



**REPORT ON THE IMPLEMENTATION
OF THE PROGRAMME OF ACTION FOR
LEAST DEVELOPED COUNTRIES
(2001-2010)
IN ZAMBIA**

BRIEF ON THE ECONOMIC SOCIAL SITUATION

1. Introduction

This report outlines Zambia's status on the implementation of the Least Developed Countries' Programme of Action (2001-2010). The report is organized as follows: section two provides a brief on the economic social situation; section three provides a summary of the performance of each of the seven commitments; and section four provides the conclusion and recommendations. In analyzing the performance of the seven commitments the focus will be on achievements and constraints and this will be assessed through the implementation of the Poverty Reduction Strategy Paper/Transitional National Development Plan.

2. Brief on the Economic Social Situation

The performance of the Zambian economy considerably improved during the period of the implementation of the Poverty Reduction Strategy Paper (PRSP) Transitional National Development Plan (TNDP) from 2002 to 2005. Real Gross Domestic Product (GDP) growth averaged 4.5 percent per year, up from an annual average of 2.4 percent in the preceding four years. Growth actually exceeded the 4 percent target identified in the PRSP/TNDP. Almost all sectors contributed positively to economic growth. The improvements in performance represented a marked reversal of the economic stagnation experienced during the 1990s. The improved economic performance during the PRSP/TNDP period could be attributed to several factors including improvements in the macroeconomic environment, favourable global economic conditions and the overall impact of the economic reforms that started in the early 1990's.

A major development during the period was Zambia reaching the Completion Point under the Heavily Indebted Poor Countries (HIPC) initiative in April 2005 resulting in debt forgiveness/cancellation. Further to the HIPC Initiative, Zambia in 2005 also became eligible for debt relief under the G8 initiative which proposed to cancel 100 percent of all debts owed to the International Monetary Fund, the African Development Bank and the World Bank. Following the debt relief provided as a result of the Enhanced HIPC Initiative, Zambia's foreign debt came down to US \$4 billion in 2005 from US \$7.1 billion at end 2004. When the G8 commitments are effected, it is expected that the debt would come down to around a US \$500 million.

With regard to external aid, inflows during the period 2002-2004 amounted to US \$1,447 million. This was above the PRSP target of US \$ 804 million or 67 percent of the planned budget of US \$1, 200 million. On an annual basis, external aid declined from US \$746 million in 2002 to US \$402.8 million in 2003 and further to US \$297 million in 2004. In 2005, inflows increased to US \$396.8 billion (see Table 1).

Table 1: External Aid Inflows (in US millions), 2002-2005

Category	2002	2003	2004	2005
Programme Support	311	56.8	64.8	94.8
Project Support	435	347	233	302
Total	746	403.8	297.8	396.8

Source: Ministry of Finance and National Planning

Despite external aid inflows being in excess of the PRSP targets, aid management was still weak thereby adversely affecting the effectiveness of aid. Key weaknesses are the unclear procedures regarding how best to mobilise, receive, plan/budget and manage external resources, inappropriate systems of monitoring programme/project implementation and, consequently, inability to determine the level of impact and weak coordination within the Government system in the area of aid management, resulting in many line ministries getting marginalized in the process. During the period 2002-2005, Zambia's external position strengthened.

The current account deficit (including foreign grants) narrowed to 4.6 percent of GDP in 2005 from 6.5 percent in 2002 (see Appendix 3).

Fiscal performance generally fell short of meeting the PRSP objectives. The overall deficit, including grants, averaged 6.7 percent of GDP over the period far beyond the target of 3 percent. More significantly, domestic borrowing to finance the deficit was much higher averaging 3.6 percent of GDP over the period. It reached 5.1 percent of GDP in 2003, which caused a rise in interest rates, domestic debt and interest payments. As a percent of GDP, domestic debt (government securities) rose from 7.7 percent in 2001 to over 20 percent in the period 2002-2003.

Domestic revenues were around 18.3 percent of GDP. This was, nevertheless, short of the PRSP target of reaching 20 percent by 2004. Tax collections for the period averaged 17.5 percent and generally stagnated. This mainly reflected the difficulty of bringing more segments of the economy into the tax net especially the agricultural sector and the informal sector and also poor administration with regard to non tax collections and low yields in VAT.

Poverty has remained largely unchanged since 1998 despite rising per capita GDP. According to the Living Conditions Monitoring Survey (LCMS) IV of 2004, 68 percent of the population fell below the national poverty line, or in other words, had less than K111,747 to spend on food and other basic items each month. The poverty levels though slightly fell when compared to 1998 when it was 73 percent. The depth¹ and severity of poverty also remained high although these have also fallen slightly since 1998. At the national level, the depth of poverty dropped to 36 percent from 40 percent in 1998, while the severity of poverty declined to 23 percent from 26 percent in 1998. Extreme poverty, or in other words people with less than K78, 223 to spend per month, also fell from 58 percent in 1998 to 53 percent in 2004.² The declining depth and severity of poverty was driven primarily by rising per capita consumption amongst the poorest non-farm households.

Developments in the social sectors have been mixed. In education, enrolments at basic, high school and tertiary levels have been increasing. However, recruitment of the required number of teachers has not taken place due to budgetary constraints thereby resulting in the pupil-teacher ratio deteriorating. In the health sector, improvements have been recorded in key basic health care delivery indicators in 2005 such as health centre outpatient per capita attendance. The incidence of major diseases such as malaria, non-pneumonia, respiratory infections and diarrhea reduced in 2005. Further the percentage coverage of fully immunized children under one year improved from 74 percent in 2003 to 77 percent in 2004.

3. Analysis of Commitments

The following section provides a brief summary of the performance of each of the seven commitments.

3.1 Commitment 1: Fostering People Centred Policy Frameworks

Zambia is currently developing the Fifth National Development Plan which is expected to be pro-poor and anchored on the MDGs. Other measures have included the adoption of the Decentralisation Policy and the

¹ The 'incidence' of poverty (or headcount) measures the number of people falling below the poverty line irrespective of how far from the poverty line they are. So people lying far below the poverty line and those just beneath it are counted equally. In order to adjust for the fact that some people lie far below the poverty line it is necessary calculate the 'poverty gap' or what is alternatively referred to as the 'depth' of poverty. This measure gives a greater weight to the poorest of the poor. Along similar lines, the 'severity' of poverty (or the 'squared poverty gap') attaches even greater weight to the poorest of the poor.

² Extreme poverty is measured by taking a lower poverty line that reflects the minimum requirements of food spending and excludes some of the items included in the national 'basic' poverty line.

PRSP/TNDP which came to an end in December, 2005. The PRSP/TNDP focused on poverty reducing programmes. There were also targeted interventions for the poor and vulnerable groups of the society. Challenges have included inadequate and untimely releases of funds for implementing Poverty Reduction Programmes and the lack of implementation of the Decentralisation Policy.

3.2 Commitment 2: Good Governance at National Level

Government with support from cooperating partners has embarked on the Constitutional and Judicial Reforms and continued to implement Parliamentary reforms to enhance accountability, transparency and good governance. Government also embarked on a state reporting exercise on the International Convention on the Elimination of all forms of racial discrimination. In order to promote broad-based popular participation, Government developed and adopted the Decentralisation Policy. Furthermore, police camps and police cells were rehabilitated while police and prisons camp roads were graded. Challenges include the mode of adopting the constitution, inadequate court space and late disposal of cases, strengthening of critical institutions of governance, full implementation of the decentralisation policy and creating effective participation frameworks for the people at both national and lower levels.

3.3 Commitment 3: Social Infrastructure and Social Delivery

Actions in this area have included the following:

- Re-orienting expenditures towards social infrastructure;
- Revision of the National policy;
- Bursaries provision to orphans and vulnerable children;
- Infrastructure development;
- Abolition of primary school leaving examination fees;
- Rehabilitation of Health infrastructure; and
- Preparation and adoption of the Decentralisation Policy.

These actions have been translated in improvements of some social indicators. Access to education at all levels has increased. Enrolment rates for Grades 1-7 and 8-9 increased at an annual average of 9 percent since 2000. Both rural and urban infant mortality has fallen considerably between 1990 and 2000 and is projected to decline further. HIV/AIDS prevalence stands at 16 percent in 2002. Adult prevalence remains twice as high in urban areas as in rural areas, and women are 40 percent more likely to be infected than men. Maternal mortality also worsened. About 47 percent of the Zambian population have no access to safe drinking water, especially in the rural areas.

Challenges include the following:

- Inadequate human resources especially teachers and health workers;
- Dilapidated social infrastructure;
- Long distances to schools and health centres;
- Inadequate drugs and medical supplies;
- Majority of the rural population access their water from lakes/rivers and unprotected wells, which are not safe;
- High disease burden; and
- Inadequate involvement of the private sector in social delivery.

3.4 Commitment 5: Enhancing the Role of Trade in Development

Trade liberalization reforms aimed at simplifying the national trade regime, stimulating economic diversification and promoting export-led growth have been undertaken. These reforms have started bearing fruit seen through rising export receipts.

Non - traditional Exports (NTE's) performed well over the PRSP/TNDP period. Receipts grew by an annual average of 18 percent and went up by 50.7 percent to US \$538 million from US \$357 million in 2002. Although the share of NTE's in total export earnings declined from 39.0 percent in 2002 to 25.7 percent in 2005, they are increasingly becoming an important source of Zambia's foreign exchange earnings. The effects of the sharp rise in metal prices to historical highs largely explained the decline in NTE's shares. However, the rise in NTE's has mostly been in the primary agricultural products with very little of processed commodities. This reflected the low manufacturing activity in the economy, which requires to be addressed by creating strong sector linkages especially between the primary sectors and manufacturing.

Challenges to the export diversification include:

- high production costs;
- lack of access to affordable credit for investment;
- problems with transport to final markets resulting in among others, long times for imports to reach Zambia and exports³ to reach markets;
- bad weather conditions and lack of market access;
- administrative measures that impinge on the enhancement of trade facilitation such as customs procedures, sanitary and phyto-sanitary standards requirements;
- the slow processing of duty draw back and import VAT; and
- the sharp appreciation of the Kwacha in 2005 against the United States Dollar.

³ According to the World Bank's *Doing Business 2006*, it takes 60 days to export a product from Zambia. This is a considerable figure that hampers Zambia's competitiveness in world markets.

3.5 Commitment 4: Building Productive Capacities to make Globalisation Work for LDCs

Most of the sectors during the PRSP/TNDP period experienced growth contributing positively to economic growth (Appendix 2). However, realisation of full potential in all the sectors was constrained by inadequate infrastructure, a strict regulatory framework and high production costs. In the mining sector, recapitalisation and new investments following the privatisation of state-owned mines in 2000 and the buoyant world commodity markets contributed to the expansion of the mining sector. However, the small-scale mining sector did not perform well largely due to inability to add value to rough stones prior to exportation, lack of a gemstone exchange, lack of equipment and affordable finance and poor infrastructure in the mining areas. Weak institutional framework and outdated policies and legal framework and absence of a Cadastre and Geographical Information System (GIS) constrained the full exploitation of the sector.

Manufacturing and tourism also recorded strong growth averaging 5.1 percent and 6.5 percent, respectively. Manufacturing benefited from new and sustained investment that began in the late 1990s. However, much of this growth was concentrated in food processing. Tourism growth was driven by private investments and concerted marketing efforts by private enterprises. However, the tourism sector remains small.

Performance of the construction sector was also favourable during the PRSP/TNDP period, although inadequate infrastructure still remains a constraint to economic and social development. Interventions included rehabilitation and maintenance of the existing infrastructure, sourcing of funds from cooperating partners and policy reforms. One of the key developments was the adoption of the transport policy in 2002. Despite these interventions, the state of infrastructure such as schools, health centres and offices and transport infrastructure is poor mainly due to poor funding, slow pace of sector restructuring, low private sector participation and lack of capacity by local companies to undertake major infrastructural works.

The agricultural sector did not perform well with wide fluctuations in production. Real GDP growth for the sector averaged only 2.6 percent. This reflected considerable variation in weather patterns as well as inadequate infrastructure and generally poor market access. Although the PRSP had clearly identified agriculture as a priority sector, public investment remained low and impeded agricultural growth. Thus, only a small share of arable land was under cultivation and irrigation. Out of the 42 million hectares of arable land, only 14 percent is currently being cultivated. Similarly, out of the 500,000 hectares potential for irrigation, only 13 percent is developed for irrigation.

Similarly, the electricity, gas and water sector did not record satisfactory performance during the PRSP/TNDP period largely due to aging infrastructure which is posing a threat to future supply of energy and national output. In addition, poverty levels which stood at 68 per cent in 2003, has had serious implications for the growth of the energy sector as shown by to the pattern of energy use. This is where consumption of modern energy (petroleum, electricity, and coal) shows a downward trend while that of traditional energy (wood fuel) has shown an upward trend. Key actions which were supposed to be undertaken during the PRSP/TNDP period were enhancing the capacity of the current energy delivery infrastructure, creating new energy delivery infrastructure and targeted interventions on increasing access and promotion of alternative energy sources.

In the area of technology, key actions during the PRSP/TNDP included institutional reforms and formulation of appropriate policies. In this regard, Government established the National Science and Technology Council (NSTC), the National Technology Business Centre and the Lapidary Training Centre. In addition, the National Science and Technology Policy and the National Agriculture and Health Policies were reviewed including the adoption of policies on Bio-safety and intellectual property rights. The full potential of the sector was not realised due to obstacles such as inadequate, financial and skilled human resources, low accessibility to high-

quality laboratory facilities, equipment and supplies and insignificant links with the international scientific community and low accessibility to the global stock of up-to-date knowledge.

3.6 Reducing Vulnerability and Protecting The Environment

Actions implemented over the PRSP/TNDP included the following:

- Drafting of the National Policy on Environment: This forms the basis for reversing environmental degradation and strengthening poverty reduction efforts;
- Institutionalization in the Ministry of Tourism, Environment and Natural Resources of the Climate Change programme in the Fifth National Development Plan (FNDP);
- Operationalisation of the Natural Resources Consultative Forum;
- Ratification of Kyoto Protocol aimed at reducing the concentration of GHGs that bring about climate change; and
- Implementation of the Copperbelt Environment Project that addresses environmental liabilities of the former Zambia Consolidated Copper Mines.

Challenges include:

- High levels of poverty with a large proportion of the population, especially rural dwellers, depending on natural resources for their livelihoods;
- Weak institutional capacity to enforce environmental laws and to coordinate trans-boundary natural resources management efforts; and
- Weak mechanisms for encouraging genuine participation of communities and the private sector in Environment Natural Resource Management.

3.7 Mobilizing Financial Resources for Development

Areas of intervention have included strengthening the financial system, improving public sector budgeting and accounting systems, integrating aid with National plans, designing national development strategies through dialogue with stakeholders, improving the budgeting system, improving debt management and capacity and strengthening the enabling environment for private sector development and foreign investment flows. As of result of the fore mentioned interventions, the following achievements have been made:

- Development of a five-year Financial Sector Development Plan (FSDP);
- Preparation of the rural financing policy and strategy in 2005;
- Medium-term Expenditure Framework (MTEF) anchored on an Activity Based Budgeting (ABB);
- Launch and implementation of the Public Expenditure and Financial Accountability reforms;
- Signing of a memorandum of understanding on the Harmonization in Practice (HIP) initiative.

Challenges include:

- Expanding the tax net;
- Poor credit culture;
- Bringing on board the informal financial institutions as microfinance regulations are formulated; and
- Strengthening institutional capacities.

4. Conclusion/Recommendations

Zambia's performance has improved since 2001 and the economy has experienced accelerating growth and falling rural and urban poverty. However, high growth has not translated into large declines in income poverty

or unambiguous improvements in household welfare. This is partly because economic growth has been driven by a small number of highly capital-intensive sectors, whose expansion has not created the employment and income opportunities necessary for broad-based poverty reduction. As such, a majority of households, especially the poorest, have not participated in or benefited from the recent acceleration of growth. Poverty, therefore, remains high and widespread, especially in rural areas and in the more remote provinces.

Sustained macroeconomic stability remains a challenge largely due to the large domestic debt, which threatens fiscal sustainability including high inflation and interest rates. The productive capacities of the economy have not been fully exploited largely due to inadequate infrastructure, a strict regulatory framework and high production costs.

As a way forward, Zambia will consolidate the gains made during the PRSP/TNDP period in the Fifth National Development Plan (FNDP) which is currently being prepared. In this regard, macroeconomic objectives will be to: accelerate pro-poor economic growth; reduce and stabilize inflation; and sustain a viable balance of payments and external and domestic debt position. The FNDP strategies will be to: support rural development, especially agriculture; encourage stronger links between agriculture and manufacturing, especially through upstream linkages to agro-related processing; stimulating stronger growth; support the expansion of a stronger and diversified export base; re-orienting expenditures towards pro-poor programmes and strengthening the revenue base.

Social policies in the medium term will focus on addressing the human resource constraints in the education and health sector. In this regard, allocation of resources will be re-oriented towards the social sectors of education so that recruitment of staff can be facilitated.

Appendix 1: Changes in Poverty, 1998-2004

	Population (1000s)		Incidence (P0)		Depth (P1)		Severity (P2)	
	1998	2004	1998	2004	1998	2004	1998	2004
National	10,183	10,954	73	68	40	36	26	23
Rural	6,359	6,662	83	78	49	44	34	30
Small-scale farms			84	79	50	45	35	31
Medium/large-scale farms			73	73	38	36	25	22
Large Scale				37				
Non-farm households			79	69	48	36	35	24
Urban	3,824	4,292	56	53	23	22	13	12
Central	1,019	1,136	77	76	44	43	31	28
Copperbelt	1,823	1,661	65	56	31	24	19	13
Eastern	1,304	1,514	81	70	46	40	31	27
Luapula	701	863	82	79	47	42	32	26
Lusaka	1,526	1,534	52	48	22	19	13	10
Northern	1,237	1,407	82	74	45	41	31	27
North Western	549	654	76	76	41	40	27	26
Southern	1,268	1,360	76	69	42	35	28	22
Western	756	826	89	83	57	53	42	38

Appendix 2: Annual GDP Growth Rates by Sector, 1998-2005

	1998- 2001 Average	2002 Actual	2003 Actual	2004 Actual	2005* Projections	Average 2002-2005
CONSTANT 1994 PRICES						
Primary sector	2.3	3.8	4.5	7.5	2.7	4.6
Agriculture, forestry, and fishing	1.0	(1.7)	5.1	4.2	3	2.6
Mining and quarrying	6.7	16.4	3.4	13.9	2.2	9.0
Secondary sector	4.7	7.2	10.9	9.1	6.4	8.4
Manufacturing	3.5	5.7	7.6	4.7	2.6	5.1
Electricity, gas, and water	4.2	-5.2	0.6	-1.9	3.6	-0.7
Construction	8.2	17.4	21.6	20.5	12.5	18
Tertiary sector	4.0	1.9	3.4	3.2	4.2	3.2
Wholesale and retail trade	4.0	5	6.1	5	5	5.3
Restaurants and hotels	8.3	4.8	6.8	6.4	8	6.5
Transport, storage, and communications	3.8	1.8	5	6.2	6	4.8
Financial intermediation and insurance	0.5	3.5	3.4	3.5	3.5	3.5
Real estate and business services	11.9	4.4	4	4	4	4.1
Community, social, and personal services	2.3	1.6	1.5	0.6	2	1.4
Other	1.0	-13.8	-7.8	-7.6	1.4	-6.9
GDP at market prices	2.4	3.3	5.1	5.4	4.3	4.5

Source: Central Statistical Office and Ministry of Finance and National Planning

Appendix 3: Selected External Sector Indicators: 20002-2005

	2002	2003	2004	2005
(in Millions of US Dollars)				
Current Account Balance. excl. grants	(651.9)	(699.5)	(641.6)	(826)
Current Account Balance Including grants	(245.8)	(322.9)	(279.8)	(193)
Merchandise Trade Balance	(259.3)	(311.2)	(108.6)	59.0
Exports	916.3	1,052.3	1,587.9	2,095
Metals	559.6	669.2	1,102.7	1,557
Non Metals	356.7	383.1	485.2	538
Imports	(1,203.6)	(1,392.5)	(1,727.0)	(2,068)
Foreign Direct Investment	178.0	172.0	344.0	259.0
Gross Official International Reserves (months of Import Cover)	2.1	1.3	1.2	1.4
External debt stock (in U.S \$ billions)				4.0
% of GDP				
Current acc't bal. excl. grants	(17.3)	(16.2)	(11.9)	(11.9)
Current acc't bal. incl. grants (percent of GDP)	(6.5)	(7.5)	(5.2)	(4.6)
Merchandise trade balance (percent of GDP)	(6.7)	(4.2)	(20.3)	0.8
Total Exports (in US Dollars)	24.3	24.4	29.4	30.0
Metal exports (in Us Dollars)	14.8	15.5	20.4	22.3
Non Metal Exports (in Millions US Dollars)	9.5	8.9	9.0	7.7
Total Imports	(31.9)	(32.2)	(31.9)	(29.7)

Source: Bank of Zambia and Ministry of Finance and National Planning

APPENDIX 4

COMMITMENT 1 - FOSTERING PEOPLE CENTERED POLICY FRAMEWORK:

Action taken	Achievements/Progress	Obstacles/Constraints	Necessary action	Emerging Challenges	Lessons learnt	Best Practice
<p>Adoption and implementation of the Poverty Reduction Strategy paper 2002-04 and the Transitional National Development plan.</p> <p>Linkage of PRSP to the MDGs. Localization of MDGs.</p> <p>Adoption and implementation of the public Expenditure Management and Financial Accountability</p>	<p>Focused support to components/programmes that ensure growth and poverty reduction</p> <p>Provision of secure budgetary resources for the implementation of poverty reduction programmes in all sectors.</p>	<p>HIV/AIDS has had an adverse impact on life expectancy in general and has contributed to high mortality and morbidity among the people.</p> <p>Inadequate and untimely releases of funds for implementing Poverty Reduction Programmes</p> <p>Fragmented Aid delivery by cooperating partners</p>	<p>Scaling up the fight against HIV/AIDS and the provision of anti-retroviral drugs prevention and coping strategies.</p> <p>Implementation of wider harmonization in practice which is aimed at improved coordination among donors and harmonized aid delivery system</p>	<p>Reviving the economy to generate economic growth and poverty reduction</p> <p>Having all cooperating partners to be part of the wider harmonization in practice.</p>	<p>Inadequate and untimely disbursement of funds adversely affect smooth implementation of PRPs</p> <p>Inadequate information from implementing institutions under adequate impact assessment of programmes.</p>	<p>Wider participation in the preparation of national Development strategies and plans.</p> <p>Efficient and effective implementation framework of National Development plans/Strategies</p> <p>Efficient and Effective Monitoring and evaluation framework</p> <p>Prudent Public Expenditure Management</p>

COMMITMENT 2 – GOOD GOVERNANCE AT NATIONAL AND INTERNATIONAL LEVELS

Action Taken	Progress/achievements	Obstacles/constraints	Measures necessary for further implementation	Emerging Challenges	Lessons Learnt	Best Practices
<p>Constitutional and Judicial Reforms</p> <p>Rehabilitation of police camps and police cells and grading of Police and prisons camp roads</p> <p>Developing the decentralization policy a five-year implementation plan.</p> <p>Fighting corruption.</p>	<p>Constitutional review process commenced with the setting of a Constitutional Review Commission in 2003 to address a number of Governance issues in the constitution through a consultative progress.</p> <p>Judiciary refined its strategic plan, rehabilitation of High Courts, 66 local courts and 6 subordinate Courts were rehabilitated, construction of the Magistrate Courts Complex, training of adjudicators and support staff, Magistrates and Judges, Clerks etc.</p> <p>The Juvenile Justice System aimed at respecting children's rights in the administration of Justice were implemented in a number of towns.</p> <p>526 cases out of 825 cases received by the Commission</p>	<p>Inadequate and untimely disbursement of resources.</p> <p>Inadequate information to enable analysis of the impact on poverty reduction</p> <p>Inadequate court space and time to handle the case loads.</p> <p>Investigation and prosecution of offences was difficult.</p> <p>Inadequate number of magistrates.</p>	<p>Institutionalization against corruption in all public institutions</p> <p>Monitoring and evaluation of Government facilitated business</p> <p>Rehabilitation of court rooms</p> <p>Developing systems and building capacity</p> <p>Undertaking periodic research on governance related issues.</p> <p>Formulation of appropriate policies, developing the legal framework and operational guidelines.</p> <p>Strengthening of administration of criminal justice.</p> <p>Reviewing the law on corruption.</p> <p>Attracting, developing and retaining skilled</p>	<p>Mode of adopting the new constitution</p> <p>Full implementation of the decentralization policy.</p> <p>Poor infrastructure of court rooms.</p>		

Action Taken	Progress/achievements	Obstacles/constraints	Measures necessary for further implementation	Emerging Challenges	Lessons Learnt	Best Practices
	<p>investigations were concluded and the judicial complaints Committee concluded a total of 32 complaints out of 45 received.</p> <p>Decentralization of services by the Human Rights Commission</p> <p>Establishment of the prohibited immigrant Fund resulted in the repatriation of 1,010 prohibited immigrants to their countries of origin during the periods 2001 – 2003.</p>		<p>manpower.</p> <p>Development of a National Corruption Prevention Policy and Strategy.</p> <p>Strengthening the investigations and legal department's capacity to investigate, facilitate rehabilitation of victims of human rights abuse, and linkages and collaboration with key stakeholders involved in investigations of human rights.</p>			

COMMITMENT 3: SOCIAL INFRASTRUCTURE AND SOCIAL DELIVERY

Action taken	Progress/Achievement	Obstacles/constraints	Measure necessary	Emerging Challenges	Lessons learnt	Best Practices
Reallocation of resources towards the social sectors	Allocation/funding to social sectors has increased. As a share of national budget, it rose to 25.9 % in 2004 from 24.3 % in 2003.	Absorption capacity is poor due to cumbersome procurement procurements, etc.	Improving procurement procedures	Inadequate resources.		Resources from donors to be channeled through the national budget (one financing framework).
Revision of the National Population policy	Recognition of population factors as an integral part of the country's development process. Population is part of the FNDP and National vision. Formation of an interministerial technical committee on population to monitor follow – up on population issues Preparation of census mapping	Lack of understanding and appreciation of population factors in national development by the majority of the population		Need for strong advocacy and sensitisation on population issues. Need for a strong institution framework on population issues	Need for undertaking, census and survey on time for them	Establishment of mechanisms for coordination, collection, processing, analysis, dissemination and utilization of demographic and related information Capacity building and research
Revision of the 1965 education Act as part of the reforms aimed at improving service delivery Bursaries provision to orphans and vulnerable children (OVCs) Scaling up free primary education policy Infrastructure Development Education materials provision	Access to education at all levels increased, enrolment rates for grades 1-7 and grades 8-9 increased on annual average of 9% since 2000. completion rates also increased from 63.6 in 2000 to 72.0 in 2004 There was an increase in the number of basic schools of 4% from 6,455 in 2003 to 6,728 in 2004. The number of Vocational training institutions increased from 254 in	Inadequate human resources especially teachers due to resource constraints dilapidated education infrastructure obsolete and inadequate equipment - inadequate communication facilities including transport - walking distance to schools in rural areas continued to be an obstacle	Improvement and strengthening the supervision and management of education institutions. Recruitment of teachers Continue the programme of infrastructure development Retention of girls in school	HIV/AIDS pandemic. Adequate resources for recruitment	Availability of trained teachers improves the quality of education.	Improvement of quality education and skills training. Cohering institutional coordination Increased equitable access to education

Action taken	Progress/Achievement	Obstacles/constraints	Measure necessary	Emerging Challenges	Lessons learnt	Best Practices
Equity/Gender and HIV/AIDS Abolition of primary School leaving examination fees Abolishing school uniforms	2003 to 294 in 2004					
Key policy and institutional reforms in key Ministries whose mandate is to promote social protection to the vulnerable such as: Decentralisation of health service delivery (Health) Fortification of vitamin A sugar, use of iodated salt, mealie meal fortification with micro-nutrients Education policy reforms e.g. free primary Education.	Provision of health services closer to vulnerable groups and full participation of the people in health service delivery Improvement in access to education	Lack of a coordinated approach, duplication and unclear targeting criteria. Inadequate sustainable livelihood in rural areas Limited access to social security especially for the ones who loose jobs as a result of privatization	A robust social security system with sufficient resources to address problems of the vulnerable.	Provision of sufficient funds to implement social protection programmes Increasing number of disadvantaged and vulnerable groups due to economic liberalization i.e. loss of employment through privatization, droughts and floods.	Programmes that involve active community participation are more likely to have sustainable impact. Situations of vulnerability change, often getting worse overtime. Therefore, timely interventions in targeted situations may help prevent the occurrence of deeper vulnerability and deprivation	Existence of strong formal social security with strategic partnership with other stakeholders to address vulnerability among the disadvantaged in society Strengthening family support systems
Implementation of the Food security programme (Provision of variety of seed, fishing nets and livestock Training in food processing and nutrition and conservation farming.		HIV/AIDS pandemic which has increased mortality and morbidity.	Scale up HIV/AIDS interventions mitigation, coping activities.		Monitoring social protection has been a low priority and there is little useful information on the outcomes and impacts The coverage of very poor and vulnerable groups has been sufficient e.g. refugees elderly and persons with disabilities.	Mitigating HIV/AIDS Targeting Interventions aimed Improved/building livelihoods. Improving early warning systems

Action taken	Progress/Achievement	Obstacles/constraints	Measure necessary	Emerging Challenges	Lessons learnt	Best Practices
Implementation of the peri - urban self-help programme	<p>Road rehabilitation (gravelling)</p> <p>Rehabilitation of bridges and culverts and</p> <p>Development centers</p> <p>Application of labour intensive techniques thus building capacity of targeted communities as well as provision of employment.</p>	Weak formal institutional capacity to take care of the increasing number of vulnerable and disadvantaged people.	Create strategic partnerships with other stake holders in society such as civil society to take care of vulnerable people		<p>The success of social protection maybe hampered by defects in essential services and other sectoral interventions.</p> <p>Effective social protection requires reliable and timely disbursement of adequate and known levels of funding.</p> <p>Communities can participate in identifying vulnerable groups and incapacitated households under proper guidelines</p>	
Implementation of the public Welfare assistant Scheme (PWAS)						
Implementation of the National Social Safety Net (NSSN)	Psychological counseling and small business awareness, Agriculture based training, resettlement seminars/Schemes and vocational training skills of displaced workers and vulnerable groups					

HEALTH AS PART OF COMMITMENT 3

Action Taken	Progress/Achievements	Obstacle/Constraints	Measures Necessary	Emerging Challenges	Lessons learnt	Best practices
Rehabilitation of health infrastructure	A good number of health facilities have been rehabilitated throughout the country. These include: construction and rehabilitation of three district hospitals, 20 health posts, 20 health centres and 4 training schools.	Inadequate resources and lack of comprehensive, reliable data available for physical infrastructure and equipment	Conducting a health facility census on all facilities countrywide with a goal of providing evidence for policy and planning	Delayed release of results of the health facility census has deprived Ministry of health of evidence based planning and resource allocation on infrastructure and capital development	Infrastructure development requires knowledge of the need areas for the purposes of prioritization	Results of the health facility census will be critical in developing an investment plan for infrastructure
Acquisition and distribution of essential drugs	Availability of essential drugs, a proxy indicator for quality of service provided stood at 76% in 2004 against the national target of 85% GFATM earmarked funding for 60,000 ARVs for a period of 12 months in 2005.	The round 5 Zambian proposal to the GFATM was unsuccessful	Finalisation of the proposal to operationalise the drug budget line.	HIV pandemic and increased number of opportunistic infections	Development and costing of a drug procurement plan essential	Medical stores officially handed over to Crown Agents of UK.
Child Survival Programme	Percentage of fully immunised children improved to 80.2% in 2004 and this is slightly above the national target of 80% and the percentage of low birth weight decreased from 18% in 2003 to 17% in 2004.	Insufficient resources to cater for full Basic Health Care Package (BHCP)	Through integrated management of childhood illnesses (IMCI) There is need to reduce current CFR for respiratory tract infections from 132 to 60 per 1000 admissions and CFR for non bloody diarrhoea from 81 to 40 per 1000 admissions.	The high infant mortality rate at 95/1000 live births.	Commonest causes of infant mortality in Zambia have been identified to be Respiratory tract infections, diarrhoea, malaria and trauma.	Promote training of health workers in IMCI

Reproductive health programme	First antenatal coverage has improved from 95% I 2003 to 97% I 2004 whereas supervised deliveries by skilled personnel improved from 55% to 61%	Distance to nearest health facilities, inadequate maternity wings and human resources.	Training of TBAs Scaling up training of midwives	Maternal mortality remains unacceptably high at 729/100,000 livebirths	Lack of skilled personnel such as midwives is the major contributory cause of high levels of MMR	Increase number of midwives and other skilled health personnel through direct entry programme in health training institutions
Integrated malaria control programme(Roll Back Malaria)	Malaria case fatality rate per1000 admissions, reduced from 46.1 deaths per 1000 admissions in 2003 to 33 deaths per 1000 admissions in 2004	Limited resources to support the procurement of coartem, and scaling up of preventative strategies such as IHRS, ITN coverage. Laboratories still require upgrading	Continued scale up of IHRS to 85% and ITN coverage to 75%	Malaria still remain the number one cause of mortality and morbidity in Zambia	Inadequate human resources, inferior laboratory infrastructure and equipment pose as major constraints	Upgrading of laboratory and infrastructure essential
Fight against HIV/AIDS	ART scale up continued and 53 Government / Mission Health facilities are providing ART Number of patents on ART as at end of 2005 was 44,000 Eighteen vehicles (18) bought under GFTMAT for HIV/AIDS/ STI/TB	High and rising HIV/AIDS cases continue to overwhelm our resource constrained health system resulting in poor service delivery	ART implementation lan and free ARVs policy finalised Local ARV production clinical trials in final stage	Zambia Round 5 proposal to the global fund was unsuccessful	Provision of ARVs and its management pose as a major constraint on the already overstretched Human resources	Need to intensify human resource capacity building

COMMITMENT 4 – BUILDING PRODUCTIVE CAPACITIES TO MAKE GLOBALISATION WORK FOR LDCs

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further Implementation	Emerging Challenges	Lessons Learnt	Best Practices
Preparation of the road infrastructure Chapter in the PRSP/TNDP whose focus is on (a) rehabilitation and maintenance of the existing road infrastructure	Up to 2004, 57% of the paved Trunk, Main and District road network was brought to a maintainable condition compared to 45 percent in 2001.	Lack of consistent routine and periodic maintenance largely due to inadequate and erratic funding. The funding for road projects compared to planned work is less than 50 percent.	Speedy implementation of the Road Development Agency (RDA) which is responsible for the management of all roads in the country. Speedy implementation of the National Road Fund Agency (NRFA) responsible for funding all roads in the country	Huge arrears owed to road contractors/Consultants. Lack of capacity (human and Equipment) on the part of local contractors. Availability of funds	Fragmentation of management of roads contributed to poor implementation of road maintenance works. Erratic and inadequate funding resulting in huge accumulation of arrears Budgetary restrictions on infrastructure programmes leading to delayed implementation.	Budgeted amounts to be disbursed by second quarter Capacity building for local contractors and joint ventures. Promotion of Public Private Partnerships in infrastructure development
Preparation of the phase II ten year Road Sector Investment Programme bankable document whose focus is on (a) Routine maintenance (b) Periodic maintenance and (c) Rehabilitation/Upgrading of roads.	Implementation of the RoadSIP II started in 2002 and expected to be completed in 2013. It is expected that the core road network of 40,113 Km will be brought to a maintainable condition.	Lack of consistent routine and periodic maintenance largely due to inadequate and erratic funding. The funding for road projects compared to planned work is less than 50 percent.	Speedy implementation of the Road Development Agency (RDA) which is responsible for the management of all roads in the country. Speedy implementation of the National Road Fund Agency (NRFA) responsible for funding all	Huge arrears owed to road contractors. Lack of capacity on the part of local contractors	Fragmentation of management of roads contributed to poor implementation of road maintenance works. Erratic and inadequate funding resulting in huge accumulation of arrears	To follow the programme as prescribed

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further Implementation	Emerging Challenges	Lessons Learnt	Best Practices
Sourcing of funds from cooperating partners	About US\$78.59 million disbursed for roads during the period 2002- 2004 from donors and US\$21.46 million from WB-IDA.	Parallel funding results in duplication of work.	roads in the country Implementing the functions of the National Road Fund Agency (NRFA) which is responsible for coordinating all resources for road subsector projects	Continued Donor support	Programmes supported by donors completed on time	Funds from cooperating partners channeled through general budget support.
Adoption of the Transport Policy in May 2002	Setting up of the Road Development Agency, National Road Fund Agency and the Road Transport and Safety Agency		Speedy operationalisation of the three agencies	Slow recruitment process	Fragmentation of management of roads contributed to poor implementation of road maintenance works.	

TECHNOLOGY

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further implementation	Challenges	Lessons learnt	Best Practices
Institutional Reforms	<p>Establishment of the National Science and Technology Council (NSTC) aimed at promoting science and technology.</p> <p>Establishment of the National Technology Business Centre (NTBC) aimed at promoting transfer of technologies both local and foreign.</p> <p>Establishment of a LAPIDARY Training Centre and National Remote Sensing Centre.</p>	<p>Inadequate financial and skilled human resources.</p> <p>Low accessibility to high-quality laboratory facilities, equipment and supplies.</p> <p>Insignificant links with the international scientific community; and low accessibility to the global stock of up-to-date knowledge.</p>	<p>Commercialization of R&D technologies.</p> <p>Transfer, diffusion and innovation of new technologies.</p> <p>Strengthening of existing institutions in terms of infrastructure, human resource and equipment.</p>	Keeping abreast of technological changes in view of globalization	Investment in R & D is key.	Innovation Fund for research.
Formulating appropriate policies.	<p>Review of the National Science and Technology Policy and the National Agriculture Policy and Health policy.</p> <p>Policies on Bio-safety and intellectual property rights have been adopted.</p>	<p>Lack of harmonization of S&T laws contained in the various Zambian statutes.</p>	<p>Harmonizing S&T laws contained in the various Zambian statutes.</p> <p>Review of the legal and policy reforms such as the National Science and Technology Policy, enactment of the Biosafety legislation and Intellectual Property Rights Policy.</p>			

ENTERPRISE DEVELOPMENT

Actions Taken	Progress/Achievements	Obstacles/ Constraints	Measures necessary for further implementation	Challenges	Lessons learnt	Best Practices
<p>Provision of credit to MSMEs.</p> <p>Training and re-training in entrepreneurship skills.</p> <p>review and harmonization of existing legal and regulatory framework with a view to removing impediments to MSME operations, etc.</p> <p>Institutionalised public-private partnerships.</p>	<p>Training and sensitization workshops, acquisition of equipment, provision of marketing support services.</p> <p>Private Sector Development (PSD) Action Plan is in place.</p>	<p>Inadequate capital finance.</p> <p>Lack of entrepreneurship skills.</p> <p>Bad credit culture.</p>	<p>Establishment of a private sector micro credit schemes</p> <p>Citizens Economic Empowerment programme aimed at unlocking the growth potential of MSMEs through business development support and empowerment initiatives.</p> <p>Setting up the Credit Reference Bureau.</p>	<p>Improving the Credit culture.</p>		

ENERGY

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further implementation	Challenges	Lessons learnt	Best Practices
Enhancing the capacity of current energy delivery infrastructure	<p>The Power Rehabilitation Project involving major rehabilitation works at the major power stations has reached advanced stages is expected to be finalized in December 2006.</p> <p>An MoU was signed between ZESCO and SINOHYDRO Corporation of China to develop the Kafue Gorge Lower Hydropower Project as well as two other hydropower projects in the North-Western Province.</p>	<p>Vandalism of existing infrastructure.</p> <p>High transmission losses ranging from 18-22 percent.</p> <p>Lack of reinvestment in transmission and generation.</p>	<p>Extension of the electricity grid to other areas.</p> <p>Exploitation of the hydropower potential.</p> <p>Diversification to other sources of energy such as Liquefied Petroleum Gas (LPG).</p> <p>Strengthening the institutional and financing arrangements for rural electrification.</p>	<p>Rising international and domestic oil prices.</p> <p>Frequent breakdowns in Zambia's petroleum delivery infrastructure.</p> <p>Restructuring the electricity sector</p> <p>Serious power deficit is expected by 2008 if generating capacity is not expanded.</p>	<p>Setting up a strategic petroleum reserve is essential.</p> <p>Spreading of resources too many projects under the rural electrification project delayed project implementation and undermined efficient utilization of resources.</p>	
Creating a new energy delivery infrastructure	<p>Six rural electrification projects were completed in 2003. Eleven rural electrification projects are on-going. Electrification of the Nansanga Farm Block has began.</p> <p>Construction of the 198 Kilometre Luano-Kansanshi 330KV transmission was completed in 2004.</p> <p>Feasibility studies are also underway for the Zambia-Nambia Transmission Line Project, Malawi-Zambia Power Cooperation Project and the Zambia-Tanzania-Kenya Power Interconnector.</p>	<p>Grid is confined to the line of rail.</p> <p>Only 18 % of the population have access to electricity.</p> <p>Inadequate resources and spreading resources thinly.</p>	<p>Deforestation arising from excessive use of charcoal.</p>			

Targeted interventions such as increased access and promotion of alternative technology.	Solar PV-Energy project was implemented					
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AGRICULTURE AND AGRO INDUSTRIES

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further implementation	Emerging Challenges	Lessons learnt	Best Practices
Improving the marketing, trade and agricultural-business climate	<p>Increased production of high value crops such as tobacco, cotton, paprika and vegetables through Outgrower schemes which are in place.</p> <p>Review of Agricultural Acts such as the Cotton Act. Fisheries Act is in the process of being enacted.</p> <p>Adoption of the national agricultural policy.</p> <p>Development of the strategy on aquaculture.</p> <p>80% percent of country's manufacturing value added exports are from the food processing and textiles sub-sectors.</p>	<p>Inadequate capital.</p> <p>High interest rates.</p> <p>Dependency on rain-fed agriculture.</p> <p>Inadequate coverage of meteorology stations countrywide.</p> <p>Inadequate infrastructure.</p>	<p>Use of satellite technology in Early Warning Systems.</p> <p>Mobilisation of resources for infrastructural development.</p> <p>Promotion and development of small-scale agro-processing industries.</p> <p>Improving access to market information.</p> <p>Implementation of the irrigation development plan.</p>	<p>Frequent occurrence of droughts and floods.</p> <p>Frequent occurrence of livestock diseases.</p> <p>High post-harvest losses.</p> <p>Environmental degradation.</p> <p>Loss of labour due to the impact of HIV/AIDS.</p> <p>Appreciation of the Kwacha.</p>	<p>Resource allocation has supported production of maize at the expense of other crops, livestock, fisheries and the development of infrastructure to support agricultural activities.</p> <p>There is poor coordination of agricultural and food security programmes implemented by Government, NGOS and cooperating partners.</p>	<p>Outgrower schemes.</p> <p>Community involvement in fisheries management and infrastructure development and utilization.</p> <p>Taking agriculture as a business.</p>
Improving land and infrastructure development	<p>Rehabilitation and construction of boreholes, markets, storage sheds, bridges, feeder roads and irrigation facilities is being done through the Rural Investment Fund (RIF).</p>		<p>Adopting improved management practices in both livestock and crop production for small-scale</p>	<p>Depletion of fish in natural bodies.</p> <p>Active involvement of the private sector</p>		

	<p>New farm blocks have been set up which include the Nasanga in Serenje.</p> <p>Development of the Irrigation Plan.</p>		<p>farmers. Improving public private partnerships.</p>	<p>in agricultural marketing. Value addition.</p>		
<p>Improving technology and development and dissemination</p>	<p>Agro research and technological programme is in place aimed at seeking better farming methods.</p> <p>Outgrower schemes have been set up to enable small-scale farmers benefit from commercial farmers expertise in the production of high value agricultural products and outreach in the delivery of extension services has increased to small-scale farmers.</p>					
<p>Establishment of targeted support system for food security</p>	<p>Food Security Pack and Fertiliser Support programmes have been put in place. So far 300,000 households benefit per year.</p> <p>Seed multiplication aimed at provision of good seed is in place.</p>					

MINING

Actions Taken	Progress/Achievements	Obstacles/Constraints	Measures necessary for further implementation	Emerging Challenges	Lessons learnt	Best Practices
Recapitalisation of existing mines	Existing new mines have been privatized and new mine owners have recapitalized the mines. Production has since increased.	Poor infrastructure such as good roads, rail network, power and qualified technicians and craftsmen	Strengthening the institutional framework and improving the policy and regulatory framework	Mine accidents Fluctuating metal prices	Safety, health and environmental protection are key in the mining sector.	
Opening up of new Mines	Kansanshi mine was opened in 2005 and Lumwana is expected to be opened in 2006	Inadequate mineral exploration and resource surveys Absence of a Cadastre and GIS system Weak Institutional Framework and outdated policies and legal framework	Putting in place all supportive infrastructure such as schools, clinics, etc. Removal of bureaucratic licensing procedures Development of industrial minerals Strengthen the mining safety unit to conduct inspections	Negative impact of HIV/AIDS on the labour force		
Developing small-scale gemstone mining	Training workshops for small-scale miners in mining and processing techniques have been conducted, export promotion and marketing by assisting miners with market information and organized participation of miners in international and local trade fairs has been carried out through the SYSMIN Fund.	Accessing funds under the SYSMIN credit facility has been difficult due to collateral requirements. Lack of a gemstone exchange.	Establishing the Gemstone exchange			

		Lack of equipment and affordable finance Lack of technical and managerial skills Poor infrastructure in mining areas Inability to add value to rough materials prior to exportation.				

SUSTAINABLE TOURISM

Actions Taken	Progress / Achievements	Obstacles / Constraints	Measures Necessary for Further Implementation	Emerging Challenges	Lessons Learnt	Best Practices
Changing Regulatory frame works changing legislation and regulations Tourism leakages identified as a major hindrance	SEED project initiated Tourism and Hospitality bill drafted. Discussions with other sectors began	Poor funding Long processes Lack of understanding in other sectors	Awareness Sensitization Education Study tours A detailed study on Tourism leakages	Policy Co-ordination across sectors where tourism overlaps The role of multi nationals	Need for multi talented staff Promoting of domestic tourism necessary Local investment especially community vital for benefits to trickle back.	
PRSP, NDP Tourism planning structures Inclusion of tourism in other policy formulations (ie Cross sectoral)	Tourism Officials included in other sectoral bodies including SAG's , Road Agency , Road Board etc Tourism included as across cutting issue in other relevant sectors e.g. Works,	Lack of adequate staff Lack of Funding	More staff needed More cross sectoral bodies needed in relevant sectors TSA Project needs support from countries that are ahead e.g. Canada	Technical Expertise needed in this field (is anew one). Staff need specialized as well as general knowledge and knowledge in other foileds where tourism overlaps	Multi Sectoral nature of tourism	
Tourism Product Development Tourism Research Undertaken (TSA began) Tourism Inventory inventories in 3 regions	Community Tourism Identified Eco-Tourism Identified Inventories soon to be published	Funding Constraints Lack of Staffing Lack of technical Knowledge Lack of transport	Survey on Desirable "demand "products for Zambia.	How to undertake in absence of resources Obtaining more staff and decentralize	Not to use PRSP. Use communities for poverty reduction	None

TSA implementation started Tourism Programme identification began		Lack of equipment		these.	Encourage local NGO's and CBO's to work in this area (Tourism)	
Promotion of Eco – Tourism Tourism Investment promotion. Design and Development of Tourism Development Credit Facility	Programme designed and funding being sought. Investment Promotion Conference Hosted in Livingstone for Kafue National Park. Funding provided through Budget support for 3 years.	Funding Constraints Lack of Staffing Lack of technical Knowledge Lack of transport Lack of equipment	World Tourism Organisation Funding Sought. Investment demand Survey on Tourism Donor or other funding sought	More innovative methods of financing tourism development Allowing the innovative methods /mechanisms to operate on a commercial / business like way	Encourage more local /indigenous investors rather than foreign investors. Use local raw materials and resources	
Encourage locals and Zambian organizations to set up Global Information System (GIS) & Global Distribution System (GDS) systems	One local NGO (LIF) is designing system and developing it.	Lack of support and funding from technologically advanced countries.	Support from Donors Funding should be secured for the initiative NGO should be helped to secure Servers and PC's for the initiative	Lack of confidence by Zambian nationals especially in decision making levels on wholly owned Zambian initiatives.	Need for awareness and sensitization among Zambians for their own home grown initiatives.	The NGO needs to go and learn these from developed countries aboard.
Promotion of Air cargo Hubs Creation of "Dry Ports" in neighboring countries	A Task Force on Air Cargo and Dry Ports was established by the President. Will present its report by March for possible implementation in next 5 -10 years (if approved) .	Lack of Bilateral Agreements Lack of land in neighboring countries Lack of technical know-how Lack of funds	Policy on Dry Ports needed. Legislations and regulations on Dry Ports needed. Policy on Air Cargo needed. Lower fuel prices	Lowering the price of Jet fuel. Airport infrastructure development needs Capacity building needs Security up grading needs	Diversify the economy. Develop master plans Co-ordinate	

				especially at the dry ports and airports. Machines for scanning cargo and reading passports.	sectors related to tourism better. Integrated planning necessary.	
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RURAL DEVELOPMENT AND FOOD SECURITY

Actions Taken	Progress/Achievements	Obstacles/ Constraints	Measures necessary for further implementation	Challenges	Lessons learnt	Best Practices
Policy Reform	Adoption of the decentralization policy. Preparation of district plans.	Poor infrastructure in terms of roads, power, communications and banking facilities.	Full implementation of the decentralization policy. Building capacity of local authorities.	Sparsely populated areas.		Involvement of communities in development projects.
Promotion of rural savings	Strengthened National Savings and Credit Bank.	Inadequate human resource.				
Targeted interventions	Food Security Pack. Farm blocks development. Rural Electrification programme. A number of projects are in place aimed at improving food security such as the Gwembe-Tonga Development Project and the Luapula Nutrition Education programme.	Inadequate capacity by local authorities.				

COMMITMENT 5 - ENHANCING THE ROLE OF TRADE IN DEVELOPMENT

Action Taken	Progress /Achievements	Obstacles/ Constraints	Measures necessary for further implementation of the programme.	Emerging challenges	Lessons Learnt	Best Practices
<p>Consistency in implementing trade liberalization policies since 1991</p> <p>Integration of trade policies into National Development policies</p> <p>Removal of trade restricting requirements</p> <p>- Export processing Zones Act passed in 2001</p> <p>Participation in trade negotiations at bilateral, regional and multilateral levels.</p>	<p>Increase in exports of non traditional exports (NTE)</p> <p>Trade policies integrated in FNDP.</p> <p>Abolishing of import declaration fees, pre-shipment requirements and reform of the duty draw back scheme.</p> <p>Establishment of the Zambia Export Processing Zones Authority</p> <p>Increased participation in trade negotiations</p> <p>Periodic reviews and assessments of the impact of trade liberalization policies</p>	<p>High cost of production (credit and communications)</p> <p>Poor Infrastructure (roads and trade facilitation facilities)</p> <p>High Transportation costs</p> <p>Non trade barriers such as stringent health and food safety requirements</p> <p>-Lack of adequate human resource capacity</p>	<p>Establish transparent marketing mechanisms</p> <p>Assist domestic producers to access international markets</p> <p>Facilitate the development of export capacity</p> <p>Develop trade facilitation facilities</p> <p>Develop human capacity in trade policy and other related areas.</p> <p>Improved infrastructure</p>	<p>Domestic currency appreciation</p> <p>-Persistent trade deficit</p> <p>Increased competition on domestic and international markets</p> <p>Increased complexity of trade issues</p> <p>Development of country position on various international trade issues.</p> <p>Limited participation of women in trade issues.</p>	<p>Need to properly manage implementation of trade liberalisation</p> <p>- Improve quality of domestic products</p> <p>- Empowerment of women in trade issues.</p>	<p>Harmonisation of trade policies with other national policies</p> <p>Meeting internationally recognized product standards</p>

COMMITMENT 6 - REDUCTION VULNERABILITY AND PROTECTING THE ENVIRONMENT

Action Taken	Progress/ Achievements	Obstacles/ Constraints	Measures necessary for further implementation of the programme	Emerging Challenges	Lessons Learnt	Best Practices
<p>The Ministries of Tourism and Environment and Natural Resources were merged in 2000 to harmonise environmental protection and Conservation as well as to promote tourism.</p> <p>The implementation of the National Environmental Action Plan (NEAP) through the Environmental Support Programme (ESP) continued. The Programmes focused on:</p> <p>Institutional strengthening and Legal Framework which comprised: Institutional Capacity Building, Legal Framework and Enforcement</p>	<p>Creation of the Environment and Natural Resources Department.</p> <p>Funds for implementation of micro projects was disbursed to communities in Kafue, Siavonga, Petauke, Chibombo, Mpika, Nchelenge and Mufumbwe Districts.</p> <p>Communities/CBO to spearhead the management of environmental issues have been created in local communities.</p>	<p>The Ministry has no integrated and comprehensive monitoring system.</p> <p>ESP came to an end in Dec. 2003 before communities could implement identified micro-projects.</p> <p>No revolving funds for communities to implement micro-projects.</p>	<p>Source for funds to develop a comprehensive monitoring system.</p> <p>Inadequate resources to implement identified micro projects in 15 districts.</p> <p>Lack of effective monitoring system at District and Provincial Level to halt misappropriation of PRP funds in the Districts.</p>	<p>Integrating the TNDP, PRSP and the Strategic Plan for the Ministry in line with the newly introduced budget system. Medium Term Expenditure Framework (MTEF).</p> <p>Community interest raised without fulfilling their expectations.</p> <p>Increase in poverty levels resulting in increased natural resources depletion.</p>		

<p>Capacity and Community Environmental Management Programs.</p> <p>The Community Based and Natural Resources Management Programme (CBNRMP) concentrated on areas rich in natural resources and focused on building capacity for local communities to empower them manage and utilize them sustainably.</p>						
<p>Other programmes/strategies aimed at enhancing environmental management include:</p> <ul style="list-style-type: none"> - Reclassification and Effective Management of Zambia's Protected Area Systems Project. 	<p>Project staff are in place. The Convention on Sustainable Management of the Lake Tanganyika adopted and the ratification process is underway. Consultancy for the formulation of the NAPA in place.</p> <p>Draft National Policy on Environmental is in place and awaiting Cabinet approval</p>					

<ul style="list-style-type: none"> - Lake Tanganyika Integrated Management Project aimed at conserving biodiversity around the lake. - National Adaptation Programme of Action (NAPA) aimed to serve as simplified direct communication channels for information on urgent and immediate adaptation needs for the Least Developed Countries (LDCs). - Environmental Protection and Natural Resources Management Project aimed at strengthening of existing Institutional mechanisms for enforcing environmental standards through developing the environmental policy, domestication of international conventions on environment and implementation of the Millennium 	<p>Consultancy for integration of UNCCD into national legal framework</p> <p>Consultancy for developing the implementation plan of the Policy and Environmental Business Plan.</p> <p>NAP, UNCCD and CBD, domesticated.</p> <p>Proposal submitted to Global Environment Facility on Biodiversity Add-on Activities includes Clearing House Mechanisms, 2nd and 3rd National Reports.</p> <p>Secretariat to execute the project in place.</p> <p>The National Steering Committee for the project is in place.</p>	<p>Inadequate local resources to implement the action plans.</p>	<p>Development of policy implementation plan and the environmental investment programme.</p> <p>Documentation of national capacities and potentials.</p>	<p>The implementation of the National Policy on Environment and the Environmental Business Plan.</p> <p>Need to revise NBSAP to incorporate new emerging issues such as Alien Invasive species, Access and benefit sharing and Sustainable financing mechanisms.</p>		
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<p>Dev. Goals (MDGs) and World Summit for Sustainable WSSD outcomes.</p> <ul style="list-style-type: none"> - National Action Plan (NAP) on Convention to Combat Desertification (CCD) for Zambia. - National Action Plan (NBSAP on Convention on Diversity (CBD) for Zambia. - National Capacity Self Assessment project aimed at assessing the available capacity in the country to implement the provisions and requirements in the CBD, UNCCD and UNFCCC 						
<ul style="list-style-type: none"> - Ratification of Kyoto Protocol aimed at reducing the concentration of GHGs that bring about the Climate Change. - Cleaner Production Programme aimed at promoting sound environmental 	<p>Government approved ratification of Kyoto Protocol Cleaner production regulations are being enforced. National Solid Waste Management Strategy is in place. Communities sensitized and have been organized in various committees of interests.</p> <p>Lukanga Swamp of Central Province designated as Wetland of International Importance.</p>	<p>Industry do not have access to appropriate technology.</p> <p>Inadequate resources to implement the plan.</p>	<p>Mobilise resources to implement the programmes and protocol.</p> <p>Mobilise resources to conduct an inventory on forestry.</p>	<p>Climate change adaptation and disaster mitigation. Setting up the Designated National Authority (DNA).</p>		

<p>practices in industries.</p> <ul style="list-style-type: none"> - Air pollution control, Hazardous waste regulations and enforcement of water quality standards programmes under Environmental Council of Zambia. - The Zambia Wetlands Strategy and Action Plan (ZWSAP) and the Zambia Wetlands Policy (ZWP). 						
<ul style="list-style-type: none"> - Implementation of the industrial pollution prevention programme. - Implementation of the National implementation plans for sound management of persistent organic pollutants (POPs) programme. - Implementation of the Copperbelt Environment Project that address environmental liabilities of the former Zambia Consolidated Copper Mines 	<p>Government through the Environmental Council of Zambia ensures that impact assessment is done for development projects. Improved environmental reporting and Monitoring. Improved coordination of education and communication on environmental issues. Availability of environmental education materials in schools. Radio programmes on environment and sustainable development and community radio programmes increased awareness among the people. Managed 472 gestated forest reserves and 50 botanical reserves.</p>	<p>Resistance by investors and developers to fulfill environmental obligations by integrating environmental concerns in development projects.</p>	<p>Development of an environmental investment programme.</p>	<p>Linkages between increase in population and industrial activities and environmental services Ensuring linkages between environment and poverty in programmes. Enforcement of environmental laws Capacity building of environmental sustenance.</p>		

Limited.						

ALLEVIATING VULNERABILITY TO NATURAL SHOCKS

Action Taken	Progress/ Achievements	Obstacles/ Constraints	Measures necessary for further implementation of the programme	Emerging Challenges
<ul style="list-style-type: none"> - Development of National Environmental Policy (NEP) in 2005 to provide guidance in the management of the Zambian environment - Provincial Forestry Action Programmes (PFAP), aimed at promoting Joint forestry Management with local communities. - Revised the Forestry Policy to incorporate participatory approaches in forestry management 	<ul style="list-style-type: none"> - Yet to be determined - Revised Policy on Forestry for Zambia is in place. 	<ul style="list-style-type: none"> - A comprehensive Monitoring and Evaluation system not yet in place - None implementation of the forestry plan. 	<ul style="list-style-type: none"> - Developing a Monitoring and Evaluation System - Speeding up the process of creating a Forestry Commission. - Development of an environmental investment programme. 	<ul style="list-style-type: none"> - Harmonizing related environmental and natural resources sector Policies with the new NEP. - Involvement of women and youth in forestry income generating. - Deliberate policy by government to encourage local people invests in forestry by creating a revolving credit which was allocated K3 billion in 2004 and K4 billion in 2005.
Forest Protection and Management through boundary maintenance, intensive early burning and licensing.	The impact has been minimal	Inadequate resources to fully implement these activities.	Sourcing for resources to enable the forestry department carry planned activities.	Increase in population and high unemployment levels resulting in increase on dependence on forestry resources

<p>Management of persistent organic pollutants (POPs) programmes.</p> <p>Implementation of the Copperbelt Environment Project that address environmental liabilities of the former Zambia consolidated Copper Mines Limited.</p>	<p>Education and communication on environmental issues.</p> <ul style="list-style-type: none"> - Availability of environmental education materials in schools. - Radio programmes on environment and sustainable development and community radio programmes increased awareness among the people. - Management 472 gestated forest reserves and 50 botanical reserves. 			<p>posing a great threat to forestry resources.</p> <p>Environment and poverty in programmes.</p> <ul style="list-style-type: none"> - Enforcement of environmental laws. - Capacity building of environmental sustenance.
<p>Preparing to undertake a comprehensive Vulnerability Assessment and Analysis to act as baseline for national vulnerabilities.</p>	<p>Nine (9) sectors identified namely, Agriculture/food security; Health, water and sanitation, HIV/AIDS, Infrastructure, Environment, safety-Net, Education and Nutrition. The Objective of the assessment will be to have comprehensive and relevant information for analyzing understanding the underlying causes of Vulnerability in the Country.</p>	<p>Unconfirmed financial assistance from co-operating partners to undertake the exercise. However, OVP has provided a budget line in next year's budget to supplement anticipated support from co-operating partners</p>	<p>Need to urgently mobilize resources to undertake this important exercise.</p>	<p>The frequency, intensity and occurrence of hazards has tremendously increased over the years rendering already impoverished populations more vulnerable. The CVAA will recommend/design appropriate interventions to mitigate against the identified hazards in order to sustain livelihoods and build resilience.</p>

COMMITMENT 7 - MOBILISING FINANCIAL RESOURCES: DOMESTIC RESOURCES#

Action Taken	Progress/ Achievements	Obstacles/ Constraints	Measures necessary for further implementation of the programme	Emerging Challenges	Lessons Learnt	Best Practices
A. DOMESTIC RESOURCE MOBILISATION						
<i>Strengthening the Financial System:</i> A five year Financial Sector Development Plan (FSDP) ⁴ was prepared in 2004	and implementation of Phase I commenced in the same year. Relevant working groups have been established and are (i) developing strategies and measures aimed at timely implementation of the various actions as stipulated in the FSDP.	Inadequate institutional capacity to fully implement the FSDP Inadequate financing	Strengthening institutional capacities Establishing appropriate institutional arrangements Financial Increased Financing	Ensuring an appropriate framework for attracting financial services to areas that are not commercially viable. Bringing on board the informal financial systems as microfinance regulations are formulated The poor credit culture in most societies which undermines financial intermediation		

⁴ The FSDP is a detailed master plan for the development of the financial sector and its main focus is on developing the capital markets, enhancing the role of micro financing in the economy, development of rural financing, and the strengthening of banking and non banking financial institutions. It also seeks to enhance the role of pensions and insurance in the financial sector.

	Preparation of the rural financing policy and strategy commenced in 2005 and it is expected to be in place in 2006.	Slow pace of implementation due to absence of institutional arrangements				
	National Savings and Credit Bank (NSCB) will be capitalized in 2006 and its rural branch network expanded further.					
	Preparation of the microfinance regulations commenced in 2005 completion is expected in 2006					
	In the Non Bank financial sector, the reform of the public owned Non-Bank Financial Institutions (NBFIs) which commenced in 2005 is advanced the					
	Pensions reforms also commenced in 2004 aimed at addressing the structural problems facing the pension system in Zambia.					
	Government in 2004/5 advertised for the sell of its majority shareholding in the only state owned Zambia National Commercial Bank and currently government is negotiating with the preferred bidder and conclusions are expected in 2006					

	<p>Since 2003, government has enhanced its macroeconomic management characterised by fiscal discipline coupled with prudent monetary expansion which has resulted into reduced inflation, stable exchange rate and positive GDP growth for seven consecutive years. This is essential for promoting domestic savings and attracting capital back into the domestic economy.</p>					

B. AID AND ITS EFFECTIVENESS						
Improving Public Sector budgeting and accounting systems.	The Medium-Term Expenditure Framework (MTEF) and also the Activity Based Budgeting, which employs a longer-term perspective in budgeting and links budgeting and planning was introduced for the first time in 2003.					
	<p>The Government launched and started implementing the Public Expenditure Management and Financial Accountability (PEMFA)⁵ reforms in 2005. The PEMFA Programme has 12 components. The key activities are (i) the implementation of the Commitment Control System (CCS) and Financial Management System (FMS) to all spending agencies; (ii) the overhauling of the legal and regulatory framework; (iii) the implementation of the new financial management system (through IFMIS); (iv) reform of the public procurement budgeting systems; and (v) the strengthening of oversight processes, including that of parliament.</p> <p>The implementation of PEMA is still in its infancy stage. Implementation of the 12 components is underway as the work plans were approved in 2005.</p>					

⁵ The primary objective of PEMFA is to improve public expenditure management and strengthen overall financial accountability in the public sector.

Integrating aid with National Plans	Between 2000-2004, aid delivery continued to be fragmented. From 2005, Government started working with the cooperating partners to harmonise and integrate aid delivery in line with national plans and priorities. This is being done through the Harmonisation In Practice (HIP) Initiative. Through the Hip process Government and the Cooperating partners have embarked on drawing up the Joint Assistance Strategy ⁶ (JAZ). Through the HIP process, an Aid Policy ⁷ has been drafted and has been submitted to Cabinet for approval. In addition an information management system to capture and monitor the flow and effectiveness of external aid flows is being developed and is expected to be ready in 2006.					
Designing national development strategies through dialogue with stakeholders	In 2002, Government prepared the Poverty Reduction Strategy Paper in consultation with all stakeholders. In 2005, Government also prepared the National Development Plan (NDP) through a consultative process. Government has also created Sector Advisory Groups (SAGs) as a forum for dialogue between Government and stakeholders. The Government also developed a National NEPAD Action Plan through a consultative process The NDP identifies priority sectors where ODA should be channeled.					

⁶ Strategy for a harmonised coordination framework and practice in aid delivery

⁷ The main objective of the Aid Policy and Strategy is to ensure that Zambia has a clear, systematic, and well co-ordinated approach for soliciting and managing aid.

C. EXTERNAL DEBT						
Using resources released by Debt Relief	In 2003-2005, Zambia received a total of K billion in form of debt relief. This allowed for an increase in spending on pro poor programmes especially in the social sectors. Social sector spending as a percent of the national budget was increased to 27 percent in 2005 from 24.3 percent in 2003. Similarly, on economic services.....					
Debt sustainability	In 2004, Zambia and the of the International Monetary Fund and the World Bank did a Debt Sustainability Analysis which was used for HIPC Completion Point consideration. Zambia also discussed with its creditors and cooperating the debt situation since the 1990's. Consequently, in April 2005, Zambia reached the Completion Point under the HIPC Initiative.					
Improving Debt Management and capacity	<p>Since 2004, Government has been implementing a debt reform and capacity building programme which will, among other things, result in the development of a debt policy and strategy by 2006.</p> <p>The debt reforms will also revise the laws governing public borrowing and also ensuring strict observance of the provisions of the Loans and Guarantees Act, which in the past have been breached.</p>					

D. FDI AND OTHER PRIVATE EXTERNAL FLOWS

<p>Strengthening the enabling environment for private sector Development and Foreign Investment Flows: A Private Sector Development (PSD) Action plan was prepared in 2004 with the objectives of addressing the existing obstacles to investment such as removal of regulatory and administrative barriers, strengthening public agencies that service the private sector, rationalizing labor market laws and regulations and modernizing land legislation.</p>	<p>The Government with the support of donors and the private sector, developed the Private Sector Development (PSD) Action plan in 2004 to accelerate private sector-led economic growth.</p> <p>The PSD Action Plan is Government's roadmap to creating an enabling environment for private sector growth. To address this imbalance and to build on prior progress to reduce bureaucratic procedures and other bottlenecks, the PSD Action Plan recommends the establishment of a "one stop shop", the Zambian Development Agency (ZDA), that will bring together the operations and procedures of five statutory bodies, namely, Zambia Investment Centre (ZIC), Zambia Export Processing Zones Authority (ZEPZA), Export Board of Zambia (EBZ), Zambia Privatisation Agency (ZPA) and Small Enterprise Development Board (SEDB). The creation of the ZDA has received cabinet approval as part of the PSD Action Plan and is ready for full establishment.</p>					
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