,469 | 2,385,440 | 2,528,566 | 2,654,995 | 2,787,744 | 12,588,214 | 2,517,643 |
| 2. Financing | 19,339,046 | 18,579 | 16,559,927 | 11,408,664 | 11,667,558 | 77,053,966 | 15,410,793 |
| O/w Domestic | 3,836,200 | 5,444,860 | 5,583,340 | 3,155,670 | 3,330,750 | 21,350,820 | 4,270,164 |
| Programme Loans | 8,033,333 | 5,547,716 | 6,477,398 | 3,528,846 | 3,376,453 | 26,963,747 | 5,392,749 |
| Protect Loans | 7,469,513 | 7,086,195 | 4,499,188 | 4,724,148 | 4,960,355 | 28,739,399 | 5,747,880 |

12.3 RESOURCE MOBILISATION STRATEGY

Efforts over the Plan period will be directed towards enhancing domestic resource mobilisation to at least 18 percent of GDP, without creating economic distortions that can negatively affect the economic stabilisation and growth strategy. The mobilisation action takes cognisance of the revenue measures to be implemented, coupled with higher expected economic activities during the Plan period. Further, efficiency gains are expected to be realised annually in the areas of withholding tax initiatives, VAT payment as well as enhanced monitoring and enforcement in the other tax types. Also, improving non-tax revenue collections through complete rollout of electronic payment systems, revision of laws and

computerisation of collection systems will be prioritised over the Plan period. Such measures will be necessary to provide predictability and stability in financing as well as enhancing the credibility of the Plan. Clarity will be provided on how financing mechanisms will work in an integrated manner and within the principles of decentralisation.

12.4 EXPENDITURE

Constitutional and statutory expenditures (non-discretionary), which include debt service payments, salaries and subventions to other spending agencies as well as earmarked expenditures are projected at K284.1 billion or at least 83 percent of the resources from domestic revenues, including borrowing and grants, leaving a balance of K57.2 billion as discretionary budget or resources available for implementing other programmes. Therefore, discretionary resources will be channelled towards programmes that will support the Government's Economic Stabilisation and Growth Programme, with emphasis on the completion of ongoing projects before embarking on new ones and reducing expenditure on subsidies by migrating to full-cost recovery prices. Further, dismantling of arrears across all sectors will remain central to the realisation of the set objectives over the Plan period. This will facilitate the unlocking of liquidity for the private sector, thereby enhancing economic activity. At the same time, expenditure will be directed towards agriculture, tourism, industrialisation and MSME development, energy and logistics infrastructure, health, education and social protection in a more integrated approach, to ensure the efficient use of resources and maximum benefit to the economy. The Table below shows the distribution of expenditure on non-discretionary items during the Plan period.

Table 12-2: Central Government Non-Discretionary Expenditure, 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 | TOTAL | AVERAGE |
|---|------------|------------|------------|------------|------------|-------------|------------|
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| B. Constitutional, Statutory and Other Expenditures | 53,809,290 | 56,265,730 | 57,596,446 | 57,615,528 | 59,004,916 | 284,091,711 | 56,818,342 |
| 1. Personal Emoluments | 20,055,107 | 21,582,673 | 23,521,218 | 24,114,615 | 24,464,615 | 114,538,229 | 22,907,646 |
| o/w net recruitment | - | 300,000 | 350,000 | 350,000 | 350,000 | 1,350,000 | 270,000 |
| wage adjustment | - | 972,771 | 1,045,810 | 1,063,310 | - | 3,081,891 | 616,378 |
| 2. Debt Payments | 11,466,538 | 10,263,120 | 11,502,219 | 12,077,530 | 12,681,197 | 57,990,404 | 11,598,081 |
| O/w Interest Payments | 8,407,567 | 7,474,497 | 7,741,510 | 8,128,585 | 8,535,015 | 40,287,174 | 8,057,435 |
| O/w Domestic | 4,159,306 | 3,113,892 | 3,225,869 | 3,387,162 | 3,556,520 | 17,442,749 | 3,488,550 |
| External | 4,248,261 | 4,360,605 | 4,515,641 | 4,741,423 | 4,978,494 | 22,844,425 | 4,568,885 |
| Amortisation | 3,058,971 | 2,788,623 | 3,760,709 | 3,948,745 | 4,146,182 | 17,703,230 | 3,540,646 |
| 3. Grants | 5,061,682 | 5,401,138 | 5,720,620 | 6,006,651 | 6,506,984 | 28,497,075 | 5,699,415 |
| 4. Pension Funds | 1,655,000 | 1,055,000 | 855,000 | 1,200,000 | 1,260,000 | 6,025,000 | 1,205,300 |
| 6. Foreign Financed Expenditure | 8,805,770 | 8,163,256 | 8,104,816 | 7,379,142 | 7,748,100 | 40,201,084 | 8,040,217 |
| 5. Earmarked Expenditures | 11,584,826 | 11,590,261 | 12,541,663 | 11,801,541 | 11,891,121 | 60,610,212 | 12,122,342 |
| O/w Roads | 2,704,101 | 3,801,412 | 4,067,511 | 3,077,279 | 4,000,463 | 17,650,766 | 3,530,153 |
| Foreign Financed | 7,728,708 | 7,086,195 | 7,027,755 | 7,379,142 | 7,748,100 | 36,969,900 | 7,393,980 |
| Rural Electrification Levy | 114,516 | 125,653 | 201,007 | 249,935 | 0 | 691,112 | 138,222 |
| Contingency | 95,000 | 50,000 | 53,500 | 53,500 | 50,000 | 302,000 | 60,400 |
| FRA | 942,500 | 927,000 | 991,890 | 1,041,485 | 1,093,559 | 4,996,433 | 999,287 |
| 6. Subsidies | 3,986,137 | 5,573,538 | 3,055,726 | 1,415,591 | 1,400,000 | 16,430,792 | 3,286,158 |
| O/w FISP | 2,824,339 | 3,220,000 | 2,500,000 | 1,175,391 | 1,400,000 | 11,119,731 | 2,223,946 |
| Fuel Arrears | 500,000 | 1,400,000 | - | - | - | 1,900,000 | 380,000 |
| Electricity | 661,798 | 953,538 | 555,726 | 1,240,000 | - | 3,411,061 | 682,212 |
| C. Discretionary Budget | 10,701,012 | 10,586,448 | 11,114,587 | 11,249,268 | 13,537,701 | 57,189,016 | 11,437,503 |

12.5 EXTERNAL GRANTS (ASSUMPTIONS)

The Government will continue to strengthen relationships with cooperating partners both on a bilateral and multilateral level in undertaking measures aimed at ensuring that the economic challenges the country is facing are addressed. Within the principle of “Zambia Plus”, cooperating partners will contribute at least K12.6 billion over the Plan period.

12.6 PRIVATE SECTOR FINANCING

During the Plan period, emphasis will be placed on harnessing the financing potential that the private sector has, to ensure positive contribution to national development and ease pressure on the Treasury. This will provide for a progressive way of financing development and ensure that the private sector anchors the recovery plan through utilisation of PPP arrangements, especially on infrastructure projects; thus, fully private sector financing are possible avenues that Plan implementation can engage in.

12.7 DOMESTIC AND EXTERNAL FINANCING

The Government projects over the Plan period to restrict borrowing to concessional financing and invest in economically viable projects which have undergone the full appraisal process. In line with the fiscal consolidation objective, domestic borrowing is estimated over the Plan period to be reduced to at 1.0 percent of GDP while external financing, including project loans, is planned to reduce to 2.5 percent of GDP by the end 2021.

12.8 OTHER FINANCING OPTIONS

The resources available for discretionary items from domestic revenues including borrowing and grants, projected at K57.2 billion over the Plan period, are clearly inadequate to effectively implement the programmes to achieve the goals and objectives set out in the Plan. In this regard, the Government will embark on increasing traditional sources of financing and exploit alternative sources such as Joint Ventures, Private Sector Investment and Public Private Partnership to mobilise more resources required for implementation of the 7NDP.

PART VI: 7NDP IMPLEMENTATION, COORDINATION AND MONITORING AND EVALUATION FRAMEWORKS



13. IMPLEMENTATION AND COORDINATION FRAMEWORK

13.1 INTRODUCTION

Attainment of the development outcomes contained in this Plan requires having in place a robust coordination framework to provide guidance in the implementation of the Plan. In addition, institutional arrangements need to be clarified together with assumptions upon which the success of the Plan rests. Implementation and coordination of the Plan will equally be based on the integrated approach with a view to ensure that sectors are not only well coordinated but are mutually reinforcing each other in the process. The coordination and implementation approach links the vision, priorities, people's aspirations and the physical institutions. Through an elaborate implementation and coordination framework, a system for accounting for development results will be established to help in informed decision-making. This will shape and guide the entire management of the 7NDP involving the state and its institutions and individual players in organisations or communities.

13.2 IMPLEMENTATION OF THE 7NDP

The 7NDP will be implemented largely through the same institutional arrangements as for the previous national development plans (NDPs). One major change, however, is the establishment of the Ministry of Development Planning (MDP), which is responsible for NDP formulation and coordination. At the local level, the Ward Development Committees (WDCs) have been introduced, while the District Development Coordinating Committees (DDCCs) and the Provincial Development Coordinating Committees (PDCCs) will continue performing their functions as before. At the sector level, Sector Advisory Groups (SAGs) will be substituted with Cluster Advisory Groups (CAGs), which are an assembly of sectors sharing common overall objectives. At the central level, the Cabinet through the National Development Coordinating Committee (NDCC) will continue playing an oversight role.

For the objectives of the Plan to be effectively realised there is need to strengthen synergies between the various implementation institutions of the Plan. In this regard, the following will be undertaken:

a) Strengthen coordination and implementation processes at all levels

The Government will put in place stronger coordination mechanisms involving NDCC, CAGs, PDCCs, DDCCs, WDCs and other frameworks leading to improved attainment of desired results. To effectively achieve the business focus of these frameworks, the NDCC, CAGs, PDCCs and DDCCs will be aligned to the development outcomes outlined in this Plan.

Since some of the provincial and district endowments span across individual boundaries, some of the programmes at these levels may cover more than one province or district. These issues may be of mutual developmental interest among provinces and districts in areas such as agricultural development, tourism promotion, road network, ICT interconnectivity and health concerns. In this regard, there will be need for those provinces and districts with similar endowments and concerns to come together with programmes that focus on issues that transcend their boundaries, which may be undertaken jointly.

In addition to grouping advisory bodies (CAGs, PDCCs, DDCCs) based on development outcomes, institutions that will jointly be addressing a particular development outcome will come up with one integrated implementation plan. They will also elaborate inter- and intra-sectoral synergies that will result in complimentary efforts towards the implementation of various strategies under that development outcome. The relationships among a host of institutions will be clearly mapped and developed in a manner that promotes reinforcement of outcomes by all the players.

b) Strengthen capacity on planning, implementation, monitoring and evaluation

The Government will devise and undertake capacity development programmes in planning and implementation for planners and other stakeholders to enhance attainment of desired outcomes. Further, planning, financing and implementation capacities at district and provincial levels will be strengthened to support the devolved functions.

To realise the aspirations of this Plan, the Government will formulate a change management strategy which will include change management programmes aimed at bringing about mind-set change among all stakeholders, including the general public. This will involve packaging the integrated approach to planning and implementing the 7NDP and communicating the approach to stakeholders. Additionally, relevant personnel will be mobilised to work effectively with the coordinating entity, to optimise technical benefits from the pool of knowledge and expertise available across the Government to enrich the planning process.

13.3 COORDINATION MECHANISM

The coordination mechanism for the Plan will be harmonised with the Vision, the strategic focus and development outcomes and cascaded down to physical institutions and in so doing shape and guide organisations in a manner that will deliver results. The nature and levels of coordination will be on five main levels that recognise decentralised planning processes implementation, monitoring and evaluation. Thus, the coordination of the Plan will be within the context of the constitutional provisions on decentralisation. The five main levels of coordination will therefore be as follows:

13.3.1 National level coordination and implementation arrangements

The Fifth and Sixth National Development Plans were coordinated by the Ministry of Finance and National Planning. Reviews have shown that NDP programme implementation was adversely affected owing to the Ministry's lack of effective authority over other line ministries. In an effort to address this weakness, the planning function has been moved to the newly established Ministry of Development Planning (MDP), under the Office of the President. The MDP coordinates both the Government and other agencies in implementing NDPs.

This level of coordination will ensure that all development benchmarks set in the Plan are contextualised within sector/cluster, provincial, district and sub-district plans. National level coordination will progressively work towards enhancing synergies between sectors for efficient and effective implementation of programmes at all levels. This national level coordination will galvanise participation of state and non-state institutions in meeting targets for agreed upon national indicators. The country will, for instance, set average education enrolment/completion rates to be met, and each province and district will work out strategies that they will pursue to meet the national averages. The intensity and resource requirements will vary from province to province and district to district depending on the baselines of each of those entities. These and other similar (top-down and bottom-up) interventions will be coordinated at the apex by the NDCC, through providing oversight and guidance.

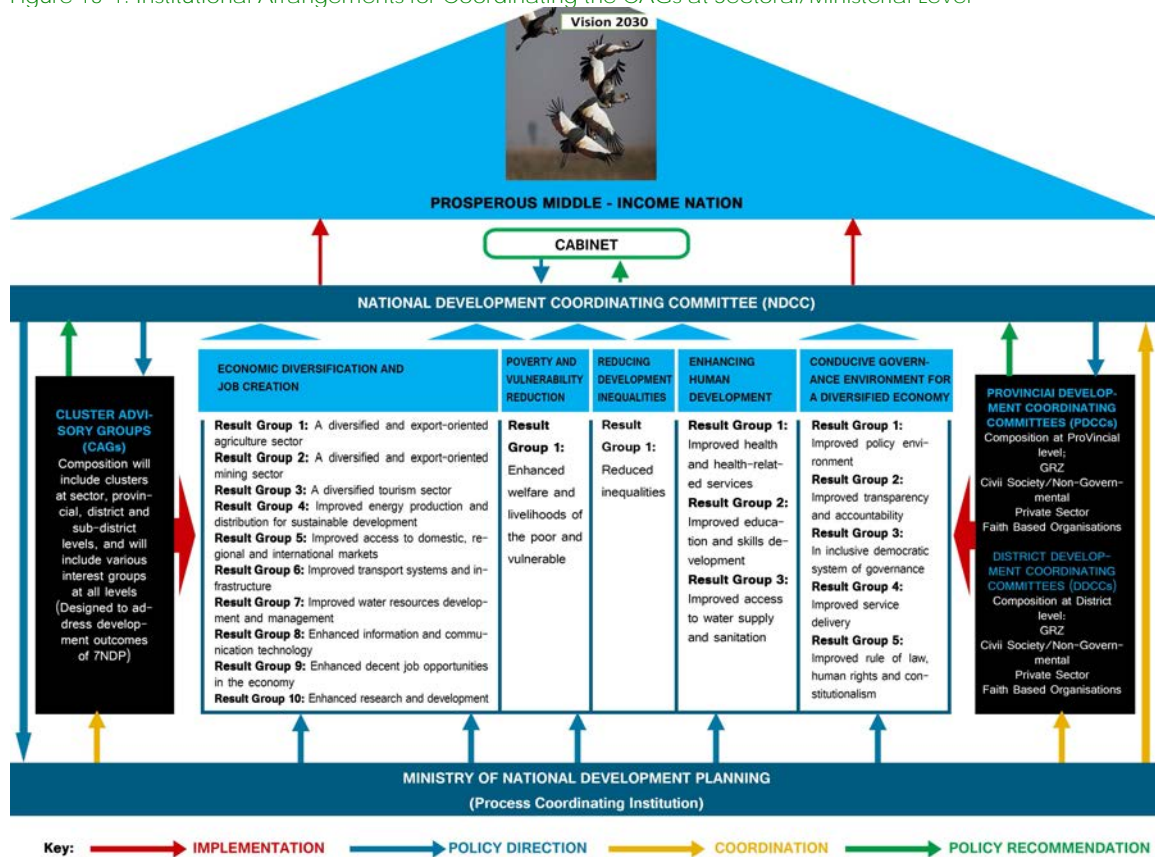
13.3.2 Sectoral level coordination and implementation

This level will bring together all sectors implementing programmes under a particular development objective and outcome area. Emphasis at this level will be placed on strengthening intra- and inter-sectoral integration to an extent that sectors will be grouped together to address a common strategic area of development. Sectors will be required to jointly undertake programming and sequencing of projects and activities, within and among themselves. Ultimately sectors will have to plan jointly, share financing plans and interface on programme implementation and monitoring and evaluation.

This will be done for programmes and projects under their jurisdiction as specified in the Decentralisation Policy. Sectors will, however, interface with lower level structures on programmes that relate to their mandate by way of providing policy guidance and oversight. For instance, sectors working on enhancing human development will develop baseline information on where each of the districts and provinces are at the onset of the Plan, to determine what level of support such districts and provinces might require in meeting the set targets. The sectors will also receive reports which will be discussed during Cluster meetings and provide appropriate feedback. Sector Planning Departments/Units will provide technical backstopping and will be the secretariat to the Clusters.

To this effect, SAGs will be reorganised and reoriented into CAGs designed to address each of the developmental outcomes of the Plan. Other than having clusters at the sector level, clusters will also be established at provincial, district and sub-district levels of implementation, by strengthening the existing sub-committees of the PDCCs, DDCCs and establishing clusters at sub-district level. Synergies among CAGs at different levels will be enhanced to ensure effective integration and coordinated approach to implementation of the Plan. In this regard CAGs will be established from the five development outcomes of the Integrated Plan. This will be in contrast with the SAGs which were formed across sectors. The establishment of CAGs will rationalise the Advisory Groups, which will entail more integration resulting in efficiency, effectiveness in the coordination process and delivery of results. The Figure below illustrates the institutional arrangements for coordinating the CAGs at sector/Ministerial level.

Figure 13-1: Institutional Arrangements for Coordinating the CAGs at Sector/Ministerial Level



The organisation of the Ministries, under the five strategic areas of the Plan, will be such that Ministries will identify their contributions to each key result area, which they will become a part of, through the CAGs. Ministries may become part of one or more of the CAGs depending on the extent of their engagement in contributing to the agenda of each particular outcome. The Ministries will coordinate the CAGs, through the leadership provided by a Permanent Secretary from among the Ministries who are members of the CAG. Directors from the member Ministries will form the result group that will operationalise the delivery of the respective strategic area.

In recognising the need for inclusiveness in the development agenda, the CAGs will draw additional membership from cooperating partners and non-state actors, such as the private sector, civil society and faith-based organisations. CAGs will outline implementation of the development agenda of their respective Cluster through Cluster Implementation Plans in line with guidelines set in the Implementation Plan of the 7NDP. Each of the Key Result Areas will outline programmes intended to contribute to producing the outcome of that area of focus at sector plan level as well as inform policy areas of focus for adoption at provincial and district level planning and implementation.

13.3.3 Provincial level coordination and implementation

Provincial level coordination will play an oversight role on the implementation of district plans, with a view to ensure that districts are working progressively towards meeting the targets set in the national development plans that are of national interest and which respond to district-specific development needs. This will be done with a view to ensure that provincial average targets and outcomes are oriented towards meeting the benchmarks that are stipulated in the Plan. While providing oversight to districts, the provincial administration will in an integrated manner be the implementing agency for programmes and projects derived in accordance with its functions as designated in the Constitutional provision and Decentralisation Policy on Functions of National, Provincial and Local Levels devolved to them, respectively. Provincial Planning Units will at this level provide technical backstopping, facilitate coordination of programmes and act as the secretariat to the PDCCs, and will report progress on implementation of programmes and projects to the NDCC. Inter-provincial collaboration will be encouraged for programmes that will span across provincial boundaries with a view to build on inter-provincial comparative advantages.

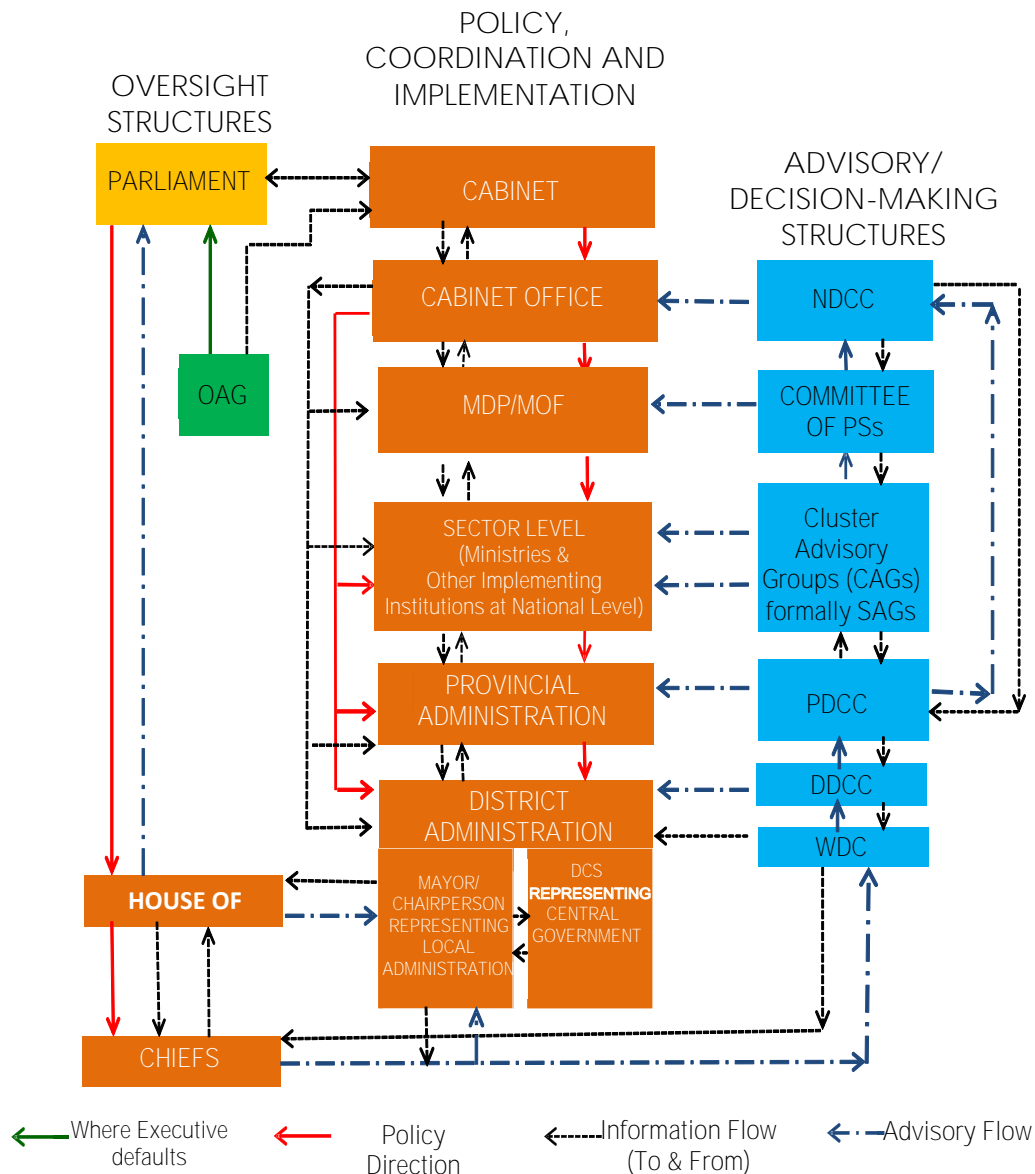
13.3.4 District level coordination and implementation

This level will implement programmes and projects that are devolved to the districts within the tenets of decentralised planning, monitoring and evaluation as determined by municipal and district councils. This will be done with a view to deal with district-specific development challenges. The districts will design their own plans and monitoring and evaluation systems that will promote integration of development priorities at local level to provincial and national strategic areas of focus and outcomes. Since the 7NDP is anchored on decentralisation, the Integrated Development Plans of the municipal and district councils will be the basis for designing district-specific programmes while recognising the need to mainstream national programmes contained in the 7NDP and other international development agendas. This means that districts will work out strategies that will enable them to be within national targets on developmental issues of common interest. These may include early and child marriages, nutrition and stunting levels, education and health indicators and economic growth targets for each of the districts. The provincial administration will act as a link between the national and the district levels in providing feedback on planning, financing, implementation and monitoring of programmes and projects. District Planning Units will at this level provide technical backstopping, facilitate coordination of programmes and will be the secretariat to the DDCCs. The macro and sectoral level through the NDCC and other structures will provide feedback to the districts.

13.3.5 Ward Development Committees

At sub-district level, Ward Development Committees (WDCs) will undertake planning, monitoring and evaluation activities in relation to projects that will be planned at that level, including those that will either be at provincial or national level which will be within their locality. The institutions will operate in line with the guidelines provided in the Decentralisation Policy and other regulations. The Figure below shows the overall institutional arrangements for coordination.

Figure 13-2: Overall Institutional Arrangements for Coordination



13.4 ROLES AND RESPONSIBILITIES OF VARIOUS INSTITUTIONS IN THE MANAGEMENT OF THE PLAN

Management of the Plan will be based on the principles of results-based management whose emphasis is on the need for all players to account for development results and ensure timeliness on the delivery of those results. It will also recognise the need to focus attention on the outcomes while allowing for flexibility and innovativeness in meeting the desired outcomes. The institutions will, however, ensure that the management process conforms to the provisions of various legal and policy frameworks, which

include the Finance Act, the Planning and Budget Policy and the Constitution among others. The following institutions will play key roles in ensuring that the management of the Plan is in line with the set objectives and targets.

a) Parliament

Parliament will play an oversight role to ensure that the Government delivers on its mandate and that the process of achievement of development outcomes is based on principles of accountability, transparency and value for money.

b) Cabinet

The Cabinet will provide leadership and provide policy direction so that development outcomes contained in the Plan are met on time. The Cabinet will facilitate the establishment of a supportive political and socio-economic environment for smooth and timely implementation of the Plan. To make informed decisions, the Cabinet will be facilitated with information through Cabinet Briefs that will be submitted periodically.

c) House of Chiefs

According to the Constitution Article 169 (5.)(b) one of the functions of the House of Chiefs is to initiate, discuss and make recommendations to the National Assembly regarding socio-economic development in the province. Article 169(5.)(d) further provides that the House of Chiefs is to initiate, discuss and make recommendations to the Local Authority regarding the welfare of communities in a Local Authority. In this regard, the House of Chiefs will play a key role in initiating, discussing and making recommendations regarding development issues to both Parliament and Local Authorities with respect to the implementation of the 7NDP, in a decentralised way.

d) Committee of Permanent Secretaries

The Committee of Permanent Secretaries will be set up comprising institutions that will be implementing programmes and projects under each of the strategic areas of focus. The Committee will be required to meet under the Chairmanship of the Secretary to the Cabinet to consider issues that will emanate from the implementation of projects under their supervision in line with the findings emerging from M&E processes.

e) Ministry of National Development Planning

The Ministry of Development Planning will coordinate all advisory bodies to ensure that they focus their attention on achieving the development outcomes of the Plan. The Ministry will also support implementation, monitoring and evaluation processes and collaborate with Cabinet Office to ensure uptake of results from programme implementation, provide remedial measures where implementation and coordination bottleneck arise and where possible promote reinforcement on the implementation of programmes and projects.

f) Ministry of Finance

The Ministry of Finance will be responsible for budget execution and facilitate resource mobilisation for financing to support interventions contained in the Plan, in collaboration with the Ministry of Development Planning.

13.5 IMPLEMENTATION PLANS

Sector ministries, provinces and districts will jointly come up with implementation plans drawn from the main outcomes of the Plan. The sectoral implementation plans will focus on programmes that are assigned to specific sectors as prescribed in the Constitution and drill down to those activities which can be implemented at district level. Each of the institutions involved in the planning and implementation of programmes in each outcome area will be assigned performance targets that are time bound, in line with the overall national targets required to attain that outcome.

Thus, provinces will come up with provincial implementation plans drawn from the main development outcomes of the Plan for functions that are within the jurisdiction of the province. Their implementation plans will draw some of the programmes from the various cluster implementation plans at national level institutions for those programmes the province has concurrent functions with the national level, as prescribed in the Constitution. Provinces will then drill down those activities which can be implemented at provincial level. The national outcome areas from which the provinces draw programmes will be assigned performance targets that are time bound, in line with the overall national targets required to attain those outcomes.

Similarly, districts will be required to come up with five-year District Implementation Plans drawn from the main development outcomes of the 7NDP as well as from their District Integrated Development Plans. Their implementation plans will draw some of the programmes from the various cluster implementation plans at national level for those programmes that are national in nature but require being implemented at district level. They will also come up with those programmes that are drawn from their exclusive functions as prescribed in the Constitution. The national outcome areas from which the districts draw their programmes will be assigned performance targets that are time bound, in line with the overall national targets required to attain those outcomes. Districts will also come up with outcome areas and targets for those programmes that are exclusive to their district. In this regard and in line with the Decentralisation Policy, financing for those activities exclusive to local levels will go directly from the Ministry of Finance to the municipal and district councils.

13.5.1 Process mapping for planning and implementation

Within the implementation framework, processes towards attainment of outcomes will be mapped, outlining a concise picture of strategies, programmes and sequences of tasks needed to bring about an outcome from the beginning to its completion. This process will help to identify and clarify institutions that are pertinent in the implementation of particular interventions. It is at this level that all cross-cutting issues pertaining to the successful implementation of a programme will be incorporated. Mapping of the various processes at all levels of implementation of programmes and projects will ensure that integration is enhanced.

In this regard, timing will be key in sequencing programmes and activities in the five-year period, especially those that are conditions (pre-requisites) to undertaking some programmes in the Plan. This will entail mapping the programmes and attaching timing to implementation of the programmes and projects. Scheduling the programmes to be undertaken within the integrated approach will be key when coming up with sector implementation plans, detailing the timing as to when a programme in one sector will be undertaken and when a related programme in another sector or within the same sector will be undertaken.

Therefore, itemising programmes that are supposed to be undertaken concurrently will be required. A series of workflow diagrams will consequently be developed around each outcome to produce a clearer understanding of a process or series of parallel processes. This graphical representation of the steps of the processes will provide a guide for all implementers to follow and communicate, thereby reducing redundancies and duplications. The mapping process will give rise to a Cluster Implementation Plan comprising of institutional programmes to be implemented. The budget for the cluster will be presented

as one and financing of the Cluster Implementation Plan will be done in accordance with the sequence of activities outlined in the Plan. The budgeting process will give priority to financing Cluster programmes through implementing institutions using output-based budgeting (OBB). In this manner, the Plan, the budget and implementation will all be integrated to work in tandem with each other.

Provinces will ensure coordination and alignment of district plans to national priorities. Where municipal and district councils already have ten-year integrated plans, they will be required to revise them to conform to the national strategic focus. For those who have not developed their integrated plans, they will be required to prepare these plans to support implementation of the 7NDP.

After the planning processes have been completed at all levels, implementation within available frameworks will be undertaken by ensuring clear outlines, linkages and synergies are articulated at all levels to guide the process of implementation. These linkages and synergies will be enhanced at the following stages:

- a) Inter-sectoral linkages and synergies with national level indicators and other pillars pursuing similar national outcomes.
- b) Provincial linkages and synergies with other provinces and among districts within and across the provinces that are pursuing similar outcomes.
- c) District linkages and synergies among sectors at local level and across districts that are pursuing similar outcomes.

Given that the Integrated District Plans have a ten-year span, the Government will provide clarity with respect to linking the ten-year Integrated Plans to the five-year National Development Plan. Further, the Government will ensure that the regional development plans, integrated development plans, local area plans and sectoral plans will be consistent with the principles and objectives of the applicable planning guidelines.

14. MONITORING AND EVALUATION FRAMEWORK

14.1 MONITORING AND EVALUATION

The Monitoring and Evaluation Framework for the 7NDP is premised on the principles of results-based management. As such the Plan has drawn its results/outcomes from the National Performance Framework (NPF), which articulates a series of results to be achieved towards attainment of the Vision 2030. The Plan has identified five outcome areas. Underpinning each level of results of the Plan are key performance indicators that will track progress towards attainment of outcomes. Sector Performance Frameworks (SPFs) aligned to the NPF will be developed and will guide strategies for implementation of programmes at sector level. The SPF is a derivative of the NPF. It is a measurement tool to track progress at sector level towards attainment of medium-term aspirations and contributions towards attainment of the long-term aspirations, contained in the Vision 2030.

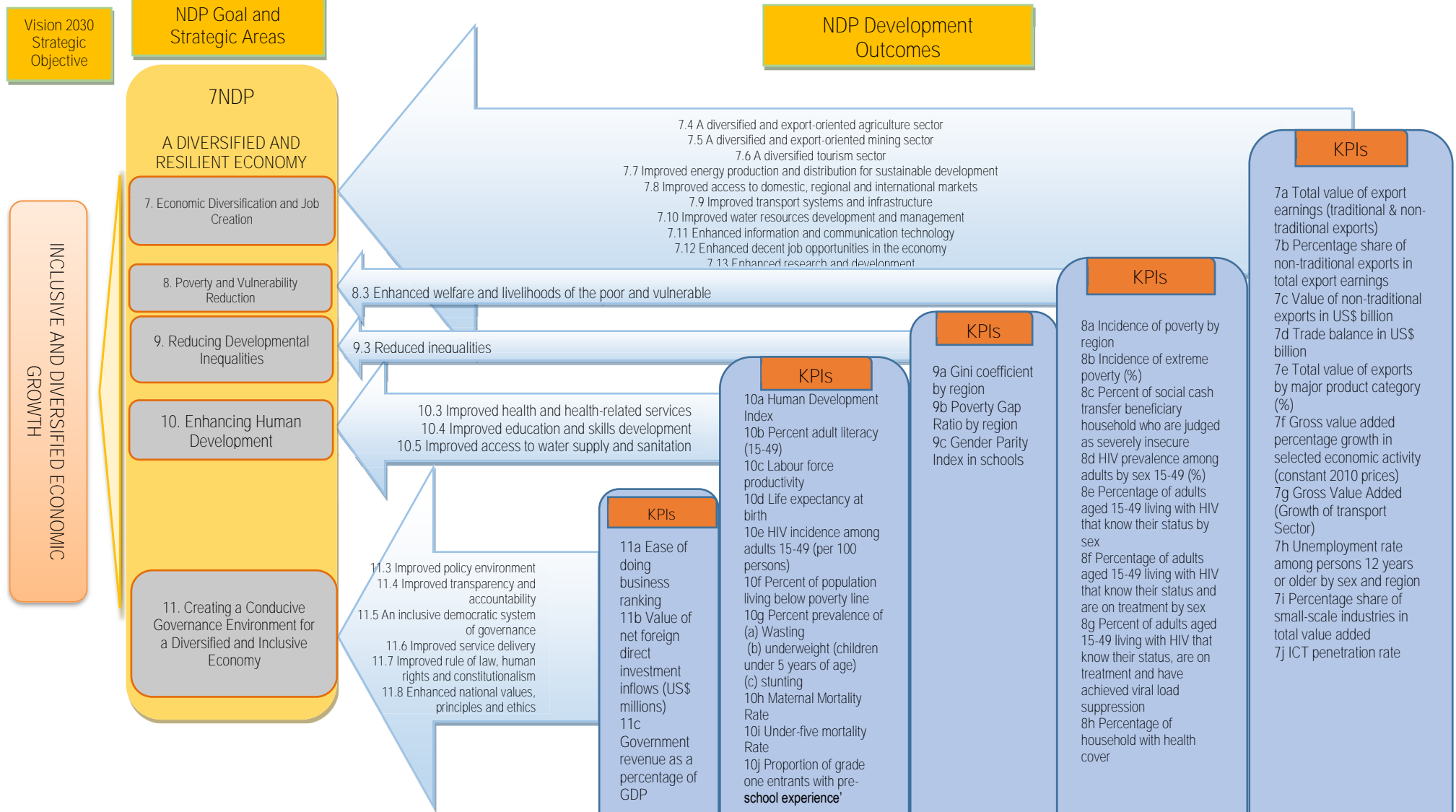
Monitoring arrangements will be such that the national level will consistently report on higher level indicators, while implementation institutions performing their functions in an interrelated and integrated manner towards attainment of the Plan outcomes will generate, collect and document performance data that will be useful for measuring progress and reporting. This M&E framework is government-wide and has set out roles and responsibilities of all actors in the practice of M&E activities to contribute to the measurement of the overall development progress in the country. The Figure 14-1 articulates the measurement framework for the 7NDP.

14.1.1 Government-wide monitoring and evaluation

To effectively monitor, evaluate and report on results that will be generated by the implementation of the 7NDP, a robust and well-coordinated government-wide M&E system will be put in place. The institutional arrangements for monitoring and evaluation in the g-wide M&E system will mirror the roles and responsibilities set out in the Implementation and Coordination Section of the Plan. This is to ensure that planning and M&E processes are standardised, interconnected, fully internalised and applied by the relevant institutions with the view to generate coordinated development results to inform decision-making processes. Further, the monitoring processes for the 7NDP will involve an integrated approach, to ensure synergy between the different M&E systems currently existing, and those to be developed in the different sectors during the Plan implementation period. The key strategies will include the following:

- a) Institutionalise the NPF and the SPF;
- b) Establish M&E management information systems;
- c) Strengthen the national statistical system;
- d) Establish and operationalise national and sector evaluation frameworks;
- e) Develop structured and standardised tools and systems for M&E;
- f) Develop a communication and dissemination strategy for sharing M&E products; and
- g) Strengthen relevant institutions through capacity development.

Figure 14-1: 7NDP Measurement Framework



14.1.2 Monitoring

The Government will facilitate monitoring of activities and programmes of the Plan, including the impact of the programmes (both intended and unintended) on the economy and population. Implementation of the Plan will be closely monitored through budget execution reports, tracking of output indicators monthly and quarterly, while annual progress will be assessed through agreed key performance indicators. The Government will ensure establishment and implementation of a government-wide M&E system, including the setting up and strengthening of M&E and management information systems in MPSAs. Since the 7NDP is to be implemented with an integrated approach as opposed to having sector-specific intervention programmes, outcome clusters will be created based on identified key result areas, and these clusters will provide a structure to monitor progress towards attainment of the Plan's objectives in each key result area, as well as the long-term 2030 Vision strategic objective.

The Committee of Permanent Secretaries will ensure integrated implementation and monitoring of the programmes under the Plan, and provide regular cluster updates to the Secretary to the Cabinet. At district level, implementation of decentralisation is expected to support an integrated approach to both programme implementation and monitoring. At sub-district level, Ward Development Committees will undertake monitoring activities. Institutions implementing programmes under the Plan will provide regular updates and data for monitoring the programmes.

Parliament will also provide implementation oversight through the various mechanisms available, including the different Committees of Parliament and requests for Ministerial statements and updates.

14.1.3 Evaluation

Plan implementation and impacts will be evaluated at mid-term and at end-term. Evaluation will involve an analysis of both process and impact, to generate evidence to inform the development, strategic focus and implementation of future development plans. The evaluation will be commissioned by the Government and will be conducted by independent entities with competencies in evaluation of national development plans.

Key strategies to be employed in evaluation will, among other things, be the building of capacities among the various staff in the government and among researchers in various academic and research institutions to support the various evaluation needs of the Plan. In addition, an evaluation plan and implementation guidelines will be developed to provide a framework within which programmes and policies in the Plan will be evaluated.

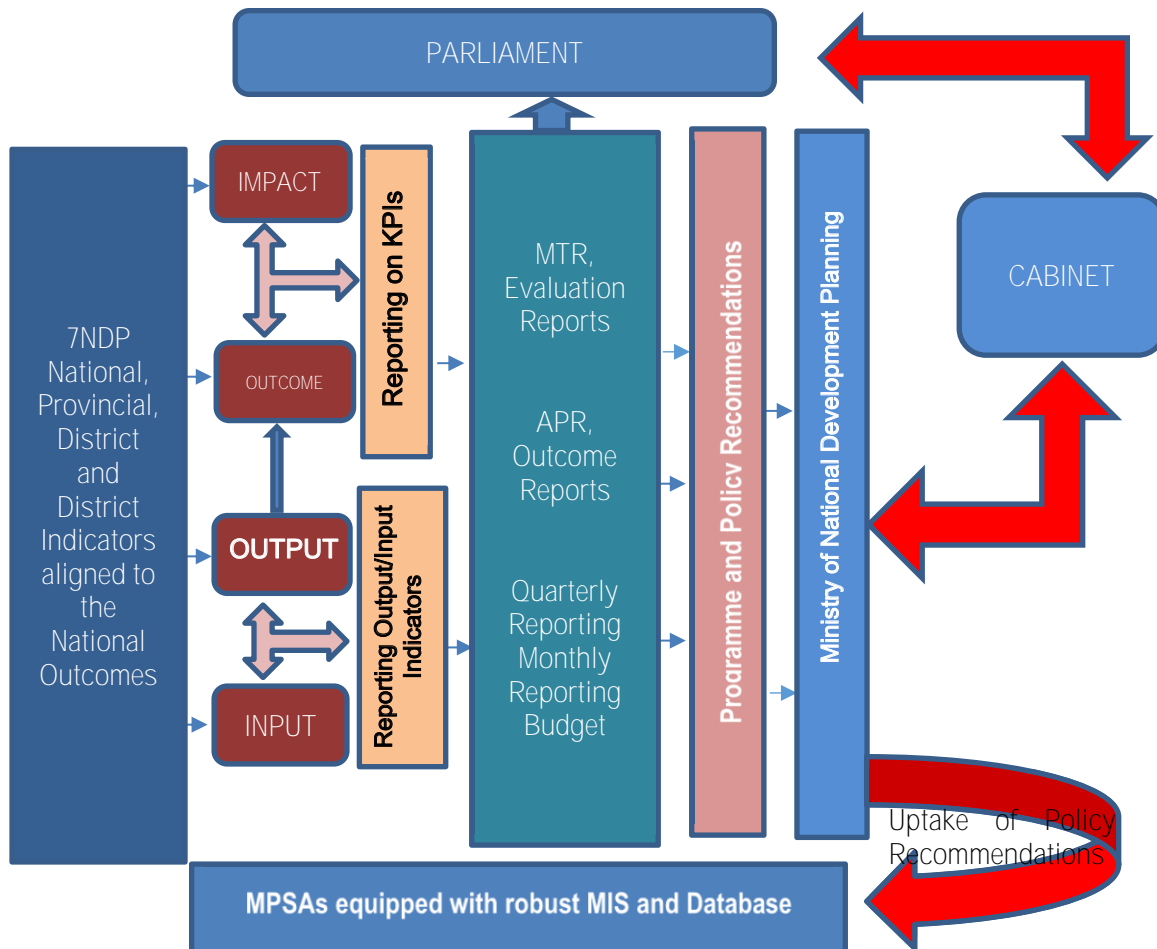
The research and academic institutions will be key stakeholders to provide complementary policy and programme evaluations and strategic research. These processes are expected to generate evidence that will be a valuable input into the review and restructuring of Plan interventions to enhance achievement of planned results.

Surveys and censuses conducted by the Central Statistical Office and other research institutions will be used to generate evidence for both direct and indirect evaluation of the Plan's impact on the economy and population. Surveys such as the Living Conditions Monitoring Survey, the Zambia Demographic and Health Survey, Post-Harvest Survey, as well as the 2020 Census of Population and Housing will provide socio-economic, demographic and health indicators of population wellbeing, attributable to programmes under the Plan. Economic surveys such as the survey of consumer prices, survey of business establishments and annual business surveys will provide economic indicators attributable to the impact of the Plan on the economy.

Strong collaboration towards evaluations and research is envisaged between the Government's planning and M&E agencies, the Central Statistical Office, academia and research institutions. This entails

development of strong governance mechanisms for data generation, analysis, storage and dissemination to support collaborative efforts of various stakeholders involved in M&E processes. This will assure high credence to the evidence generated through this collaboration and provide opportunities for uptake of results. The Figure below illustrates the flow of information for decision-making.

Figure 14-2: Flow of Information for Decision-Making



The collaborative process for the uptake of results is embedded in effective utilisation of results. In the 7NDP, the national, provincial and district indicators are aligned to national outcomes. These indicators will be measured at all the levels of the results chain. Utilisation of inputs will be measured through budget performance. Activities and outputs will be monitored through the monthly and quarterly reports. In addition, annual progress reports, outcome reports, statistical bulletins and spot monitoring reports will be produced to provide information to various stakeholders.

Outcomes and impact indicators will be measured through research processes, policy and programme reviews and evaluations, including mid-term and final evaluations. Policy recommendations from the reports will be synthesised and feedback provided to implementers for action, while policy makers and the general public will also be provided with information through appropriate modes and channels.

PART VII: ANNEXES



ANNEX I: NATIONAL LONG-TERM DEVELOPMENT PROJECTS

Major changes in the population of Zambia – size and composition – among other factors, require that national planning takes longer time horizons to ensure that present and future generations are catered for in national planning. During the Plan period, a number of projects, whose benefits will be beyond the present Plan, will be introduced. This annex, therefore, highlights some of the projects that will deal with the developmental challenges that the nation faces and whose implementation will commence during the 7NDP.

The major projects highlighted in this chapter include economic infrastructure projects across the transport, energy and communications sectors.

1. RAILWAY TRANSPORT INFRASTRUCTURE DEVELOPMENT

For many years, the condition of the railway networks in the country has been deteriorating as track maintenance was repeatedly deferred in view of limited financing. Current railway infrastructure is in a poor state, characterised by derailments, declining cargo volumes and long delivery hours. The volume of cargo transported through Tanzania-Zambia Railway Authority (TAZARA) has declined from 1.5 million metric tonnes (MT) recorded in 1976 to only 88,000 MT recorded in 2015, a performance that is retrogressive and cannot support the development agenda of Zambia.

1.1 Revitalisation of TAZARA

In this regard, during the Plan period, Zambia will pursue revitalisation of the 1,860-kilometre (km) TAZARA line that runs from Dar-es-Salaam in the United Republic of Tanzania to Kapiri-Mposhi in the Republic of Zambia at an estimated cost of US\$1.2 billion. The line has the potential to serve as the main transport corridor for goods that are exported to and imported from the rest of the world. Out of the Dar-es-Salaam throughput of 14.7 million MT recorded in 2014/15, about 3.7 million MT could have been transported through TAZARA as these cargo volumes were destined for Zambia, Congo and Malawi. Rwanda and Burundi also have a combined total of about 1 million MT of imports through the Dar-es-Salaam port, which if a railway spur from Nseluka to Mpulungu existed, TAZARA could potentially have a share in the goods destined for the Great Lakes Region.

1.2 Revitalisation of Zambia Railways

The viability of TAZARA cannot be achieved without a well-functioning Zambia Railways. This is because goods that feed into the TAZARA, such as copper, sugar and cement, need to be transported by Zambia Railways and similarly goods from the TAZARA line destined to the Democratic Republic of Congo need to be transported via Zambia Railways. There is, therefore, need to revitalise the 1,224-km Zambia Railways line, including the inter-mine line at a cost of US\$1.3 billion. Once constructed, this will achieve the desired outcomes of increased productivity, creation of employment opportunities and sustained economic growth.

1.3 Construction of Eastern Railway

In addition to the existing railway lines, there is need to develop new railway spurs. Chipata, a city in Eastern Zambia, is linked by railway via Malawi to Nacala Port in Mozambique. There is need, therefore, to connect the line to Nacala and to the rest of the railway lines in Zambia by constructing a 388.8-km line from Chipata to connect to the TAZARA at Serenje via Petauke at a cost US\$2.2 billion.

2. ENERGY INFRASTRUCTURE DEVELOPMENT

Modern societies and economies are built on energy infrastructure. Daily life at household level and industry cannot function without electricity and petroleum products.

2.1 Electricity generation infrastructure

In recent years, the supply of electricity has been hampered by relying on an undiversified source of electricity generation. As hydropower contributes to more than 95 percent of electricity generated in the country, effects of low water levels in water bodies have been cited as among the causes of a reduction in generation of electricity. There is need for Zambia to diversify its electricity generation mix to include thermal (coal), combined cycle gas thermal and nuclear energy.

2.2 Construction of combined cycle gas fired power plant

Tanzania-Zambia Mafuta (TAZAMA) Pipeline Limited is proposing to set up a combined cycle gas fired power plant. With the discovery of huge reserves of gas off the coast of Tanzania and Mozambique, supply of gas is guaranteed. Tanzania has 6.5 billion cubic metres while Mozambique has 127 billion cubic metres of proven reserves. If both Tanzania and Mozambique fail to meet the demand, the international market for gas, especially the Middle East, can supply the required gas through the port of Dar-es-Salaam.

The power generation plant, to be located in Chinsali, will be supplied with natural gas from the port of Dar-Es-Salaam via a 36-inch pipeline. This pipeline will be laid alongside the crude oil pipeline in the existing TAZAMA wayleave, with an estimated length of 1,100 km.

Given that the demand for power is growing and is expected to continue growing together with industrial activity in areas such as mining and agriculture, the proposal is for a 400-megawatt (MW) power plant with a possibility of expansion to 1,200 MW. The advantage of gas power plants is that they are modular and can be cascaded to increase capacity as and when funds allow, without disturbing the existing modules and resizing the whole infrastructure.

A 400-MW power plant will cost in the range of US\$400 million, complete with interconnection to the main grid. Apart from the cost of the power plant there is the cost of the pipeline. For a distance of 1,100 km, which is the distance from Dar-es-Salaam to Chinsali, a 36-inch line will cost approximately US\$500 million. Therefore, the estimated total cost of the project is US\$900 million.

Zambia produces coal mostly in the southern parts of the country. Given the deficit on electricity generation and increased demand, Zambia will during the Plan period pursue policies to attract the private sector in generation through thermal power plants.

2.3 Nuclear energy as source of electricity generation

His Excellency Edgar C. Lungu, during his inauguration speech on 13th September 2016 announced that his administration will in this term of office, pursue nuclear technology as part of a diversified sustainable energy mix to power Zambia's economy. In view of the Presidential directive, the Government began a process to develop its capacity, to have within the next 10 to 15 years at least 2 Gigawatts of electricity, production of isotopes for diagnosis and cancer treatment and irradiation of food.

To achieve these goals, Zambia signed an overarching Inter-Governmental Agreement on Cooperation in the field of the use of Nuclear Energy for Peaceful Purposes with the Russian Federation through Rosatom, the state-owned company that deals with nuclear energy. The Agreement paves way for the Russian Federation to assist Zambia with development of policies, programmes, institutions and capacity strengthening of our ability to develop nuclear energy for peaceful purposes over a 10-15-year horizon. The first 15 years will be used to develop our capacity for supervision, oversight and actual management.

2.4 Petroleum pipeline infrastructure

Zambia currently has only one pipeline, constructed in 1968, which transports crude oil or its petroleum products cheaply from the port of Dar-es-Salaam in Tanzania. The main purpose of developing the pipeline was to ensure that the people of Zambia and their economy did not endure high fuel prices as a consequence of Zambia being landlocked.

Over the years as the Zambian economy has grown, the demand for petroleum products has also grown significantly such that the existing pipeline is unable to meet the demand for fuel products. To meet the current demand in Zambia and the sub-region and also prepare for consumption in the long-term, a new delivery system must be designed and installed.

TAZAMA is planning to construct an 18-inch finished product pipeline with a delivery capacity of 4.0 million MT per annum. The line will have depots at Morogoro, Makambako, Mbeya and Mpika. There will also be an extension of the pipeline to Solwezi and Lusaka depots. This will supply diesel and petroleum products, especially to southern Tanzania, Malawi, Zambia and Congo. This will make the project technically feasible and financially viable. An 18-inch pipeline complete with pump stations and a supervisory control and data acquisition system will cost approximately US\$1.5 billion.

3. AIRPORT INFRASTRUCTURE DEVELOPMENT

Airports are the gateways providing the international connections that Zambia needs to grow and prosper. Zambia, being land-linked, is an outward-looking nation that owes its prosperity to peaceful co-existence with its neighbours. With the increasing globalisation of its economy and society, the future of Zambia will undoubtedly continue to be shaped by the effectiveness of its international transport networks.

During the 7NDP period, Kenneth Kaunda International Airport is being expanded to handle 4 million passengers per annum at a cost of US\$391 million. A Greenfield Airport will also be constructed on the Copperbelt at an estimated cost of US\$397 million with a terminal capacity of 2 million passengers per annum. The works for Copperbelt Airport will include the terminal building, office complex, a hotel, an airfield, access roads and a fuel farm.

4. ICT INFRASTRUCTURE DEVELOPMENT

Digital communications are now a crucial component of everyday life. Technologies such as mobile phones and broadband have revolutionised the way we work, socialise and enjoy our leisure time. Improvements in connectivity mean that Zambia is rapidly embracing a vibrant digital economy. The Government has recognised the need to prioritise ICT development. There is evidence that acceleration of ICT broadband penetration, adoption and effective use bring clear social and economic benefits. In particular, it is estimated that increases of 10 percent in broadband penetration on average, have associated increases of 3.19 percent in GDP, 2.61 percent in productivity and a net generation of more than 67,000 jobs.

Zambia is centrally located and surrounded by eight neighbouring countries with high potential and opportunity to be the ICT hub in the region. However, the country faces several challenges, such as limited broadband infrastructure, under-utilisation of ICT in industries and business, an underdeveloped

ICT industry and innovations and lack of skills among public officials, policy makers, entrepreneurs and citizens to support socio-economic development and regional competitiveness. Furthermore, information systems and e-services have not been put into wide uses in the core business of industries and key sectors. Therefore, there is need to develop broadband infrastructure and services.

To address these challenges the Smart Zambia Master Plan has been developed, whose vision is “a prosperous and globally competitive knowledge-based developed country by 2063”, to facilitate efficiency in the economy through the strategic application of ICT for job creation, value addition and global competitiveness. The following are the project objectives:

- a) To contribute to the sector’s development by introducing an efficient and advanced telecommunication network as a driving force to further promote the nation’s economic and social development;
- b) To support achievement of a variety of government goals, such as better delivery of services to the public and citizens, through better access to information and more efficient government administration;
- c) To establish a high capacity fixed and wireless broadband infrastructure for government, business, citizens and ICT regional hub services;
- d) To reduce the cost of communication services in Zambia; and
- e) To develop education and human capital.

Through the Smart Zambia Master Plan, the Government will achieve the harmonised construction of national ICT infrastructure. It is, therefore, the Government’s intention to integrate construction of all ICT infrastructure under the Smart Zambia Master Plan in a phased approach, to enable the country achieve its objectives in the ICT sector. It is proposed that the Smart Zambia Phase II Project be financed through a concessional loan at an estimated cost of US\$ 369 million to cover the National Optic Fibre Backbone, Metropolitan Area Network, Access Network (fibre and fixed wireless), Government Campus Network, Virtual Landing Stations, Regional Data Centre and a One-stop Government Service Centre.

5. MULTI-FACILITY ECONOMIC ZONE DEVELOPMENT

During the Plan period, the Government will continue to work with First Quantum Minerals as it develops the US\$100 million Kalumbila Multi-Facility Economic Zone (MFEZ) in North-western Province and the development of the Kafue MFEZ as well as scaling-up investments in the Lusaka South MFEZ.

6. ROAD INFRASTRUCTURE DEVELOPMENT

Over the past five years, the Government has been implementing road infrastructure projects, such as the Link Zambia 8000, the Lusaka 400 and the Copperbelt 400. These projects will continue under this Plan. In addition, there will be construction of roads that support economic growth and foster regional trade. These are the dual carriage way for Kitwe-Chingola and the Lusaka-Chirundu, Mpika-Chinsali, Chinsali-Nakonde, Lusaka-Ndola, Chingola-Solwezi and Solwezi-Kipushi roads. Of long-term are the dual carriage ways linking provincial headquarters with Lusaka.

Corridor Developments: Primary transport corridors of focus include in the medium to long-term the following: Nacala Corridor; Dar-es-Salaam Corridor; Walvis Bay-Ndola-Lubumbashi Corridor; Lobito Corridor; and the North-South Corridor.

ANNEX II: QUICK-WINS FOR ACCELERATED CREATION OF JOBS

This section highlights areas where the Government will intervene directly and bring about the creation of jobs at an accelerated rate. The interventions proposed will culminate in immediate impact in terms of job creation once a project is commissioned to an extent that within six months the participation rates of the youth in the labour market should rise to appreciable proportions.

1. FORESTRY INDUSTRY DEVELOPMENT

The forestry industry, if properly nurtured, can significantly contribute to employment and wealth creation. Zambia Forestry and Forest Industries Corporation (ZAFFICO) currently employs a good number of people under the tree planting exercise, financed by the Government. According to estimates made by ZAFFICO management, land clearing, preparation and planting of 40,000 hectares of land would provide direct employment opportunities to 40,000 seasonal employees. If this exercise was to be undertaken in designated sites in all the provinces at an expanded rate, the impact on job creation and incomes would be quite significant throughout the country. This will contribute to eliminating social exclusion faced by the majority of the people who are unskilled and have had no employment opportunities for decades.

1.1 Strategic interventions

- a) Secure 50,000 hectares of land in each province for forest plantations to be established by ZAFFICO;
- b) Promote and facilitate investments through public-private partnerships in environment, forestry and other natural resources;
- c) Support value addition to wood and non-wood forest products;
- d) Facilitate creation of community beekeeping production clusters; and
- e) Promote and undertake applied research on forests, forest products and the environment.

1.2 Expected outcomes and results chain analysis

- a) 50,000 hectares of land acquired in each province for forest plantation development;
- b) Tree nurseries established for supply of seedlings to forest plantations;
- c) Jobs created in land clearing, preparation, planting and weeding;
- d) Increase in the number of community beekeeping groups as well as quantity of honey harvested from forests;
- e) Number of private sector participants in the forestry sector increased; and
- f) Increased forest production and productivity through research and development.

2. FURNITURE INDUSTRY DEVELOPMENT

Throughout the country, particularly in urban centres, a good number of youths earn a living informally in the furniture industry. Youths have over the years developed skills to manufacture furniture including school desks with very little support from the Government. This skill should be well nurtured with a view to enable youths penetrate commercial markets as alternative suppliers of furniture to public and private schools and other institutions.

2.1 Strategic interventions

- a) Organise youths to form cooperatives;
- b) Construct modern workshops for youths to operate in;
- c) Enhance technical and entrepreneurial skills of youths;
- d) Facilitate the Zambia Bureau of Standards to certify the quality of the furniture products;
- e) Promote access to markets for certified furniture from youth cooperatives;
- f) Promote access to finance/start-up capital for youth cooperatives to invest in equipment and other requisites for expansion through a revolving fund; and
- g) Invest in stable and affordable energy sources for sustainable operations of industry.

2.2 Expected outcomes and results chain analysis

- a) If well implemented through collaborative efforts between the Government and the private sector, the furniture industry can be transformed into one where decent jobs that can contribute to the growth of the economy are created;
- b) With assured markets, furniture enterprises can grow so that they would be able to employ more youths while youth training centres would continue training youths in this area given the ready market for employment;
- c) The empowered youths in this field would be able to pay back the loans which should become a revolving fund for further expansion; and
- d) Timber suppliers would also benefit as well as other furniture auxiliary industries.

The execution of this intervention will result in multiple positive effects and impacts that would be realised almost immediately.

3. COFFEE INDUSTRY DEVELOPMENT

According to empirical studies, Zambia has the potential of producing an annual output of more than 50,000 metric tonnes (MT) of good quality handpicked coffee with an average value of US\$175 million and more than 400,000 MT using mechanical pickers with an average value of US\$1.04 billion. In the process, a good number of decent jobs would be created throughout the coffee value chain that would help alleviate the high poverty levels, particularly in rural areas. There is already fairly good knowledge on coffee production in the country that could be tapped into and nurtured for the growth of this industry.

3.1 Strategic interventions

- a) Recapitalise and operationalise the Kasama Coffee Company so that it is viable and able to sustain its operations;
- b) Facilitate the establishment of farm blocks with core ventures for the purpose of bulk production of coffee;
- c) Create out-grower scheme arrangements with small-scale farmers that would supply coffee to the core venture;
- d) Facilitate access to affordable financing mechanisms for both small-scale and large-scale commercial farmers;
- e) Develop a marketing strategy to expand access of Zambian coffee to premium niche export markets; and
- f) Invest in productivity improvement through research and development, extension and technology dissemination.

3.2 Expected outcomes and results chain analysis

- a) Recapitalisation and operationalisation of the processing company would create jobs for youths, increase household incomes and alleviate poverty;

- b) Farm blocks with core ventures and coffee as the main crop would be established in provinces with comparative advantage in growing coffee;
- c) An effective out-grower scheme arrangement would be established that would be a win-win for both the core venture and small-scale coffee farmers;
- d) The Government with the assistance of cooperating partners would provide affordable finance to smallholder and large-scale farmers to engage in coffee production;
- e) Through implementation of the marketing strategy, Zambian coffee should penetrate the regional and international markets;
- f) Productivity would be improved by way of robust research and development, extension and technology dissemination;
- g) All players in the coffee value chain would benefit through increased activity in the industry and there would be opportunities for employment creation at every stage of the value chain; and
- h) Youths would be employed in land clearing and preparation, seed planting and weeding for the core ventures.

4. TEA PROCESSING INDUSTRY DEVELOPMENT

The development of the tea processing industry in Zambia would be a major plus in terms of job creation for youths, raising of household incomes and diversification of the economy from over-dependence on copper mining. Additionally, the tea industry has potential to significantly contribute to raising revenue for the country through foreign exchange earnings.

4.1 Strategic interventions

- a) Recapitalise and operationalise the processes of the Kawambwa Tea Company so that it is viable and able to sustain its operations;
- b) Facilitate establishment of farm blocks with core ventures for the purpose of bulk production of tea;
- c) Enable the creation of out-grower scheme arrangements with small-scale farmers that would supply tea to the core ventures;
- d) Facilitate access to affordable financing mechanisms for both small-scale and large-scale commercial farmers;
- e) Develop a marketing strategy to expand access of Zambian tea to premium niche export markets; and
- f) Invest in productivity improvement through research and development, extension and technology dissemination.

4.2 Expected outcomes and results chain analysis

- a) Recapitalisation and operationalisation of the processing company would create jobs for youths, increase household incomes and alleviate poverty;
- b) Farm blocks with core ventures and tea as the main crop would be established in provinces with comparative advantage in growing tea;
- c) Effective out-grower scheme arrangements that would be a win-win for both the core ventures and the small-scale tea farmers would be established and operationalised;
- d) The Government with the assistance of development partners would facilitate access to affordable finance to smallholder and large-scale farmers to engage in tea production;
- e) Through implementation of the marketing strategy, Zambian tea should penetrate the regional and international markets;
- f) Productivity would be improved by way of robust research and development, extension and technology dissemination;
- g) All players in the tea value chain would benefit through increased activity in the industry and there would be opportunities for employment creation at every stage of the value chain; and

- h) Youths would be engaged to help in land clearing and preparation, seed planting and weeding for the core venture.

5. TEXTILE INDUSTRY DEVELOPMENT

Zambia's textile industry has the capacity to contribute significantly to the economic development of the country, if well harnessed. Being labour intensive, it has the potential to greatly contribute to employment and wealth creation at all stages of its value chain. According to the industrialisation and job creation strategy, the textile industry is capable of creating 4,100 new jobs in the next five years. Development of the textiles industry beginning with the revival of Mulungushi Textiles will provide a ready market for cotton growers, especially in Eastern, Central and Southern Provinces.

5.1 Strategic interventions

- a) Recapitalise and operationalise Mulungushi Textiles so that it is viable and able to sustain its operations;
- b) Facilitate the Zambia Bureau of Standards to certify the quality of the products that will be produced by Mulungushi Textiles and other local textile industries so that they meet both local and international standards;
- c) Promote access to markets for certified textile products from local industries through, for instance, ensuring that all public institutions like the Zambia Correctional Service, Zambia National Service and the Zambia Police Service procure all their uniforms from local textile industries;
- d) Promote research and development, extension and technology dissemination in the growing and processing of cotton to keep Zambian cotton and its by-products competitive internationally in terms of quality;
- e) Facilitate creation of out-grower scheme arrangements between smallholder farmers and local textile industries; and
- f) Build capacity of small and medium-scale textile enterprises in processing cotton.

5.2 Expected outcomes and results chain analysis

- a) Emergence of a thriving and competitive textiles industry anchored on Mulungushi Textiles;
- b) A secure market for local textile products through ensuring that the Zambia Correctional Service, the Zambia National Service, the Zambia Police Service and other public institutions purchase all their uniforms from local textile industries;
- c) Improvement in the quality of textile products through research and development; and
- d) Certification of all textile products by the Zambia Bureau of Standards.

If well harnessed this industry is capable of creating 4,100 decent jobs in the next five years. More than 10,000 small-scale farmers in the country will benefit from the out-grower scheme arrangements.

6. CASHEW NUT INDUSTRY REVIVAL

There is need to revive the cashew nut industry as it can contribute to the country's economic growth and food security. The cashew nut industry, if fully supported and revived, can benefit more than 60,000 smallholder farmers and create about 6,000 full time jobs, in the process raising household incomes and reducing poverty and contributing to foreign exchange earnings through export of cashew nuts.

6.1 Strategic interventions

- a) Support to small-scale cashew nut farmers through provision of irrigation infrastructure for cashew nurseries and clone gardens;
- b) Cashew plantation rejuvenation and establishment through engagement of a core venture enterprise;

- c) Support to small-scale cashew nut farmers through provision of infrastructure for cashew nut processing and marketing;
- d) Building capacity of small-scale farmers through training and technical support in growing cashew nuts;
- e) Facilitating access to affordable financing mechanisms for both small- scale and large-scale commercial farmers; and
- f) Development of a marketing strategy to expand access of Zambian cashew nuts to premium niche export markets.

6.2 Expected outcomes and results chain analysis

- a) Irrigation infrastructure provided to smallholder farmers – cashew nut nurseries and clone gardens operating effectively;
- b) Productivity improved by way of capacity development of small-scale farmers;
- c) Effective out-grower scheme arrangements that would be a win-win for both the core venture and small-scale farmers established and in operation;
- d) Penetration of regional and international markets for Zambian cashew nuts, through implementation of a marketing strategy;
- e) Affordable financing available to both small and large-scale farmers to expand area under cultivation and cashew output;
- f) 60,000 smallholder farmers benefiting through growing of cashew nuts; and
- g) Creation of about 6,000 full time jobs including 3,000 for women and 1,000 for youths along the cashew value chain from production, processing to marketing.

7. FRUIT PROCESSING INDUSTRY DEVELOPMENT

There is need to revive the fruit processing industry in Zambia, to enable it contribute meaningfully to both economic growth and food security. The fruit processing industry, if fully supported and revived, can benefit smallholder farmers and create decent jobs, in the process raising household incomes and reducing poverty. Besides, it is quite capable of contributing to foreign exchange earnings through export of processed fruit products.

7.1 Strategic interventions

- a) Facilitate involvement of the private sector in the processing of fruits, especially in locations where the fruits are produced;
- b) Promote and strengthen out-grower scheme arrangements to encourage the production of fruits;
- c) Facilitate access to affordable financing mechanisms for both small-scale and large-scale fruit farmers; and
- d) Facilitate construction of refrigerated fruit storage infrastructure.

7.2 Expected outcomes and results chain analysis

- a) Small-scale farmers economically engaged in the production of fruits;
- b) Employment creation throughout the fruit value chain;
- c) Private sector involvement in the processing of fruits in localities where fruits are produced; and
- d) Multiplier effects and impacts on rural economies through increased production of fruits and incomes.

8. TOBACCO INDUSTRY DEVELOPMENT

Tobacco production is a very lucrative investment opportunity in the country because it is 7.5 times more profitable per hectare than maize production and fourteen times more profitable than cotton. Thus, it has great potential to contribute to the growth of the economy through employment and wealth creation.

8.1 Strategic interventions

- a) Facilitate establishment of tobacco production clubs or cooperatives in all areas in the country that have a comparative advantage in growing the crop;
- b) Provide an enabling policy environment to facilitate involvement of the private sector in the marketing and processing of tobacco;
- c) Build the capacity of smallholder farmers to grow tobacco through strengthened extension services focused on this crop;
- d) Through the Tobacco Board of Zambia, facilitate re-introduction of tobacco auction floors to promote marketing of the crop;
- e) Promote and strengthen out-grower scheme arrangements to boost production of the crop;
- f) Facilitate access to affordable financing mechanisms for both small-scale and large-scale commercial farmers; and
- g) Promote investment in research and development to improve yields and increase productivity.

8.2 Expected outcomes and results chain analysis

- a) Establishment of a core venture, especially in Eastern Province around which smallholder farmers could produce;
- b) Employment creation through land clearing and preparation, planting, weeding and harvesting for the core venture;
- c) Re-introduction of tobacco auction floors to promote the crop;
- d) Increased small-scale farmer engagement in the production of tobacco through contract farming (out-grower schemes);
- e) Increased private sector involvement in the marketing and processing of tobacco;
- f) Multiplier effects and impacts on rural economies through increased production and processing of tobacco;
- g) Increased foreign exchange earnings from the crop that would help stabilise the local currency; and
- h) Increased yields and productivity through better crop varieties from research.

9. CONSTRUCTION INDUSTRY DEVELOPMENT

Development of the construction industry in Zambia will contribute to improving the state of infrastructure in the country, absorb youths into gainful employment and reduce poverty. Focus in the construction industry should be on projects that are labour intensive and create jobs upon implementation. In this regard, the Government should strategically emphasise the full execution of the Pave Zambia 2000 project and construction of office blocks and housing units in new districts.

9.1 Strategic interventions

- a) Selection of roads to be worked on in urban centres of all the ten provinces;
- b) Expedite the process of selection of district centres, designing of drawings for infrastructure and contract award in newly established districts;
- c) Mobilise and allocate resources for infrastructure development;
- d) Promote access to finance for local contractors to invest in equipment and machinery; and
- e) Strengthen the National Council for Construction for enhanced skills development in local contractors.

9.2 Expected outcomes and results chain analysis

- a) The Government mobilises and releases resources for the construction of roads under Pave Zambia 2000 and the construction of office blocks and housing units in new districts;
- b) Contracts awarded and construction of selected roads executed in all urban centres of the ten provinces;
- c) Construction of modern office blocks and housing units undertaken in all new districts;
- d) The Government in collaboration with cooperating partners facilitates the acquisition of affordable finance for local contractors to procure equipment and machinery;
- e) Technical skills transferred to the local contractors through the National Council for Construction;
- f) Increased employment opportunities for locals throughout the construction value chain;
- g) Technical skills and knowledge transferred to locals making them employable in subsequent works in their areas; and
- h) Reduction of poverty levels.

10. MILLING INDUSTRY DEVELOPMENT

This intervention has a two-prong positive effect on the economy. On the one hand, it will help reduce the price of milling products throughout the country and reduce inefficiencies associated with grain marketing. On the other, it will unlock the resources that are being spent on grain marketing for development financing. Establishment of milling plants will also create a significant number of direct jobs in all the provinces.

10.1 Strategic interventions

- a) Strengthen production cooperatives for increased grain production and productivity;
- b) Construct milling plants in all major urban centres throughout the country;
- c) Construct grain storage facilities in all major urban centres throughout the country;
- d) Invest in energy generation, particularly alternative sources of energy, for sustainable operation of milling plants;
- e) Facilitate access to affordable financing for the private sector to set up milling plants in rural districts; and
- f) Improve the state of feeder roads leading to production areas.

10.2 Expected outcomes and results chain analysis

- a) Increase in the number of viable grain production cooperatives;
- b) Milling plants constructed and operational in all major urban centres;
- c) Grain storage facilities constructed and operational in all major urban centres in the country;
- d) Increased investments in alternative energy sources for sustainable operations of milling plants;
- e) Improved feeder roads network through engagement of the Land Development Branch of the Zambia National Service;
- f) Increased access to affordable finance for mini milling plants;
- g) Increased number of jobs created in the grain value chain from production, processing to marketing; and
- h) Reduced price of processed grain products and better food security situation in households.

