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REPUBLIC OF ZAMBIA

MINISTRY OF TRANSPORT AND LOGISTICS

**PROGRESS REPORT ON THE IMPLEMENTATION OF THE VIENNA
PROGRAMME OF ACTION FOR LANDLOCKED DEVELOPING COUNTRIES
FOR THE DECADE 2014 TO 2024**

FEBRUARY 2024

1.0 INTRODUCTION

In August 2003, the United Nations (UN) convened the first global conference to address the special needs and problems of Landlocked Developing Countries which resulted in the Almaty Programme of Action (APoA) for LLDCs for the period 2003 to 2013. The APoA was intended to address the special needs of LLDCs as a result of their inherent lack of access to the sea. The Vienna Programme of Action (VPoA) is a ten-year successor plan to the APoA intended to promote the sustainable development of LLDCs for the period 2014 to 2024.

As the implementation period of the VPoA ends, the United Nations General Assembly in its resolution 76/217 and 77/246 decided to convene the Third United Nations Conference on LLDCs with the mandate to undertake a comprehensive review of the implementation of the VPoA and to formulate and adopt a renewed framework for international support to address the special needs of LLDCs.

The Government of the Republic of Zambia has continued to make strides in transforming and developing its economic landscape. Key to this is the implementation of the VPoA that aims to address the increasing cost of doing business, significant challenges in accessing global markets and the country's uncompetitive edge compared to coastal countries.

Zambia played a key role in the negotiations and development of the VPoA as Chair of the United Nations Group of LLDCs. Zambia Chaired the Group from 2013 to 2016. Zambia hosted the High-Level Meeting on the Follow-up to the Second (2nd) UN Conference on LLDCs from 2nd to 4th June, 2015 resulting in the Livingstone Call to Action. The Meeting was co-organised with the United Nations Organisation for Least Developed Countries (LDCs), LLDCs and Small Island Developing States (SMIDS) (UN-OHRLLS). The Livingstone Call to Action emphasised the urgent implementation of the six priority areas of the VPoA for LLDCs for the decade 2014-2024 and also called for enhanced structural economic transformation, facilitate trade and improve regional integration and transit policies.

This report highlights the major milestones Zambia has achieved in implementing the six (6) priority areas of the VPoA namely: 1) fundamental transit policy issues, 2) infrastructure development and maintenance, 3) international trade and trade facilitation, 4) regional integration and cooperation, 5) structural economic transformation and 6) means of implementation. It also highlights some of the challenges faced and the way forward for the country to address its

landlinkedness and leverage its central location to develop a well-functioning trading hub.

2.0 CHALLENGES AND RECENT SOCIO-ECONOMIC DEVELOPMENTS IN ZAMBIA

Between 2014 and 2023, Zambia’s economic growth rate fluctuated between 2-4% due to various economic challenges in the major sectors namely: mining, energy, manufacturing and agriculture. See Table 1 below.

Table 1: Zambia’s Economic Growth - Historical Data

| Year | GDP | Per Capita | Growth Rate |
|-------------|------------|-------------------|--------------------|
| 2023 | | | |
| 2022 | \$29.78B | \$1,488 | 4.74% |
| 2021 | \$22.15B | \$1,137 | 4.60% |
| 2020 | \$18.11B | \$957 | -2.79% |
| 2019 | \$23.31B | \$1,268 | 1.44% |
| 2018 | \$26.31B | \$1,475 | 4.03% |
| 2017 | \$25.87B | \$1,496 | 3.50% |
| 2016 | \$20.96B | \$1,250 | 3.78% |
| 2015 | \$21.25B | \$1,308 | 2.92% |
| 2014 | \$27.14B | \$1,725 | 4.70% |

Source: *Economic Report and World Bank Reports*

In the period under review, copper prices ranged from US\$ 4,000 to US\$ 7,000 per metric tonne. From 2020, prices ranged between US\$6,000 to US\$10,000. The period was also largely characterised by rising inflation due to continued instability of the Kwacha which depreciated from K7 per US\$ 1 in 2014 to ZMW 27 in 2024, low production and productivity, low diversification and industrialisation and low private sector investment hampered the economic growth of the country and led to a constrained fiscal space.

Between 2014 and 2020, Zambia witnessed a boom in infrastructure development. Unfortunately, this put a strain on the Treasury and led to accumulation of a huge debt that slowed the economy and was compounded by the COVID-19 pandemic that resulted in weak GDP growth and a recession in 2019 and 2020 respectively. Zambia's GDP shrunk from US\$29 billion to US\$19

billion and its debt grew from 16% to 140% of GDP from 2010 through 2020. The stock of external debt in 2011 was US\$ 1.9 billion and by the end of 2021, the external debt had risen to US\$13.4 Billion. The rise in this stock implied a rise in debt service payment. This meant that for every ZMW1 raised in domestic revenue, only about ZMW0.90 for each ZMW1 of revenue collected was used to repay the principle and interest on the debt.

In 2019 and 2020, Zambia's economy declined the most due to the Covid-19 pandemic. Zambia's economy rebounded in 2021, with real GDP growing at 4.6%, from a contraction of 2.8% in 2020, supported by firmer copper prices, favourable external demand, good rainfall, and post-election market confidence. In 2022, challenges in agriculture, mining, and construction slowed down the pace of post-pandemic recovery. Real GDP grew by 3.7%, year-on-year, in Quarter 1–Quarter 3, driven by Information & communication (2.1 percentage points), Construction (1.2% ppt), Education (1.1 ppt), Financial services (0.4 ppt), Human health and social work activities (0.2 ppt) and Accommodation and food service services. The current account surplus narrowed to 2.3% of GDP in 2022 as spill-overs from the war in Ukraine raised Zambia's import bill while falling copper prices and output slowed growth in nominal export revenue. Uncertainty about debt restructuring reversed portfolio capital flows, triggering more than 30% depreciation of the kwacha between September 2022 and March 2023 and placing pressure on official reserves. The depreciation of the Kwacha was mainly on account of strong demand while inflows, especially from the mining sector, reduced.

Additionally, between 2021 and 2023, the energy sector, particularly the petroleum subsector experienced fluctuations in the prices of fuel which have remained relatively high as a result of high oil prices on the international market, a weak local currency and the Ukraine-Russia war.

This in turn hampered some major developmental projects that affected the implementation of the VPoA.

In 2024, Zambia's economy is projected to grow by 2.7 percent compared to 5.2 percent in 2022. The slowdown is mainly attributed to reduced production in the mining sector on account of operational challenges at the major mines.

However, Government continued putting in place measures aimed at unlocking Zambia's economic potential and address the constraints facing the economy, especially in the mining, energy, manufacturing and agriculture sectors. As

such, the following are the macroeconomic objectives that Government will focus on in 2024:

- a) Attain a real GDP growth rate of at least 4.8 percent;
- b) Reduce inflation to the 6-8 percent medium-term target band;
- c) Maintain international reserves above 3.0 months of import cover;
- d) Increase domestic revenue to at least 22.0 percent of GDP;
- e) Reduce the fiscal deficit to 4.8 percent of GDP; and
- f) Limit domestic borrowing to not more than 2.5 percent of GDP.

3.0 STATUS OF THE IMPLEMENTATION OF THE PRIORITIES OF THE VIENNA PROGRAMME OF ACTION

The following is the progress made in the implementation of the priority areas of the VPoA:

3.1 Fundamental Transit Policy Issues

3.1.1 Logistics Performance Index

Zambia's Logistics Performance Index (LPI), based on efficiency of customs clearance process, quality of trade and transport related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time has slightly improved over the last 14 years, but still remains below average. In 2010, Zambia's LPI score was at its lowest at **2.28**. The country recorded its highest LPI score in 2014 at **2.46**. In 2016, the LPI score reduced slightly to **2.43** and in 2018, it was at **2.53**.

Timeliness was the most positive contributory dimension at a score of 3.10 while the rest of the dimensions scored 2.50 or below with tracing and tracking being the least contributory dimension at 1.90. Key contributory factors to enhanced efficiency were:

- **Establishment of One Stop Border Posts (OSBPs)** at Mwami, Chirundu, Nakonde, Kasumbalesa, Kazungula and Katima-Mulilo borders with neighbouring countries that include Malawi, Tanzania, Democratic Republic of Congo (DRC), Botswana and Namibia, respectively. At Chirundu and Kazungula OSBPs, clearance time for trucks has reduced significantly from 3 to 5 days in 2009 to 3 hours;
- Implementation of a Single Window platform for various border agencies to enhance trade facilitation;
- Establishment of supportive institutional frameworks such as transport

and trade facilitation bodies or Co-ordination Committees that have streamlined and harmonised border facilities and procedures leading to increased efficiency and fewer delays.

Additionally, during the period under review, Zambia through the Zambia Revenue Authority (ZRA) signed a Memorandum of Understanding with the Common Market for Eastern and Southern Africa (COMESA) to facilitate tracking of goods in transit. This electronic monitoring system has integrated existing trade systems with other technologies to achieve improved transparency and control in the movement of national and international cargo and provide an effective solution for cargo tracking management.

3.1.2 Status of Ratification of Key International Conventions on Trade and Transport

In the period under review, Zambia signed and ratified several transport and trade Agreements as follows:

a. Key Transport Conventions and Agreements Ratified

- i. Acceded to the Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries (LLDCS) in 2020;
- ii. Ratified the Yamoussoukro Decision (YD) Concerning the Single African Air Transport Market (SAATM) in 2021;
- iii. Ratified the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment in 2020;
- iv. Ratified the Lobito Corridor Transit Transport Facilitation Agency Agreement in 2023;
- v. Ratified the Walvis Bay-Ndola-Lubumbashi Corridor Agreement in 2023;
- vi. Signed Bilateral Road Transport Agreement with Botswana, DRC and Namibia.

Further, as of 31st January 2024, the country made progress in the ratification process of the Beira, Central, North South Corridor and the Nacala Corridor Agreements. Further, the country has signed the Nacala Road Transport Agreement and the Nacala Railway Transport Agreement with the Republics of Mozambique and Malawi and is in the process of ratification.

b. Key Trade Conventions and Agreements Ratified

- i. Ratified the Kyoto Convention on the Simplification and Harmonisation of Customs Procedures in 2014;

- ii. Ratified the World Trade Organisation (WTO) Agreement on Trade Facilitation in December 2015;
- iii. Ratified the Convention on Contracts from the International Sale of Goods (CISG) in 2015;
- iv. Ratified the African Continental Free Trade Area (AfCFA) Agreement under the African Union in 2021;
- v. Ratified the Tripartite Free Trade Area (TFTA) Agreement in 2021;
- vi. Signed and operationalised the Bilateral Trade Agreement with the Democratic Republic of Congo; and
- vii. Signed and operationalised the Bilateral Trade Agreements with the Republic of Angola.

3.1.3 Dry Ports in Transit Developing Countries

Zambia has identified eight (8) strategic locations along the main transport Corridors to develop Dry ports. These include Livingstone, Chingola/Chililabombwe, Chipata, Kapiri Mposhi, Lusaka, Mwinilunga, Ndola and Nseluka/Mpulungu. Currently, the country has reached the feasibility stages of the projects.

The Zambian Government has taken over operations and management of the land allocated to Zambia at the Walvis Bay Port in Namibia. Additionally, Zambia has been allocated land in neighbouring countries for the development of Dry Ports in Beira and Nacala in Mozambique, Lobito and Namibe in Angola and Kwala in Tanzania.

3.2 Infrastructure Development and Maintenance

The Government has continued to embark on infrastructure development and maintenance projects in the transport, energy and ICT sectors. Progress on implementation of projects is as follows:

3.2.1 Transport Infrastructure

Government focused on the development of road, rail and air infrastructure along the several transport Corridors that traverse the country namely: Lobito, Dar-es-Salam, Beira, Nacala, Walvis Bay Ndola-Lubumbashi, North South and Central Corridors.

i. Road infrastructure

During the period under review, the Government commenced the implementation of the Link Zambia 8000, Lusaka 400 and Copperbelt 400 Projects which led to the construction, maintenance and rehabilitation of key economic roads which include the Kafue-Mazabuka, Pemba-Zimba and Mongu-

Kalabo leading to Katimamulilo and Kazungula Borders. The Kazungula Bridge between Zambia and Botswana was completed and commissioned in 2021 and has enhanced trade within the North-South Corridor. Other roads include Livingstone-Sesheke, Lundazi - Chama Chingola-Solwezi road which was completed, Solwezi-Kipushi, Kitwe-Chingola, Lusaka-Chirundu, Mpika-Chinsali, Chinsali-Nakonde linking Zambia to Tanzania, Kasomeno-Mwenda road connecting Zambia to the Democratic Republic of Congo (DRC).

In 2023, works along the Pedicle and Serenge-Mpika roads along the Dar-es-Salaam Corridor and the Kasama via Mbala to Mpulungu road leading to the Great Lakes Region commenced. Construction of the Ndola-Lusaka dual carriage way which has the heaviest traffic also commenced while the Chingola to Kasumbalesa road which intersects the Walvis-Bay Ndola-Lububahis Corridor, North-South Corridor and Central Corridor was completed Lubumbashi.

Most of the roads were developed in collaboration with key Cooperating Partners such as the European Union (EU), African Development Bank (AfDB), Development Bank of South Africa (DBSA), Japan International Cooperation Agency (JICA) and the Exim Bank and other firms from the Peoples Republic of China.

ii. Rail Transport

Most of the railway infrastructure in Zambia is in poor condition and requires modernisation. As such, the Government has developed Concept Notes for the recapitalisation of the Zambia Railways Limited (ZRL) and the Tanzania-Zambia Railway Authority (TAZARA) railway lines. The ZRL line requires a complete overhaul which is estimated at US\$ 2 Billion. Currently, Government is resource mobilising for the two railway lines.

Additionally, the Government has identified a number of green field railway projects to address the missing links to the sea and enhance trade. Progress on the greenfield projects is as follows:

- a. **North Western Railway Project** along the Lobito Corridor that will link the Zambian Railway Network to the Angolan Railway Network and facilitate the movement of cargo to the Port of Lobito;
- b. **Chipata/Mchinji Railway line** to join to TAZARA line via Petauke at Serenje linking Zambia to the port of Nacala in Mozambique;
- c. **Chingola - Solwezi to Jimbe railway** linking Zambia to Lobito Bay in Angola;

- d. Nseluka-Mpulungu railway project (192 km) linking Zambia to the Great Lakes Region;
- e. **Livingstone via Kazungula to Katima Mulilo/Grootfontein Rail** (200km) linking Zambia to the Walvis Bay Port in Namibia:
- f. **Livingstone via Kazungula to Mosetse Rail** (65km) linking Zambia to Botswana. Consultant engaged to do a feasibility study; and
- g. **Kafue to Lion's Den** (350km) in Zimbabwe-Pending signing of Mou with Zimbabwe.

iii. Air Transport

Between 2014 and 2024, the country focused on the construction and rehabilitation of International and Provincial and Strategic Airports namely: Kenneth Kaunda International Airport (KKIA), Simon Mwansa Kapwepwe International Airport (SMKIA), Harry Mwanga Nkumbula International Airport (HMNIA), Mongu, Solwezi, Chipata, Mansa, Kasama, Mbala and Mfuwe Airports as well as Choma and Kasaba Bay as Greenfield Projects. KKIA, HMNIA, SMKIA were commissioned and Kasama Airport was completed and commissioned in 2023. The airport is poised to open up the Northern Circuit for Tourism and enhance Trade and Investment for the region.

iv. Passenger and Freight Volumes by Mode of Transport

Between 2022 and 2023, the passenger and freight performance of the various sub-sectors varied. Whereas the Road transport recorded an increase in passenger and cargo movement, the Rail transport, and Maritime and Inland Waterways transport sub-sectors had a mixed performance with improved cargo movement but reduced passenger movements. The Aviation transport sub-sector on the other hand, recorded an increase in passengers and cargo transported by air. Refer to the tables below:

a. Road Transport

Table 3: Number of Passengers Transported by Road from 2014-2023

| Years | | | | | | | | | | % Change |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 87,526,080 | 99,396,480 | 82,835,952 | 90,476,640 | 57,230,580 | 81,864,720 | 97,165,100 | 74,314,481 | 65,122,740 | 78,123,560 | -16% |

Source: Road Traffic Safety Agency and Economic Reports

Table 3: Volume of Cargo Transported by Road (Weight Bridge Data) 2014-2023

| Station | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | % Change |
|---------|------|------|------|------|------|------|------|------|------|----------|
|---------|------|------|------|------|------|------|------|------|------|----------|

| | | | | | | | | | | |
|--------------|---|---|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|---------------|
| Livingstone | - | - | - | 4,876,589.85 | 4,651,766.50 | 4,721,561.59 | 2,437,940.92 | 2,836,387.20 | 1,660,711,440 | (41.5) |
| Kazungula | - | - | - | 2,166,065.70 | 2,087,139.20 | 1,488,715.77 | 1,051,743.80 | 1,002,792.32 | - | - |
| Mpika | - | - | - | 5,702,291.57 | 6,232,983.50 | 5,203,010.80 | 3,524,475.13 | 3,612,167.39 | 5,100,396,200 | 41.2 |
| Kafulafuta | - | - | - | Closed | Closed | 6,605,449.00 | 6,411,563.69 | 6,502,165.69 | 6,975,248,700 | 7.3 |
| Solwezi | - | - | - | Closed | Closed | Closed | Closed | Closed | 2,957,248,700 | - |
| Kafue | - | - | - | 8,589,653.83 | 8,646,508.58 | 8,618,801.20 | 3,095,989.36 | 6,813,473.00 | 8,501,350,040 | 24.8 |
| Kapiri | - | - | - | 15,907,713.13 | 15,974,740.68 | 15,941,091.9 | 13,390,088.64 | 6,063,786.23 | 5,518,640,800 | (9.0) |
| Katete | - | - | - | - | - | - | - | 1,085,642.16 | 1,431,655,440 | 31.9 |
| Mwami | - | - | - | - | - | - | - | 270,980.84 | 280,945,600 | 3.7 |
| Total | - | - | - | 37,242,314.08 | 37,593,138.46 | 42,578,630.26 | 29,911,801.54 | 28,187,394.83 | 32,426,196,920 | 21.7 |

Source: Road Development Agency and Economic Reports

b. Railway Transport

Table 4: Number of Passengers transported by Rail 2014-2023

| Company | Passengers | | | | | | | | | | % Change |
|--------------|----------------|----------------|----------------|----------------|------------------|------------------|----------------|----------------|----------------|----------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| ZRL | 303,690 | 237,642 | 263,924 | 255,727 | 282,081 | 269,687 | 72,192 | 103,051 | 135,238 | 105,191 | -22 |
| TAZARA | 717,133 | 491,826 | 414,746 | 511,259 | 918,623 | 935,616 | 432,981 | 489,493 | 514,382 | 439,491 | -14 |
| Total | 807,233 | 729,468 | 678,670 | 766,986 | 1,200,704 | 1,205,303 | 506,173 | 592,544 | 649,566 | 544,682 | -16 |

Source: TAZARA & ZRL Ltd and Economic Reports

Table 5: Cargo Transported by Rail 2014-2023

| Company | Volume of Cargo | | | | | | | | | | % Change |
|--------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------|----------------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| ZRL | 959,956 | 874,422 | 634,305 | 702,917 | 870,911 | 961,883 | 1,020,115 | 886,818 | 727,715 | 811,931 | 10 |
| TAZARA | 132,385 | 122,473 | 128,105 | 215,490 | 372,943 | 353,257 | 408,474 | 468,686 | 166,409 | 137,319 | -17 |
| Total | 1,092,341 | 996,895 | 762,410 | 918,407 | 1,243,854 | 1,315,140 | 1,428,589 | 1,355,504 | 894,117 | 949,250 | 5% |

Source: TAZARA and ZRL and Economic Reports

c. Air Transport

Table 6: Passenger Movements 2021-2023

| Airport | 2021 | 2022 | 2023 |
|---------|------|------|------|
|---------|------|------|------|

| | Dom'c | Int'l | Total | Dom'c | Int'l | Total | Dom'c | Int'l | Total | % Change |
|--------------|----------------|----------------|----------------|------------------|----------------|------------------|----------------|------------------|------------------|------------|
| KKIA | 93,082 | 472,097 | 565,179 | 208,774 | 1,025,257 | 1,234,083 | 268,265 | 1,264,654 | 1,532,919 | 19% |
| SMKIA | 39,371 | 70,014 | 109,385 | 105,357 | 113,280 | 218,654 | 141,575 | 150,800 | 292,375 | 25% |
| HMNIA | 14,918 | 24,821 | 39,739 | 45,511 | 79,387 | 124,898 | 57,866 | 92,726 | 150,592 | 17% |
| Mfuwe | 10,572 | 207 | 10,779 | 23,370 | 789 | 24,159 | 31,420 | 868 | 32,288 | 25% |
| Aerodromes | 28,848 | - | 28,848 | 51,283 | - | 51,283 | 48,138 | - | 48,138 | 43% |
| Total | 186,791 | 567,139 | 753,930 | 1,218,713 | 434,364 | 1,653,077 | 547,264 | 1,509,048 | 2,056,312 | 19% |

Source: Zambia Airports Corporation Limited

Table 7: Consolidated Air Cargo and Mail Statistics 2014-2023

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | % Change |
|-------------|------------|--------|--------|--------|--------|-----------|-----------|----------|-----------|-----------|----------|
| Measurement | MT | MT | MT | MT | MT | MT | MT | MT | MT | MT | |
| Volume | 19,156,657 | 18,426 | 19,086 | 19,087 | 20,860 | 22,046,42 | 17,906,76 | 19,463,0 | 16,570,22 | 18,054,33 | 9% |

Source: Zambia Airports Corporation Limited and Economic Reports

d. Water Transport

Table 7: Mpulungu Harbour Cargo Statistics 2021-2023

| Category | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | % Change |
|----------------------------------|------|------|------|------------|------------|------------|-----------|------------|------------|-----------|----------|
| Total Passengers (Number) | - | - | - | 1,258 | 1,277 | 1,494 | 298 | - | - | - | |
| Cargo | | | | | | | | | | | |
| Zambian Exports | - | - | - | 172,130.19 | 163,988.14 | 179,365.40 | 204,657 | 228,262.82 | 183,774 | 174,032.8 | -5 |
| Transit Exports | - | - | - | 595.33 | 1,473.36 | 1,930.14 | 822 | 3,914.04 | 1,853.97 | 1,275.46 | -31 |
| Transit Imports | - | - | - | 454.63 | 129.34 | 451.93 | 110 | 9.34 | 173.95 | 54.21 | -68 |
| Total | - | - | - | 173,180.15 | 165,590.84 | 181,747.47 | 205.589.4 | 232,186.21 | 185,801.92 | 175,362 | -5% |

Source: Mpulungu Harbour Corporation Ltd and Economic Report

3.2.2 Energy and Information Communication Technology(ICT) Infrastructure

During the period under review, performance of the energy sector was positive on account of increased electricity generation capacity and consumption of petroleum products.

3.2.2.1 Energy Infrastructure

i. Access to Electricity

Zambia has experienced a steady increase in access to electricity particularly in urban areas. Access to electricity in 2014 stood at 27.9%, in 2015 it was 31.10%, 2016 it was at 35.43%, 2017 it was at 40.30%, 2018 it was at 40.32%, 2019 it was at 43%, 2020 it was at 44.52% and in 2021 it increased to 46.69%.

Access to electricity increased due to an increase in the generation capacity of the country. The increased generation was attributed to the following;

- a) Construction of the Kafue Gorge Lower Plant (capacity of 750MW) and the coming on board of two additional turbines at the Power Station in 2022;
- b) Kariba North Bank Extension in 2014: this involved the expansion of the existing Kariba north bank hydroelectric power station. it added an additional 360 mw of the capacity to 1,080 mw;
- c) The Global Energy transfer feeding tariff (GETFiT) programme supported by the German Development Bank. This is an implementation mechanism of the Renewable Energy feed-in Tariff strategy which enabled the completion and commissioning of the Economic Zone (LS-MFEZ);
- d) Rural electrification Programme which saw 485 rural growth centres in 2020 ben electrified bringing the total to 37,116 connections since the inception of the programme and a rural electrification access rate of 8.1%;
- e) The world bank supported Electricity Services project which enabled 21,771 rural households and 3,104 small medium enterprises connected to the national grid;
- f) Completion of the 0.64 MW Kasanjiku mini-hydro power plant project and commissioning of a 32.4KWp Chikwika sola project in Mwinilunga, north western Province; and
- g) Increased trade through the Southern African Power Pool (SAPP).

Further, Government **will be** implementing the **Increased Access to Electricity and Renewable Energy Production” (IAEREP) project** and the **Electricity Service Access Project (ESAP)**. ESAP aims to increase electricity access in Zambia’s targeted rural areas. The project is providing financing for on-grid connections in rural areas. To support the ‘last mile’ connections, the Project is also financing critical distribution network reinforcements and extensions through applying low-cost technologies where appropriate that will enable

ZESCO to add new connections to the grid, complementing ongoing access expansion efforts by CPs in other parts of the country.

Though there has been an increase in the generation capacity of electricity as a result of the projects being implemented in the sub sector, a large population of the country still do not have access to the service. Currently only 34 percent of Zambian households are connected to electricity, translating to 69 percent and 8 percent of households in urban and rural areas, respectively.

In recognising the challenges to improving access to electricity through grid extension, the Government is actively promoting development of off-grid energy projects such as mini-grids across the country.

ii. Energy Intensity

Electricity consumption in 2022 increased by 7.2 percent to 13.8 million MWh from 12.8 million MWh recorded in 2021. Mining and services sectors continued to be the major consumers of electricity, representing 48.0 percent and 33.0 percent of the total consumption, respectively. However, transport and construction sectors continued to be the lowest consumers of electricity at 0.3 percent and 0.1 percent, respectively. The agriculture sector recorded a decline on account of climatic changes

iii. Renewable Energy

To promote renewable and alternative energy, Government has undertaken the following energy renewable projects:

- a) **Itezhi tezhi hydropower project:** this project involved the construction of a hydropower plant on the Kafue river. It has the capacity of 120 MW and has helped to increase Zambia's renewable energy capacity;
- b) **Zambia-Tanzania Kenya power interconnector:** this project involved the construction of a transmission line connecting Zambia, Tanzania and Kenya. It has improved regional power connectivity and enabled the export and import of electricity between the three countries.
- c) **Ndola Energy Company gas power plant project.** This involved the construction of a gas fired power plant in Ndola with a capacity of 50mw and has increased Zambia's power generation capacity;
- d) **Copperbelt solar** project: the project was a joint initiative between the Industrial Development Corporation (IDC) and **Neoen**, a leading renewable energy company and was commissioned in 2023. The plant is expected to generate an average annual energy yield of 54.9 GWh; and

- e) Serenje solar project: this project was completed in 2023 and has helped Zambia diversify its energy mix, reduce carbon emission and increase its electrification rate.

Further, Government has secured financing toward the cost of the 40 MW Wind Power Promotion Project in Zambia Under the Scaling-up Renewable Energy Programme. This will ensure cheaper sources of electricity.

3.2.2.2 ICT Infrastructure

i. Communication towers

During the period under review, Government scaled up installation of Information and Communication Technology (ICT) infrastructure, especially installation of communication towers. The number of communication towers increased from 2,426 in 2017 to 3,667 in 2023 as shown in Table 8. In 2023, the number of communication towers increased by 3.4 percent to 3,667 towers from 3,548 towers in 2022. The increase translates into an addition of 119 nationally.

Table 8: Ownership of Tower Infrastructure, 2014 to 2023

| Entity | Years | | | | | | | | | | % Change |
|--------------|-------|------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Total | - | - | - | 2,426 | 2,496 | 3,248 | 3,309 | 3,417 | 3,548 | 3,667 | 3.4 |

Source: Zambia Information and Communication Technology Authority

Additionally, the number of telecommunication sites in the country increased by 7.9 percent to 12,932 in 2023 from 11,987 sites in 2023. This followed a general increase in the number of telecommunication sites of all types of technologies including the telecommunications sites with 5G technology introduced on selected sites dotted around the country. Further, 2G sites continued to constitute the largest proportion of telecommunications sites accounting for nearly 37.0 percent of the telecommunications sites followed by 3G sites at 31.7 percent, 4G at 30.4 percent and 5G sites at about 1 percent. However, despite 2G sites existing in large proportions, the magnitude of the proportion for 2G sites has continued to decline on Year on Year basis over the years while the proportions of 3G and 4G/LTE sites has continued to grow. The observed trends in the telecommunication market is as a result of the continuous upgrading of 2G sites to 3G or 4G/LTE in order to improve accessibility to mobile Internet services in the country.

ii. Access to Internet

In the period under review, the number of internet subscriptions continued to grow over the years with statistics showing that internet subscriptions increased from 2.8 million in 2014 to 111.6 million in 2022. The total number of active internet subscriptions in the country increased by 12.7 percent to 12.6 million

internet subscriptions in 2023 from 11.1 million in 2022. The increase in subscriptions for Internet was mainly driven by mobile Internet and reflected a 7.3 percentage point increase in the overall Internet penetration rate from 56.4 individuals.

Table 9: Internet Subscriptions and Penetration Rates, 2014 to 2023

| Entity | Years | | | | | | | | | | % Change |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Total | 2,787,799 | 6,095,545 | 5,192,284 | 7,759,976 | 8,294,976 | 9,183,589 | 10,302,293 | 10,438,053 | 11,148,658 | 12,568,652 | 6.8 |

Source: Zambia Information and Communication Technology Authority

Further, Government launched an online payment solution under an integrated system called the Government Service Bus (GBS) in 2020 and has continued on boarding various public service providers on the electronic system. In 2022, Over 142 services were on-boarded and as at 31st January, 2024, 300 services from over 25 services providers have been on-boarded.

iii. Mobile cellular subscription

In the period under review, the number of mobile subscriptions grew from 10.1 million in 2010 to 19.838% in 2022 as shown in Table 9 below. In 2023, the total number of active mobile cellular subscriptions increased to 19.9 million from 19.8 million in 2022 representing a 0.4 percent increment. This performance represents an increase in the mobile penetration rate, which by definition is the ratio of the total number of active subscriptions to the total population.

Table 9: Mobile Cellular Subscriptions, 2014 to 2023

| Total subscription | Year | | | | | | | | | |
|--------------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| | 10,114,867 | 11,558,424 | 12,017,034 | 13,438,539 | 15,470,270 | 17,220,607 | 19,104,20 | 20,247,111 | 19,838,000 | 19,923,309 |

Source: Zambia Information and Communication Technology Authority

3.3 International Trade and Trade Facilitation

3.3.1.1 International Trade

i. Merchandise Exports and Imports

Merchandise exports of Zambia averaged USD 8.4 billion between 2011-2019, influenced by price fluctuations for mining products. Zambia recorded merchandise exports of US\$ 7.8 billion in 2020. Merchandise exports increased by 2.7 percent from US\$11.2 Billion in 2021 to US\$11.5 Billion in 2022 on account of higher Non-Traditional Export (NTEs) earnings primarily driven by sustained strong demand in major trading partner countries. However, the Net merchandise exports decreased to US\$3.4 billion in 2022 from US\$4.8 billion in

2021 on the back of faster growth in imports than exports.

In 2023, merchandise imports surged to US\$8.1 billion, representing a growth of 27.4 percent, due to improvements in domestic economic activity.

ii. Trade as % of GDP (Exports and Imports)

Imports of goods and services as a percentage of GDP in Zambia was reported at 29.1% in 2022 while exports of goods and services of GDP stood at 40.19% in the same period.

3.3.1.2 Trade Facilitation

i. Time taken to clear export/imports through customs

According to a World Bank enterprise Survey, as at 2019, it took 10.8 days to clear direct exports through customs and 15.6 days to clear imports from customs.

The minimum time taken to clear import consignments into Zambia was recorded at between 3 to 24 hours.

ii. Structure of Zambia's Exports (Primary, Manufactured and Agricultural commodities)

Zambia's top exports are raw copper, refined copper, cobalt, gold, precious stones and electricity exported mostly to Switzerland, China, Singapore, Democratic Republic of the Congo, and United Arab Emirates. Other exports are agricultural products. The key Non-Traditional Exports include sulphuric acid; sulphur of all kinds; electricity; electrical cables; soap; as well as nickel ores and concentrates. The major manufactured exports include cement, fertiliser and beverages.

3.4 Regional Integration and Cooperation

3.4.1 Participation in Regional Trade Agreements

Cumulative number of RTAs in force stood at Two (2). MCTI to provide updated information.

(i) Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA)

Zambia is a member of the COMESA and SADC Free Trade Areas and continues to participate effectively. Among the notable issues were:

- (a) SADC adopted an industrialisation strategy and roadmap which seeks to trigger economic and technological transformation, accelerate growth and enhance comparative advantage of the SADC region;

- (b) COMESA and SADC put in place several initiatives to establish One Stop Border Posts. In order to improve efficiency by harmonising customs procedures and reducing duplication of work.

(ii) COMESA-EAC-SADC Tripartite Free Trade Area (TFTA)

Zambia ratified the TFTA in 2021. COMESA and SADC have been collaborating with the East African Community through the TFTA. Most of the collaboration has been through the harmonisation of legislation to promote trade.

3.4.2 Intra-Regional Exports (%)

Zambia's intra-Africa exports are mainly to COMESA and SADC Countries which accounts for 46% of Zambia's total exports. The main export products include Copper which accounts for 60% of the Country's export, Cobalt, Cement, Electrical energy and sulphuric acid. As of November 2023, Zambia's intra export recorded 8234USD which was an increase of 41.4% year on year.

3.5 Structural Economic Transformation

In the period under review, the Government put in place measures to promote structural economic transformation/diversification and ensure sustainable growth and development. In line with the Eighth National Development Plan and the 2024 macroeconomic objectives highlighted earlier, the following are the key interventions aimed at diversifying the economy:

(i) Agriculture

- Developed the Comprehensive Agriculture Transformation Support Programme aimed at improving production. The Programme includes extension service support, access to finance, irrigation development, support to value addition as well as storage and logistics.
- Government launched the Cashew Nut Infrastructure Support Programme aimed at improving the lives of approximately 600,000 beneficiaries in Western Province. Government also secured funding from Cooperating Partners for on lending to small holder farmers to promote mechanisation of crop production systems.

(ii) Mining

- In the period under review, Government has accelerated the output of other minerals such as gemstones, gold, nickel, manganese and cement. The gold mining sector witnessed an increase in the number artisanal and small-scale miners in the country. The Government identified this sector as one of the viable sectors of the economy. To this end, the Zambia Gold

Company Limited was established to spearhead gold mining and trading activities for the purpose of building the country's gold reserves.

- Further, the Government of the Republic of Zambia continued to enhance the regulatory framework in the mining sector in order to optimise returns from our mineral wealth.
- Government introduced the Mining Tax Regime Reforms 2023 to encourage investment in the mining sector and increase tax collection.

(iii) Industrialisation

- Developed the Kafue Iron and Steel Economic Facility Zone and the Kalumbila Multi Facility Economic Zone which is still in its early stages of development;
- Construction of Industrial Yards in Solwezi, Ndola, Kasama, Mongu and Chipata districts which will help in increased access to processing facilities; and
- Developed and is implementing the National Industrial Policy of 2018 aimed facilitating economic growth, reducing poverty and creating employment opportunities.

(iv) Tourism

In the period under review, a fluctuation in international tourist arrivals was observed starting with the steady increase of 1,209,898 in 2019 and decline to 1,060,780 in 2022 representing an overall increase from the initially recorded 948,969 in 2014. This increase was partly attributed to a rise in tourism and various incentives by the Government such as development of tourism infrastructure and revamping of tourism activities, implementation of e-Visa and visa waiver for specific source markets to visit Zambia, enhanced use of e-marketing platforms, promotion of green tourism and Zambia Tourism Master Plan (ZTMP) and the ease of travel restrictions following the Covid19 pandemic.

3.6 Means of Implementation

During the period under review, Government focused on implementing reforms related to fiscal policy, domestic resource mobilisation, debt management, public private partnerships and public investment management, among others. Resources for the implementation of projects and programmes were sourced from the following:

(i) Domestic Resource Mobilisation

Government engaged commercial creditors, including Eurobond holders to seek a debt treatment comparable to what has been agreed with the official creditors. Domestic Creditors included Bank of Zambia, commercial banks, and other depository corporations lending in both Kwacha and foreign currencies.

(ii) Official Development Assistance

Between 2014 to 2021, ODA to Zambia fluctuated and averaged 8.7%.

Source: International Development Statistics (IDS)

(iii) Foreign Direct Investment (FDI)

Regarding Foreign Direct Investment, inflows into Zambia rose from US\$ 72 million in 2008 to a high of US\$ 2,100 million in 2013, before reducing to US\$ 1,300 million in 2014. In 2014 and first half of 2015, international prices of primary commodities were generally low, which temporarily affected the country's export earnings and some macroeconomic indicators. By June 2016, Zambia had a total of US\$1.8 billion in investment pledges across various economic sectors over the preceding six months. The energy sector registered the highest amount of the pledged investments, followed by the agriculture and the manufacturing. This represents an increase of 20%, compared with the US\$1.5 billion investment pledges recorded in the first half of 2015.

(iv) Debt/ Debt Distress

The stock of external debt in 2011 was US\$ 1.9 billion and by the end of 2021, the external debt had risen to US\$13.4 Billion.

Total domestic credit grew by 18.7 percent to K151.1 billion at end-December 2022 from K127.2 billion at end-December 2021. The recovery in credit to the private sector largely accounted for this outturn. Credit to the private sector grew by 34.2 percent to K 50.6 billion in 2022 against a contraction of 7.8 percent (K37.7 billion) in 2021 mainly explained by a significant increase in foreign currency denominated credit. In contrast, credit to Government declined on account of a reduction in accumulated Government Securities by commercial banks as well as a fall in loans and advances.

Foreign currency credit expanded in 2022 by 70.3 percent compared to a contraction of 31.3 percent in 2021 (see Figure 6-1). The significant growth in foreign currency denominated loans observed particularly in the second half of 2022 was mostly for capital investment and working capital requirements as well as procurement of farming inputs. Similarly, Kwacha denominated loans further expanded by 30.3 percent in 2022 from 19.4 percent in 2021.

In terms of credit distribution, agriculture dominated the foreign currency credit, followed by the manufacturing, mining and quarrying as well as the wholesale and retail sectors. Households (personal loans) dominated the Kwacha credit followed by manufacturing, wholesale and retail as well as transport, storage and communication sectors.

4. CONCLUSION

The Government has made progress in the implementation of the six priority areas of the Vienna Programme of Action (VPOA), though not at the desired rate. This could be attributed to many factors such as the high debt, Covid-19 pandemic as well as the huge resources required for transport infrastructure development. Zambia, therefore, looks forward to the forthcoming Program of Action for LLDCs and is hopeful that LLDCs in collaboration with transit countries, development partners and international community at large will come up with a wholistic programme to ensure the full integration of LLDCs into the global economy.