



EMBASSY OF SWEDEN

Poverty analysis Zambia 2018

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EMBASSY OF SWEDEN

Lusaka

Introduction

Sweden has a Result Strategy for Development Cooperation in Zambia 2013-2017, which has been extended to 2018. In November 2018 Sida received an assignment to provide a “Basis for a new Strategy for Cooperation with Zambia 2018-2022”. As an input to the Basis the Embassy has developed this “Poverty Analysis”. It is based on a joint field trip that the Embassy embarked on in February 2017, the 7th National Development Plan, discussions with partner organisation and cooperating partners, as well as a desk study.

The aim of this report is to examine underlying factors to poverty in Zambia. It does not claim to be a broader development analysis for the country at large. The report is structured according to Sida’s new model on Multidimensional Poverty. It puts people living in poverty in the centre of the analysis, and therefore it starts with a quote from Pollina Malala, a widow who lives on the countryside in Southern Zambia. The first part of the report outlines who is poor in Zambia and what poverty looks like. The second part deals with the current social, economic, environmental and governance contexts, as well as how Zambia’s priorities to combat poverty looks like. There is no specific part on gender, since it is a cross-cutting issue that comes across in the whole report.

Lusaka January, 2018

Conclusions

1. One of the most significant features for Zambia is the extremely high inequalities, which make the country very divided especially between urban and rural areas. On the countryside 76.6 percent of the population live in poverty. The equivalent figure for urban areas is 23.4 per cent. Out of the whole population 54.4 live below the poverty line. A middle class in the few major cities has been able to take advantage of a continuous growth of around 7 per cent the last ten years, up until 2015, while the majority has remained in poverty. Zambia ranks as one of the most unequal countries in the world. This does not only affect people living in poverty, but it is also a threat to long-term social and economic development. Therefore, reducing inequality is important both in economic terms, as well as in opportunities and choices, in social services, and between rural and urban areas, as well as between men and women.
2. Inequalities between men and women, boys and girls stand out in a number of ways. Women have fewer resources, less choices in life, higher illiteracy rates and often incomplete secondary education. Moreover, women have difficulties making their voices heard and many suffer from different forms of violence. Generally development programs address gender issues and the 7th National Development Plan raises these concerns. However, since gender inequalities are evident in so many and different spheres, the problem needs to be addressed in different ways. The root causes to the gender inequalities are often found in norms and values.
3. The government needs to take the main responsibility for social sectors such as health, education and social protection. For effective delivery in these areas good governance and anti-corruption systems need to be strengthened, accountability enhanced and the decentralization policy implemented. Additionally, the development challenges are accentuated by continued high rates of fertility and population growth, which implies a need for large investments particularly in women's sexual and reproductive health and rights. The inequality with regard to access to education for women is a main factor behind the still very high fertility rates. Since Sweden has a long standing cooperation in the health sector, there is a comparative advantage to continue in this area. At the same time Sweden can contribute to a better Financial Management and effectiveness in the health sector. Sweden's engagement in the Social Protection Sector is a concrete way of contributing to the strive for decreasing the high inequalities and address the situation for people living in extreme poverty. While the main responsibility for the social sector

lies with the government, civil society and the private sector play important roles. Sweden can support independent organisations who work with watchdog activities, lobby and analytical development. The private sector needs to be engaged for long-term viable solutions when it comes to health facilities, medicine, constructions of schools etc.

4. The economic crisis that emerged in 2015 calls for a restructuring of the economy, with a more diversified pattern, more stable macroeconomic situation and more inclusiveness. The challenge of making economic growth inclusive and socially and environmental sustainable are thus interconnected and addressing them requires a focus on reducing inequality and on the broad-based creation of productive employment. Sweden has a limited capacity to influence the macroeconomic situation, but can contribute to an improvement in the operational environment for making business in Zambia, including Swedish companies that would like to invest in the country. The economy is featured by a large informal sector, which has consequences on the tax base, social security and adherence to rules and regulations. Most of the people living in poverty are working in the informal sector, but it is worth noting that there are also people making fortunes within the informal sector partly because tax evasion. Zambia has a big challenge to convert the informal sector, to a more formal sector.
5. To achieve real development, especially in rural areas, the agriculture sector is key. However, if the sector is to provide viable solutions there needs to be a functioning market, with the private sector as the engine. Hence, the Embassy sees the approach "*Making Markets Work for the Poor*" as the best way to enable small scale farmers to become part of a bigger market system. Since the majority of the poor are depending on micro, small or medium enterprises there is a need to create a conducive environment for this kind of business. This has to go hand in hand with the development of environmentally sustainable farming. The effects of climate change for people living in poverty need to be taken into consideration for future development in Zambia. A sustainable development, with a solid resilience, also has to have an environmental basis and the Embassy finds it of outmost importance to support Zambia's efforts in this field.
6. Increased access to affordable, reliable and modern energy services is also essential for improving living conditions in rural areas, where 95 % of the population lack access to the grid. For poor people, lack of modern energy is costly, time consuming and unsafe, where women and girls are most affected. Wood harvesting for fuel and charcoal production is a main cause of forest loss, and deforestation is a priority environmental problem in Zambia. The government has set targets to ensure electricity access for 51 % by 2030, but with the current pace of grid expansion, these targets are not expected to be achieved.

There is potential to engage further with the government and private sector for increased energy efficiency and renewable energy supply, especially off-grid.

7. By moving from a sectoral approach, to an integrated multi-sectoral framework, Zambia recognises that economic and social development, as well as the fight against poverty, needs a broad based engagement with several actors. The Embassy sees this as a positive development and suggests that the cooperation with Zambia should reflect this.
8. It is of outmost importance to increase the transparency and accountability of governance and the fight against corruption. There are institutions that can be strengthened, but needless to say there needs to be a strong political will. Sweden supports several institutions and organization within the civil society in this quest and should continue with financial support, as well as being proactive in dialogue with other cooperating partners.

1. Who is poor in Zambia

"My life has been a struggle. I have not been able to give my children enough food, and that is the hardest thing that can happen to a mother. And if you can't afford schooling, their lives will be the same kind of struggle. Nothing much has happened in my life. The living conditions have been the same and I haven't had any possibilities to change them. I have a little plot of land, but because of my age it is difficult to work on it and the climate change affects the harvest. I make some money from crushing stones and sell. That is very hard work. However, now I have access to social cash and that means a lot to me. I have been able to buy some pigs and chicken and also a tin roof, so the rain is not pouring in. Another very good thing is that I can pay some of the school costs. I am also happy that we now have money for soap, because I really want my family to be clean."

This quote comes from Pollina Malala, a widow who lives on the countryside in Southern Zambia. Her village is close to Monze town. But even though she lives geographically quite close to a town, in practical terms she lives very remote, since the roads are so bad. She does not have access to electricity and the nearest health post is far off. Her life is a reflection of who is poor in Zambia. It also reflects the difficulties to change the situation for the next generation which creates a vicious circle of poverty. Facing severe poverty there is little extra money for education and for investments in things such as farming tools. The poorer you are, the more difficult it is to get out of poverty. Being at the bottom of the poverty ladder also means that it is difficult to keep your dignity and self-esteem. That is why soap can make a difference in people's perception of themselves.

Poverty in numbers

Out of the whole population in Zambia 54.4 percent live below the poverty line (USD1.09), according to the latest survey from the Statistical Office.¹ Out of these, 40.8 percent of the population live in *extreme poverty*. Poverty in Zambia is in many ways a rural phenomenon with poverty levels at 76.6 percent compared to 23.4 in urban areas. Female headed household are generally poorer than male headed households.² The inequalities are also reflected in the poverty situation between different provinces, with Luapula having the highest poverty rates.

³Poverty in rural areas has hardly changed at all over the last five years. Zambia's Human Development Index Value has increased from 0.422 in 1980 to 0.59 in 2014, placing the country in the medium human development range⁴. However, Zambia is still ranked in the bottom

¹ Living Conditions Monitoring Survey, Central Statistical Office Zambia 2015

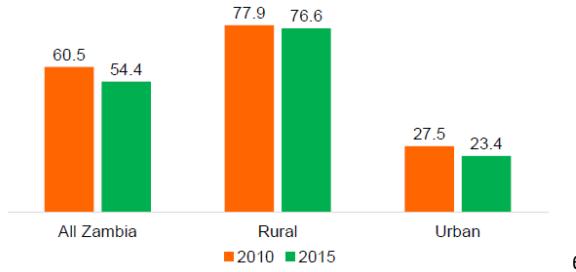
²Living Conditions Monitoring Survey, Central Statistical Office Zambia 2015

³ United Nations Zambia Issues Series # 1 page 5, June 2013 and Ronnås, Kwong Och Harasty 2015

⁴ Zambia Human Development Report 2016, p 32

quartile of the world's human development rankings – 139th out of 188 economies. According to the latest UNDP report for Zambia the average Zambian household has not experienced much progress. Instead it is suggested that the “incidence and depth of multi-dimensional poverty have increased”⁵.

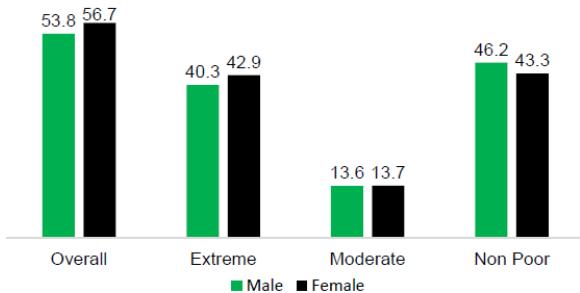
Figure 29: Headcount Poverty by Rural/Urban, Zambia, 2010 and 2015.



6

The combination of economic growth that is not sufficient to absorb the increasing work force in the rural areas of Zambia and an agriculture sector that is underdeveloped, has lead to a rapid urbanisation. At the moment Zambia has an urbanization rate amounting to 4,18 %, which is twice as high than what it was 17 years ago. Rapid and unplanned urbanization (leading to overcrowding, intensified use of infrastructure and services, etc.) constitute developmental challenges, and proposes risks, both for the individuals and for the greater society. For example, the serious cholera outbreak in the end of 2017 in Lusaka can be linked to poor and overstretched water and sanitation conditions.

Figure 31: Percentage Distribution of the Population by Level of Poverty and Sex of Household Head, Zambia, 2015.



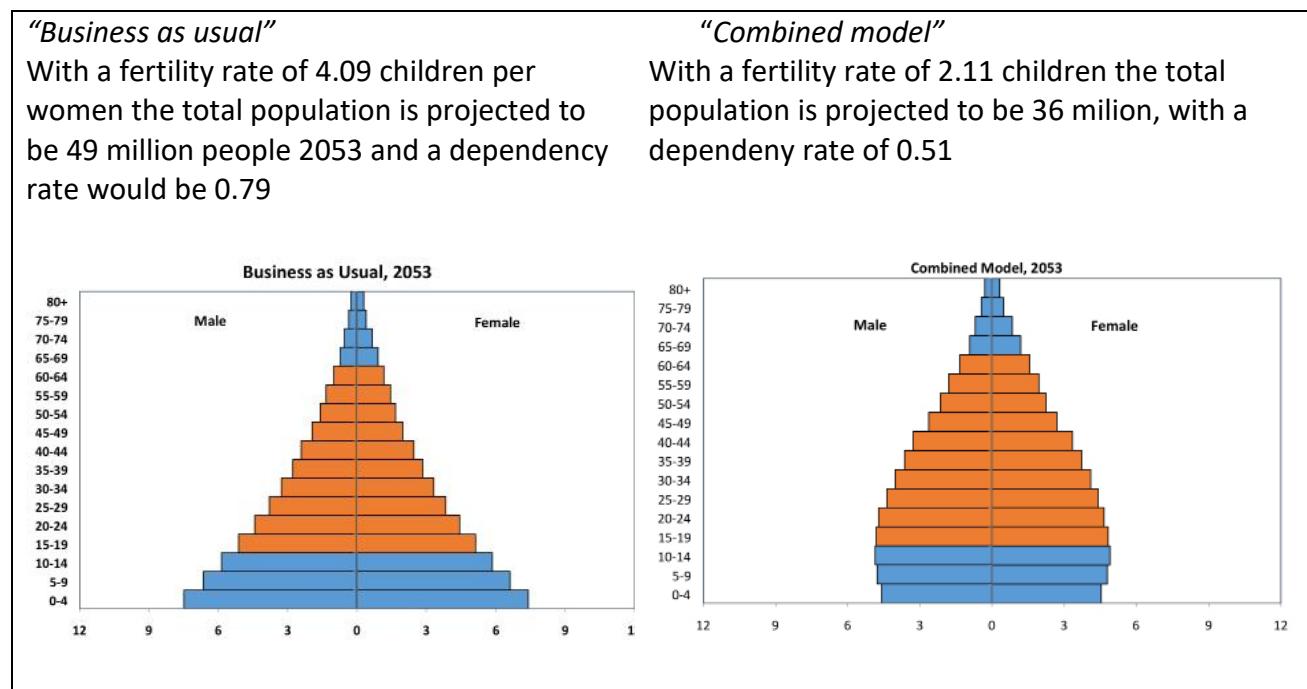
Both overall and extreme poverty is closely related to the size of the household: the larger the household, the higher risk of poverty. Another feature is that the incidence of poverty increases

⁵ Zambia Human Development Report 2016, xvii

⁶ 2015 Living Conditions Monitoring Survey

with the age of the head of the household: this relationship is explained by the underlying variable "number of children/size of household" which increases with age. At the same time, almost half of Zambia's population are below 18 years and children are amongst the most affected by poverty.⁷ The total fertility rate has only declined marginally from 6.5 births per woman in 1992 to 5.3 in 2013⁸. Consequently, Zambia's population has grown rapidly; and it has a high child-dependency burden. Today the population is about 16 million and it is further projected to reach about 44 million by 2050 if the fertility rate does not go down.⁹ If it is reduced there is a possibility to gain a demographic dividend.

Demographic projections¹⁰



Poverty has a detrimental effect on children's health and chronic malnutrition is a very serious problem in the country. In fact, in 2014, 40% of children under 5 were stunted.¹¹ According to International Food Policy Research Institute almost half of Zambia's population are undernourished, and they suggest that the levels of hunger are alarming¹². This reflects the food insecurity and that many poor households are living on one or two meals a day, with limited

⁷ United Nations Joint Programme on Social Protection in Zambia.

⁸ UNFP Harnessing the Demographic Dividend 2015pxi

⁹ Harnessing the demographic dividend, GoZ, UNFPA and AFIDEP, 2015 p 12 and 16

¹⁰ Ibid p 45

¹¹ UN Joint Programme on Social Protection in Zambia p 4

¹² International Food Policy Research Institute, Global Hunger Index 2017, p11

dietary diversity. This is particularly worrying since monotonous diets, mainly consisting of maize, may constitute serious health problems.

When looking at inequalities in Zambia it is apparent that there is a distinct relationship between levels of education and levels of poverty. According to the United Nations, poverty is highest amongst households in which the head of the household has no formal education or only primary education (around 80% of the entire population) whilst it is around 50% for households headed by someone with secondary education and only 11% in households with the head having reached tertiary education¹³. Not surprisingly, the education status among the rural population is far lower than among the urban population. There are also large differences in education between women and men, with teenage drop-out for girls being a major challenge.

Another woman close to Monze is Esteli Hamweene. She is living with disabilities and she cannot walk. *"We are nine in the household, 8 of them children. I have 6 of my own, but had to take on another 2 of my sister. The reason I have so many children is that different men have come to my house and abused me. No-one wants to marry a woman with a disability and it is very difficult to defend yourself"*.

Esteli Hamweenes situation shows the exposure to violence and power abuse that affects many people living in poverty. In this case men have taken advantage of Esteli Hamweenes being a woman, living with a disability. Generally it can be said that Zambia has severe inequalities between men and women. Especially in rural households gender power relations are still very biased towards men. The situation for women is aggravated by the fact that society still discriminate women's access to productive resources due to various customary practices and laws, which are patriarchal in nature. Zambia has a Gender Inequality Index Value of 0.587, which means that Zambia has a higher gender inequality than the average in Sub-Saharan Africa¹⁴.

¹³ United Nations Zambia Issues Series # 1, June 2013 p10

¹⁴ Zambia Human Development Report 2016, p 36

TABLE 3.5

Zambia's GII Relative to Sub-Saharan Africa and Medium HDI, 2014

| | GII Value | GII Rank | Maternal mortality ratio | Adolescent birth rate | Female seats in parliament (%) | Population with at least some secondary education (%) | | Labour force participation rate (%) | |
|--------------------|-----------|----------|--------------------------|-----------------------|--------------------------------|---|------|-------------------------------------|------|
| | | | | | | Female | Male | Female | Male |
| Zambia | 0.587 | 132 | 280 | 125.4 | 12.7 | 25.8 | 44.0 | 73.1 | 85.6 |
| Sub-Saharan Africa | 0.575 | — | 506 | 109.7 | 22.5 | 22.1 | 31.5 | 65.4 | 76.6 |
| Medium HDI | 0.310 | — | 41 | 28.8 | 20.6 | 60.6 | 69.5 | 57.0 | 77.2 |

Source: UNDP (2015).

Esteli Hamweene is part of Zambia's Social Cash Transfer Programme. The criteria for being part of the program are that you should be extremely poor, and have either a disability or one in the household shall be over 65. To make sure that there are no gaps in reaching the most vulnerable in society the Ministry for Community Development and Social Welfare is now adding criteria. The chronically ill, child headed households and households that are headed by women who have more than three children, will also be eligible. These households are the poorest in a multiple sense; they lack resources, they have limited opportunities for change, they are often discriminated in their communities and have little influence on important matters.

Many of the poor are working in the informal sector, mostly in the agricultural sector or in small business. The majority of the people in the informal sector are classified as "working poor" and have little or no access to social security. Their situation is very unstable and they are facing many sorts of risk. They have difficulties to improve and expand their business due to lack of financial services and low productivity. Another feature is that Child labour is used, particularly in the informal sector. Zambia has legal restrictions around child labour, but they are more applied to the formal sector.

2. Being poor in terms of resources

Most people who are poor in Zambia live on subsistence farming. Zambian women do most of the agricultural work such as planting, weeding and harvesting. However, when it comes to marketing the men take over. Poor farmers most often lack proper equipment and have to rely on traditional and rudimentary farming. This makes them very vulnerable towards weather shocks, be it drought or floods, especially since all small scale farming in Zambia is rainfed. All over Zambia – including on the country side – people are aware of climate changes and relate the severe drought in 2015/2016 to the El Nino effect. A worsening factor is that Zambia's crop production is characterized by a heavy dependency of maize. The lack of diversification leads to very low resilience for farmers and also to eroded ecosystems. This, together with deforestation, make poor people even more vulnerable and exposed.

Generally, agricultural productivity has remained low for farmers living in poverty, whilst many commercial farmers now have access to more advanced methods, which raise their productivity. There are vast land resources in the country, which means that there are great opportunities to increase the agriculture sector. Still, most people have very small farms, which makes it difficult to do farming activities into viable business, with economies of scale. The traditional land tenure system in Zambia limits options for small-scale farmers as most land is held under customary land arrangements. Very few farmers have documented land titles which leads to insecurity regarding the access to land in the future and hence limits small scale farmers willingness to invest in their land. Concerning the farming itself there have been difficulties in affording seeds for planting, as well as fertilizers. There is a subsidy system for this in Zambia called the Farming Input Support Programme, FISP. The scale of the program has increased dramatically over the last decade, using the majority of the budget delegated to the Ministry of Agriculture. However, it has been inefficient and for many farmers the money comes too late for the farming period. After substantial critique the Government restructured the program, introducing an e-voucher system and removed 600,000 farmers, who were considered undeserving.¹⁵

Apart from subsistence farming many people do micro business, such as selling fruits and vegetables, sewing clothes or selling other things. People also do piecemeal jobs when available. Most MSMEs are small home-based, self-employed individuals or family enterprises and many lack sufficient education. They often find constraints such as lack of tools, water, and electricity which are necessities for growing a business. One of the biggest obstacles for both

¹⁵ Republic of Zambia, 2018 Budget Address by Minister of Finance

micro business and small and medium enterprises is access to financial services. Many banks remain cautious to expand beyond commercial finance and lack infrastructure and capacity to reach out to all households in Zambia. There are however several initiatives taken to find financial services also for people living in poverty on the countryside. Sweden is supporting one of them; FSDZ¹⁶. According to FSDZ 60 per cent of adults are financially included, while 40 per cent are excluded. . Financial inclusion is skewed towards male adults whilst women are more excluded and use more of informal financial services. Since women are more likely to do microbusiness the financial exclusion is a real hindrance for them to expand their business and hence improve their livelihoods.

The other big obstacle is lack of access to markets for poor people, both in geographical terms, as well as in marketing terms. This is a problem for most forms of small MSMEs, including agriculture. The roads in the rural areas are generally in poor conditions and the distances are long. As a result, it is both time consuming and costly to transport goods to the markets. This means that even households that can produce a surplus have difficulties to expand, since it is so costly to take the surplus to existing markets. Though it is clear that entrepreneurs play a significant role for the growth of the economy in the big cities, people with entrepreneurship skills face many challenges on the rural side.

Lack of access to modern energy also hinders economic and social development. In rural areas, where 95 % of the population lack access to the grid, people use charcoal, woodfuel, kerosene, candles, diesel and batteries. This is costly and has direct health hazards and negative environment and climate impact. Sweden supports efforts for access to affordable, reliable, renewable and modern energy. Replacing charcoal with clean and efficient cookstoves will bring less fumes, less burns and less fires. Available electric light allows study to continue into the evening. Reduced time collecting fuel brings more light hours for studies and economic activities. Increased access to clean and modern energy will especially benefit women and girls, who have the main responsibility for household chores. Access to electricity enables refrigeration, use of power tools and machines, and can boost small businesses and employment. Digital and smart technologies and business models for energy services through mobile money and credit can speed up financial inclusion of poor people.

¹⁶ Financial Sector Deepening Zambia FSDZ Proposal to Sida

3. Being poor through lack of power and voice, opportunities and choice

Opportunities and choice

Being poor through lack of power and voice relates to the ability of people to raise their concerns, needs and rights, and to take part in decision-making that relate to these concerns. In this regard Zambia is a very unequal country. On the one hand there is the middle-class in the urban areas, who is well educated and has positions and employment. They have a chance to influence developments in society. They also have opportunities for choices in their own lives such as education for their children, housing, consumption etc. On the other hand the vast majority of Zambians don't have much access to choices in life. This does not only include the 54% living in poverty, but also people who live around the poverty threshold.

Poverty results in some groups consistently having inferior opportunities. This is typically transmitted over time resulting in intergenerational poverty and inequality. People struggle to find employment, having limited formal education. With limited resources there is not much choices of where and how to live. Poverty is in many ways intergenerational and it is difficult for parents to make sure that children are healthy, with nutritious food, and that they can finish school.

Especially women are exposed to poverty related to having many children. Most often it means more difficulties to cater for the whole family. Additionally, having many children has impacts on the women's work load and on their health. The large family sizes are partly driven by early marriages and teenage pregnancies. Therefore, access to sexual and reproductive health and rights is a way to combat poverty and increase both women's and men's choices. The right to safe abortion is a matter of life and death, since many unsafe abortions result in severe and lethal complications. Generally people in Zambia have long distances to health centres and roads are often very bad. In the Chasiy district for example the average distance is 15 kilometres. The far off health posts have difficulties to attract skilled staff. This implies that access to reliable transport is important for equal rights to health. One way of doing this is to set up maternity wards for women who are soon giving birth. There are still traditional believes that a women shall give birth at home and awareness programs are therefore important, both for men and women. A specific focus on youth is needed. Particularly since there is a high prevalence of teenage pregnancy as the use of contraceptives amongst young women is very low. In fact, almost half of Zambia's women between 15 to 19 who are living in poverty, are either pregnant or have children already. Pro-active work can give positive results, like in the Chadiza district. There the home deliveries as well as maternal deaths have reduced substantially over the last years.

Voice and accountability

Due to inequalities in education, culture and income, people in Zambian have different opportunities to participate in politics, as well as get access to influential positions, something which is also seen in gender terms. As expected, you will find more educated people from the middle class in higher positions. This divides the country between those who can influence and those who don't have any real possibilities. People living in poverty generally have great respect for authorities and as a consequence the demand for accountability is low. Several civil society organisations take up a watch-dog role, but they can't be considered as very strong. A weak accountability culture may hamper efficiencies in service delivery which affects poverty and it creates a more conducive environment for corruption.

People living in poverty have very limited possibilities to get access to media. There are several reasons for this such as lack of information, illiteracy, poor knowledge of English and lack of empowerment. Radio is the most commonly used media, but very few people get actively involved in any way in the production. Here Community radio plays an important role in providing information and a forum where people can call in and express their opinions and concerns. Today, there are 101 radio stations over Zambia and many of them are community radio stations, trying to involve and represent people living in poverty. Nonetheless, more can be done in terms of gender equality and environmental consentization. There is formally a freedom of expression in Zambia, but in reality it is rather restricted. Women and youth in particular have difficulties making their voices heard. Moreover, women often lack the opportunity to effectively participate in politics and function as representatives of the people. This can be seen in the low numbers of women at parliamentary and local government levels where only 13% of the seats in parliament are held by women.¹⁷ There is a lack of freedom to question and debate certain issues, especially when perceived to be critical of the government and the ruling party. The poor media situation has implications on poverty, since it limits opportunities to hold government and other stakeholders accountable.

One institution that the Embassy identifies (and Sweden supports) as having positive effects on accountability in Zambia is the Office of the Auditor General. In its role of keeping government bodies accountable it can contribute to a more efficient public finance management, which is fundamental in using public money to the right purpose.

Zambia is a very religious country and the church has an important voice. Their messages vary however, with some giving credit to the Government and others being more of a watch dog.

¹⁷ Zambia Human Development Report 2016, p36

4. Being poor in terms of human security

The most dangerous place for a woman or a girl to be is in the household. 43% of women have experienced violence since the age of 15 while 17% of women have experienced sexual violence.¹⁸ When visiting a hospital in Zambia you will most probably hear about very young girls who have been admitted because of giving birth at young age. Child marriages exist and are serious human rights violations to girls. About 40% of women between 20 and 24 years of age were married before they were 18¹⁹. Zambia has a high prevalence of sexual violence, which results in damages on the bodies, as well as unwanted pregnancies. Physical and sexual violence against women and girls is one of the most pervasive means by which gender inequalities are manifested. Women and girls that are being abused are more restricted and hence have fewer opportunities to change their situation. Zambia has ratified the Convention on Children's Rights and their rights are included in the constitution. In reality however there is common use of chastisement, abuse and sexual harassment, both in public institutions such as schools, as well as within families.

* * *

The security situation for the population in general can still be said to be fairly stable. Violent incidences occurred in relation to the elections in August 2016, but even though they were "more than usual" for a Zambian election, they seem to be very related to politics and hence not a real threat to "ordinary" people. However, since the opposition party leader was arrested for Treason in April 2017, the situation has become more unpredictable and political tensions have increased. After Mr Hichilema was released the situation appears to be more stable again, but there is still a risk of violence at the elections in 2021, enforcing conflicts in society.

One group of people which are particularly discriminated and harassed are homosexuals. Sexual activities for people of the same sex is forbidden by law and can lead to a sentence of 15 years in prison. Hbtqi persons are exposed to both discrimination and assaults and there have been brutal homophobic attacks. It is very difficult for Hbtqi organisations to work openly.

¹⁸ ZDHS 2013-2014

¹⁹ UN Joint Programme on Social Protection in Zambia

Another group that is vulnerable are refugees and migrants. Zambia has a long tradition of hospitality, but in 2016 foreigners (especially Rwandans) in Lusaka became the subject of attacks on property and persons in a wave of riots, sparked by fears surrounding a series of unresolved ritualistic murders. Forty-eight hours of aggression undid years of informal integration and peaceful coexistence, and over 800²⁰ refugees from different countries of origin were relocated from Lusaka back to the two refugee settlements Meheba and Mayukwayuka. This experience highlights the need for an increased understanding and planning from a human security perspective for refugees and migrants. Due to the increased level of violence in DRC there has been a drastic increase in the influx of refugees in the end of 2017. The UN supports the government in accomodating them, in an effort of leaving no one behind. In a global perspective this is still a fairly small number which means that it is difficult for Zambia to receive humanitarian resistance for this purpose.

5. Risks and resilience

As we can see, a majority of Zambians are facing severe challenges in different dimensions. One important dimension for future development is their capacity to handle different risks and stresses. To build resilience in society at large, as well as on community levels, Zambia needs to have accountable institutions with both capacity and political will to overcome the challenges. The need to tackle risks and develop a long term resilient Zamiba, there is a need to look holistically at poverty and take in to account both economic, social and environmental aspects. While there are political tensions in society, the immediate risk for conflicts are not that high to ordinary people. While the trends for democracy and human rights have been in the downward slope, Zambia can still be considered a stable country. The influx of refugees from DRC and uncertainty about the development there, Zambia has to have a preparedness to cater for more refugees. For people living in poverty in Zambia immediate risks can be sorted under two categories

- Illness, deceases and death
- Environment and climate

Illness, deceases and death pose a serious threat to people in their every day life. Even though health care is free there are always costs involved with such incidences. It can be costs for medicines, transports, funerals etc. Another serious problem is that the labour capacity of the

²⁰ UNDP Rrogramme Appraisal 7th March 2017

household gets constrained. For many illnesses there are prevention measures, not the least to make sure that the nutrition status in Zambia is improved. Another important aspects is the type of housing, water and sanitation that are available. The cholera outbreak in Lusaka is a very serious example of how neglect in these areas had a disastrous effect, that could have been prevented.

For farmers there is always a risk for draughts and floods. There is also a risk for pests. Most dangerous is the Army Worm, that is a major threat to livelihoods and food security, especially to poor small scale farmers. Armyworm outbreaks have hit Zambia several times and in 2017 it affected almost 90,000 hectares of land.²¹ It is especially difficult for poor people to have a preparedness for this kind of threats. More research is needed on how to tackle the problem and coping strategies for farmers need to be developed. While pesticides are necessary to tackle the severe problems with pests, they are also a threat in themselves, since they contribute to millions of liters of chemicals being exposed to the environment every year.

Lack of efficient waste management and proper water and sanitation services is also a major threat to poor people, especially in urban areas. To more efficiently and effectively manage these risks and build resilience, it will also be important to consider methods to manage, foresee and plan for a continued rapid urbanization.

²¹ Sida's Helpdesk for Environment and Climate Change, 2017-08-11 Input to Result Strategy

6. Economic, social, political and institutional context

Macro-economic performance

Zambia has been regarded as one of the fastest growing economies in the region the last ten years, and is since 2011 classified as a lower middle income country. Over the past decade, Zambia has achieved macroeconomic stability, with high growth. It has reached about 7 percent up until 2015 when it drastically slowed down to around 3 percent²², due to a sudden economic crisis. The economic development that has taken place in Zambia has however lacked inclusiveness and there has been a sharp increase in income inequalities. This is largely due to the fact that the benefits of growth have largely been confined to the 20 per cent riches households, mainly in Lusaka and a few other large urban centres. The Gini-Coefficient as a measure of income inequality increased from 0.65 in 2010 to 0.69 in 2015. This means that Zambia is amongst the most unequal countries in the world.²³ One reason for this is that growth has primarily been driven by capital intensive sectors, such as mining, construction and transport. This means that economic activities are concentrated in urban areas and growth doesn't include the rural areas. Copper accounts for 77% of Zambia's exports of goods, which makes the country very dependent on prices on the international markets.²⁴ There is a huge challenge for Zambia to reach The Sustainable Development Goal number 10; Reduced inequality. Poverty and inequality are closely linked and exacerbate each other. This is the case not only in financial terms, but there are also large inequalities between different age groups and between men and women, boys and girls and in accessing education and health services.

In 2015, Zambia faced its toughest economic challenge in decades. The main reasons were a global copper price slump, several electrical energy shortages, a drastic depreciation of the kwacha, rising inflation and a high cost of borrowing, as well as a huge budget deficit. The Bank of Zambia intervened with tight monetary policies which stabilised the Kwacha. This also helped to bring down the inflation rate, but it hampered private investment, due to the increased cost of borrowing. Already in 2015 discussions took place with the International Monetary Fund for a supported external assistance program. The fiscal deficit increased from 2.4 percent of GDP in 2011 to 9.4 percent of GDP in 2015, then fell to 5.7 percent in 2016.²⁵ According to the World

²² Grant Thornton Budget Bulletin 2017

²³ Living Conditions Monitoring Survey 2015

²⁴ World Bank Group, December 2017, Zambia Economic Brief, p 2

²⁵ 7NDP sid 23

Bank the budget deficit was up again to 7% in 2017 (on a cash basis) and even though needed, it is not expected to decrease²⁶.

Even though there has been efforts to get away with the heavy dependence on copper, the economy is still very vulnerable to external shocks when commodity prices drop. Copper accounts for as much as 77% of Zambia's export of goods²⁷. Due to several Euro bonds the country's debt as share of GDP has risen dramatically. They have been used on big projects such as roads, and this has led to a huge budget deficit. The crisis continued in 2016 and discussions have been held with IMF on a recovery package. However, as yet there has been no IMF-programme, but a domestic home grown programme called Zambia Plus. It consists of five pillars; enhancing domestic resources, scaling-up Government's social protection programmes, improving economic and fiscal governance, restoring the credibility of the budget and ensuring greater economic stability. A very controversial part is the removal of fuel, electricity and agriculture subsidies. It has taken the Government a long time to deal with them, despite pressure from the IMF. The fuel subsidies were removed during 2016, which has affected the whole transport sector, and prices were increased even more in 2017, mainly due to increased crude oil prices. When it comes to the agriculture subsidy program FISP, the Government has introduced some transformation in order to make it more sound. About 80% of the government agricultural budget is spent on FISP and FRA (Food Reserve Agency) and improvements of these programmes can result in big savings²⁸. It is, however, fair to say that public financial resources have not been used in an efficient way, and this is exacerbated by corruption. There has been heavy spending on infrastructure projects like roads, establishing new districts with linkages to the administration, importation of emergency energy, a rising debt service repayment, but also investments in social sectors like building of new schools. At the same time as spending increased, the basis for revenue remained the same. The Government is however striving to expand the tax base, as well as looking into tax differentiation measures and the concept of pro-poor taxes has been introduced.

2017 has seen a slight improvement in the macroeconomic balances and The Economist Intelligence Unit projects real GDP growth to be on average 4,4% between 2018-2022, mainly due to expected high copper prices. Inflation rate has flattened out and is now below 10% annually. However, this might be jeopardized by the deteriorating debt situation and that no deal

²⁶ World Bank Group, December 2017, Zambia Economic Brief, p 2

²⁷ World Bank Group, December 2017, Zambia Economic Brief, p 9

²⁸ World Bank Group, June 2017, Zambia Economic Brief Issue 9, p 2

with the IMF has been secured yet as negotiations were stalled in 2017.²⁹ The government must now balance between short-term macroeconomic stabilization and longer-term structural and job creation policy goals. The fast build-up in public debt poses a big uncertainty for all different economic actors, not the least foreign investors. The total public sector and publicly guaranteed debt was recorded at 61.1% of GDP at the end of 2015³⁰, which can be compared to 35.6% in 2014. In the end of 2016 it is still estimated to 60%. The IMF has now put Zambia at “high risk of debt distress”, which reflects the unstable situation. In order to balance the budget and adhere to debt servicing, the Government needs to cut on spending, but the closer Zambia comes to elections, the less likely it is that there will be a sufficient fiscal discipline. Even though the Government tries to cut on expenses, revenues have been below targets. An unsustainable debt burden is not only a threat to the macroeconomic situation, but it has also an impact on poverty reduction efforts. According to the World Bank it would *“reduce fiscal space for spending as the cost of servicing the debt increases. Less money would be available to finance the government’s national development plans.”*

Table 5 Measuring public debt

| | | 2014 | | 2015 | |
|---------------|---|--------------|--------------|--------------|--------|
| | | % GDP | US\$ m | % GDP | US\$ m |
| | External Debt (Public and Publicly Guaranteed) | % GDP | 20.1% | 43.1% | |
| | | US\$ m | 5,263 | 7,193 | |
| Domestic Debt | Government Securities | % GDP | 11.7% | 10.4% | |
| | Other (domestic arrears + BoZ) | % GDP | 3.8% | 7.6% | |
| | <i>External Debt (Public and Publicly Guaranteed) + Government Securities</i> | % GDP | 31.8% | 53.5% | |
| | Total Public and Publicly Guaranteed Debt | % GDP | 35.6% | 61.1% | |

Source: World Bank-IMF Debt Sustainability Assessment (2017)

Note: Debt numbers are gross and end-period

A very prominent feature in the Zambian economy is the strong links to China. The country has seen huge Chinese investments the last ten years and it will most probably continue, even though the Chinese economy has slowed down. The Chinese dominance when it comes to international relations puts the whole picture of cooperation partners in a new light. It has been obvious in relation to the suggested amount of the IMF-package, which has been 1.3 billion USD. This can be compared to a loan from China which is currently discussed, which is double the amount. India and the Gulf states are other actors that have changed Zambia's

²⁹ Economist Intelligence Unit Limited 2017 Country Report January 2018

³⁰ World Bank Group, December 2017, Zambia Economic Brief, p 22

international relations.

Table 4 Key macroeconomic data

| | 2015 | 2016 | 2017f | 2018f | 2019f |
|---|-------|-------|-------|-------|-------|
| Real GDP growth, at constant market prices | 2.9 | 3.6 | 3.8 | 4.3 | 4.7 |
| Private Consumption | 4.9 | 1.9 | 3.1 | 5.5 | 5.8 |
| Government Consumption | 3.7 | 4.4 | 4.1 | 1.9 | 0.9 |
| Gross Fixed Capital Investment | 5.0 | -3.2 | 1.6 | 3.5 | 5.4 |
| Exports, Goods and Services | -11.0 | -10.0 | 8.8 | 9.0 | 9.2 |
| Imports, Goods and Services | -7.0 | -10.6 | 8.5 | 8.8 | 9.0 |
| Real GDP growth, at constant factor prices | 2.9 | 3.6 | 3.8 | 4.3 | 4.7 |
| Agriculture | -7.7 | 3.6 | 7.0 | 5.2 | 5.1 |
| Industry | 6.8 | 5.3 | 5.2 | 5.8 | 5.7 |
| Services | 2.4 | 2.7 | 2.4 | 3.3 | 4.1 |
| Inflation (Consumer Price Index) | 10.1 | 18.2 | 7.2 | 7.0 | 6.8 |
| Current Account Balance (% of GDP) | -3.9 | -4.5 | -3.3 | -2.7 | -1.5 |
| Fiscal Balance (% of GDP, cash basis) | -9.4 | -5.7 | -7.6 | -7.0 | -6.0 |
| Debt (% of GDP) | 61.4 | 60.5 | 57.4 | 59.9 | 61.9 |
| Poverty rate (\$1.9/day PPP terms) | 57.5 | 57.2 | 56.7 | 55.9 | 55.0 |

Source: Ministry of Finance and World Bank forecasts

Due to Zambia's dependency on a limited number of companies, weak trade patterns and a reliance on the informal sector the country are facing limited employment opportunities. The high growth rate of the last decade has not been accompanied by a significant decrease in informal employment. The structure of the labour market has a large share of the informal sector, estimated to be over 80 percent, with most of the active women, 9 out of 10, working in the informal economy. This represents almost 3 million working women without protection or social benefit.³¹ The high share of informal employment restricts the country's ability to combat poverty. Especially young people have difficulties to find work, even after completing secondary education. They become disillusioned, realizing that education is not worth much, especially if you live in rural Zambia. The Government has formulated policies specifically aimed to mitigate the crisis of youth unemployment, but there are inefficient results. To get out of this trap agribusiness is key. The agriculture sector is the fourth largest contributor to Zambia's GDP, that is 8.7 percent, and the largest contributor to employment.³² Zambia has the potential for increasing its agricultural output. Despite a favourable climate, fertile land and good water resources, Zambia's agricultural potential is not fully tapped. Potential arable land cover 47 percent of the

³¹ Ronnås, Kwong and Harasty 2015, page 45

³² NDP page 67

country's total land but only about 15 percent of this is under cultivation.³³ Given that most Zambians still live in rural areas earning a livelihood in agriculture, finding new markets through linking farmers to agro-value-chains and increasing agro-industrial exports – especially targeting regional markets – is essential to raising rural incomes. Raising rural incomes will require improved agricultural productivity and increased employment in agro-industries, particularly agro-processing. The government has increased its spending on agricultural in the 2017 National Budget, which is mainly explained through a considerable uplift in allocation on the subsidy program The Farmer Input Support Program (FISP) which in itself is a debated method of improving agricultural business.

Binding constraints to economic growth and diversification

One binding constraint for the economy as a whole is energy. The last years the country has faced severe hydroelectric power shortages, which peaked in 2015, with intense load-shedding. The country faced unusually low levels of rainfall in the 2014/15 rainy season, reducing the water inflows into Zambia's main reservoirs for hydroelectric power generation. In addition the monopoly state power company, ZESCO, did not respond sufficiently to the crisis. As a result, Zambia had to import energy at high prices. The rainy season 2016/17 has been more favourable and the reservoirs have started to fill up, even though it is not enough. The energy crisis has affected the economy in a very negative way. Electricity has for many years been heavily subsidized, but during 2017 the Government has dismantled the subsidies and electricity tariffs are now more cost-reflective. According to EIU this will encourage private investments in the energy sector, but it will be slow to materialise.³⁴

Inadequate infrastructure is another area that needs to be addressed. Inadequate levels and low quality of infrastructure development leads to low economic activity and high production costs, which results in low competitiveness. Critical infrastructure such as enough quality roads, especially feeder roads, rail and water supply has not been adequate to facilitate the desired levels of economic transformation and leverage private investment. Another challenge is communication technology. ICT infrastructure, both public and private, is inadequate and fragmented resulting in poor connectivity and communication. Empirical evidence of Zambia's performance in the utilisation of ICT³⁵ shows that Zambia has a poor performance which calls for increasing investments in ICT structures as well as human resources development.

One serious constraint for the private sector is the high lending rates, especially over the last couple of years. Due to the depreciation of the Kwacha, the Bank of Zambia has conducted a very

³³ 7 NDP page 24

³⁴ Economist Intelligence Unit, Country Report Zambia January 9th 2018

³⁵ UNDESA; ITU and WEF

tight monetary policy, which has made lending very expensive. Rates have been as high as 40%³⁶. Apart from the fact that many small and medium enterprises do not get access to such rates, it also hampers entrepreneurship given the high risks. The Bank of Zambia has eased the monetary policy in 2017 which has eased the liquidity market.³⁷

A very important feature for Zambia is to develop its trade. Trade and industry can play a powerful role in contributing to rising incomes and creating jobs and it is important for Zambia to get out of the dependency on the public administration for formal employments. The country is still highly dependent on copper together with a few agricultural products such as tobacco, maize and timber. There have been strides towards economic diversification, but much more needs to be done to attain an export-led trade strategy that can respond to international competition. There is still a high cost of doing business and production technologies lag behind. Additionally, there are structural weaknesses in the transport systems and logistics. The private sector has highlighted the need for the government to be consistent and coherent in policy formulation and implementation, especially from the fiscal perspective.³⁸ It has also urged the government to continue its efforts to simplify and streamline export procedures. The over-dependency of maize affects the whole economy and it is also a very sensitive political issue. The state owned Food Reserve Agency has a great impact on the price of maize, and the state involvement in the market is highly contested.

Social development

As earlier noted, Zambia is a country with severe inequalities, not only economic, but also in social terms with a big number of very vulnerable people. Being vulnerable is associated with chronic poverty, but could also result from events such as being orphaned, widowed, retrenched, retired or losing livelihoods or assets. Even within urban areas there are disparities in accessing social services between planned and unplanned settlements.

While life expectancy at birth has increased from 51.2 years in 2010 to 54.2 years as at 2017³⁹ there are still many challenges concerning the health of the population. The share of the state budget directed to the health sector has decreased during the last couple of years, only amounting to 8,3 percent in 2016. The sector is very dependent on foreign aid. Primary health is free, but there is a serious lack of staff, which means that the quality is not up to standard. Access to health is equal for men and women, but women have special health needs in relation to pregnancy and child deliveries. There is a huge need for contraceptives. That is an area which is most often seen as an issue for women, but if Zambia shall be able to reduce the population

³⁶ World Bank Group, December 2017, Zambia Economic Brief, p 2

³⁷ Republic of Zambia, 2018 Budget Address p 5

³⁸ Draft Seventh National Development Plan page 12

³⁹ Census of Population and Housing and 2011-2035 Population and Demographic Projections

growth-rate, men must also take responsibility. Access to health services, as well as quality, vary across the country. Sparsely populated areas are neglected, especially where it is difficult to recruit skilled personnel.

In Zambia all children shall be offered free education up to grade seven. School participation rates at primary level have risen rapidly the last ten years, but a different picture emerges at secondary and tertiary levels. Net enrolment rate for primary school is over 95% but is only about 30% for secondary school⁴⁰. Even though there are no specific school fees for primary, there are other expenses that parents are expected to pay, like fees for the running of the school and the costs for school uniforms. School fees are a requirement for secondary education, which explains why many students drop out after grade seven. The quality of the education is very unequal between urban and rural areas. In many schools the students in a class is around 50, but it can even be as high as 70. The share of the state budget for education amounts to 17 percent. However, as long as the sector is characterized by inefficiency, overloaded class rooms and lack of qualified teachers, there will be a serious lack in the quality of the education. Neither is there sufficient access to vocational training, which means that companies and other employers might have difficulties in finding skilled staff.

Political and institutional context

Zambia has been a role model for the wider region considering the strength of its democracy. There have been eight elections since the return to multiparty politics in 1991. They have been characterised by peaceful transition of power, making Zambia one of the most stable countries in Africa. However, since the elections in 2016, the political climate has deteriorated. Freedom of expression and assembly continue to visibly suffer. This takes its form through the application of the Public Order Act by the police, biased reporting by state media, intimidation and harassment reported by private media and civil society organisations. Political tensions increased in April 2017 when the opposition party leader was arrested by excessive use of force and charged for Treason in April 2017. This unstable political climate might hinder development and increase poverty in different ways. Investors might reduce their willingness to continue and establish business, possibilities for people to express themselves freely are reduced, and in the worst scenario Zambia might see more violence. The donor group in Zambia has expressed great concerns about the current situation and the trajectory of basic human rights, such as the Right of Expression and the Right of Assembly. It is too early to say if the current climate represents the culmination of a particularly heated period in Zambia's multi-party democracy or a more sustained challenge of the values of democracy and human rights.

⁴⁰ Harnessing the demographic dividend p 21, GoZ, UNFPA and AFIDEP, 2015

The climate for media has seriously deteriorated the last year. Intimidation and incidents of violence against journalists have occurred, which creates a serious threat to the Right of Expression. Still there are a few independent voices, notable the community radios. The state owned media is a concern since it is very biased towards the government. The civil society has also experienced a hostile environment, especially those organisations that are working to hold government accountable and respect for the rule of law.

The participation of women in politics remains low with only 17% of members of parliament and 9% of councillors elected in 2016 being women. This is a slight increase from 2011 where the figures were 11% and 6% respectively. Some of the reasons for the low participation include obstacles that are somewhat embedded in the current electoral system. For instance, the constitution does not provide for quotas to enhance the representation of women. As a result, political parties are not compelled to adopt women candidates. Deep rooted stereotypes, low educations levels of women and lack of financing for campaigns also have a negative effect on participation. In the last election, the requirement for a grade 12 certificate, poor and corrupt adoption processes in political parties and electoral violence are particularly cited as having hindered women's participation even further. For the future, there is a need to continue working on the underlying gender inequality that has a bearing on women's participation in politics as well as specific interventions targeting legislation, political parties as well as women's capacities to engage. It has also been noted that that this should be a long term and ongoing process that runs from one election to the next rather than a few months before an election.

The gender inequality index by UNDP shows inequality in three dimensions – reproductive health, empowerment and economic activity. Zambia has a GII value of 0.587, ranking the country as the 132nd (out of 155) most gender unequal countries in the world. This low ranking is particularly because of the low percentage of parliamentary seats in Zambia are held by women and that only 25.8 percent of adult women have achieved some level of secondary schooling – compared with 44.0 percent of their male counterparts. Female participation in the labour market is also lower among women compared to men. Maternal mortality ratio has gone down, but the adolescent birth rate is higher than in other African countries. Because of this and other factors, Zambia has a higher gender inequality than average in Sub-Saharan Africa and other medium human development countries.⁴¹

⁴¹ Zambia Human Development Report 2016, page 36

TABLE 3.5

Zambia's GII Relative to Sub-Saharan Africa and Medium HDI, 2014

| | GII Value | GII Rank | Maternal mortality ratio | Adolescent birth rate | Female seats in parliament (%) | Population with at least some secondary education (%) | | Labour force participation rate (%) | |
|--------------------|-----------|----------|--------------------------|-----------------------|--------------------------------|---|------|-------------------------------------|------|
| | | | | | | Female | Male | Female | Male |
| Zambia | 0.587 | 132 | 280 | 125.4 | 12.7 | 25.8 | 44.0 | 73.1 | 85.6 |
| Sub-Saharan Africa | 0.575 | — | 506 | 109.7 | 22.5 | 22.1 | 31.5 | 65.4 | 76.6 |
| Medium HDI | 0.310 | — | 41 | 28.8 | 20.6 | 60.6 | 69.5 | 57.0 | 77.2 |

Source: UNDP (2015).

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Zambia's achievement of a pro-poor and diversified economy will be dependent on a conducive governance environment. Key hindrances to achieving a conducive governance environment has been the slow pace of implementation of key reforms such as decentralisation, labour, land, judicial and private sector reforms. This has further been compounded by weaknesses in the national legal frameworks and poor enforcement of the laws. There are efforts to speed up reforms such as the decentralisation policy, but the processes of change seem to have been underestimated. Therefore it is necessary to improve the coordination between various institutional players. Capacitating local government, as well as institutional actors at the provincial level, is a key to success. Given the increased responsibility of local governments to deal with resource allocation and service provision, the importance of transparency at the local government level has increased substantially. Transparency is required in order to expose service delivery issues, and social accountability needs to be addressed systematically.⁴²

Public Finance Management (PFM) in Zambia has in recent years been adversely affected by the large unplanned expenditures. There are important deviations and discrepancies between approved budgets and actual expenditures: the current budget preparation process does not assure the optimum strategic allocation of resources, while deficiencies in the control systems raise the possibility of wastage and leakage of funds. Government PFM reform has been on-going for many years in Zambia, but it has experienced some substantial challenges⁴³. The reform program is very broad based and includes Integrated Planning and Budgeting, implementation of a fully-fledged IFMIS, Procurement reform, Internal Audit and Control, Revenue Administration

⁴² Mid-Term review of the Implementation of the Intergovernmental Fiscal Architecture in Zambia⁴³ Stefan Sjölander 2015-06-05

and Tax Policy. Zambia scored 39/100 on the 2015 Open Budget Index⁴⁴(OBI), which is a marginal improvement over its score in 2010 (36/100), indicating that the Government provides the public with minimal information. Zambia's score of 40/100 for public participation indicates that the provision of opportunities for the public to engage in the budget process is weak.

A poor environment for good governance increases the culture of corruption, which is widespread in Zambia and a serious obstacle to development. Most vulnerable to the effects of corruption are poor people. Transparency International rates the country as the 87th (out of 167) most corrupt country. This widespread corruption undermines capacity and effectiveness for both the state and other development actors. It further increases inequalities in power and abuse of power, which makes people discouraged to take active part in politics. Corruption in the polices emerges as an area of particular concern. At the centre of this problem is a captured state and its resources by particularistic interest, misbehaviour by certain public officials and business-politico relations anchored on patronage interests. Around this problem lies a weak justice system, the absence of public participation and accountability systems and weak legislature. It is fair to say that progress in the fight against corruption was made between 2002 and 2012 as recorded in governance indicators⁴⁵. However, this has slowed down in recent years. An anti-corruption law was enacted 2012 and there is an anti-corruption commission, but the ACC do not always have the expertise, resources and capacity to fulfil their mandate. The Office of the Auditor General has improved its capacity, partly because of Swedish support. The main problem however is lack of commitment to act upon the reports. It is worrisome that the Government has reduced allocations to institutions that work against corruption.

7. Environmental context

Zambia has been experiencing the effects of climate change, resulting in extreme weather conditions such as droughts, rising temperatures and heavy and predictable rainfall patterns. This is not only a threat to agriculture and food security, but also to forestry, water and energy, and wildlife, which affect both economic and social development. It is estimated that the impact of climate change cost Zambia 0.4 percent of annual economic growth. It is further estimated that without action, rainfall variability alone could lead to losses of 0.9 percent of GDP growth over the next decade, thereby keeping a significant section of Zambia's population below the poverty line. In addition, the fall in the country's hydro power generation in the recent period is mainly attributed to poor rainfall patterns. The lower supply of electricity has hampered growth in a very concrete way, with severe load shedding.

⁴⁴ <http://www.internationalbudget.org/wp-content/uploads/OBS2015-CS-Zambia-English.pdf>

⁴⁵ U4 Expert Answer 2014

With agriculture being such an important sector for achieving a diversified growth and development in rural Zambia, it is expected that pressure on natural resources will increase. In this regard it is of outmost important to develop the sector in an environmentaly sustainable way. Integrating environmental techniques is also a necessary way to build up resilience of communities against natural shock such as draughts and floods. It will also be important to address the impact of gender inequality on climate change as well as how climate change might affect men and women's access to and control of natural resources. As highlighted by the UNFCCC, women commonly face higher risks and greater burdens from the impacts of climate change in situations of poverty (which is particularly worrying as the majority of the world's poor are women). Women experience unequal access to resources, with limited mobility in rural areas, and this trend is exerbated by climate change. For example, In Africa 90% of the work of gathering water and wood, for the household and for food preparation, is done by women. Climate change makes these duties significantly more time consuming and difficult as women have to travel further to gather these resources⁴⁶. Thus, it is highly important to identify *gender-sensitive strategies* that respond to climate change.

This calls for a change to more climate smart agriculture, as this is a necessity if the sector shall be able to play a future key role in the economy. It is also very important from a resilience perspective, since weather shocks have serious affects, both directly on people's lives, as well as on the economy as a whole.

One root cause to the environmental degradation is the lack of good governance related to natural resources, water and sanitation, as well as energy and electricity. Poor management, together with corrupt practices, prevent an environmental development and contributes to the degradation of the environment. Therefore it is important for Zambia to increase capacity and accountability in this regard.⁴⁷

8. Zambia's priorities to combat poverty

⁴⁶ UNFCC´s pocket guide to gender equality, page 3-5.

⁴⁷ Sida's Helpdeswk for Environment and Climate Change, 2017-08-11 Input to Result Strategy

Zambia has recently adopted a 7th National Development Plan (7NDP). The intention is that it will create an environment for the domestication of the Sustainable Development Goals. There have been development plans before, but with limited success due to several reasons, amongst them unpredictability of budgetary releases, mismatch between programmes contained in the Annual Budget and the plans, as well as lack of coordination. The 7NDP has been developed with a more integrated approach under the theme “Acceleration development efforts towards Vision 2030, without leaving anyone behind”. The plan has put a lot of emphasis of achieving a diversified growth, which benefits the whole population. The Government’s intention is to employ strategies that will reduce developmental inequalities. The 7NDP is closely linked to the National Planning and Budgeting Policy and the Decentralisation Policy. The goal is to create a “diversified and resilient economy for sustained growth and socio-economic transformation driven *inter alia* by agriculture”. The actualisation of the Plan will be achieved through an Implementation Plan, which is not yet ready. A framework of the 7NDP is an integrated and multi-faceted approach, with the aim of creating an environment for the domestication of the Sustainable Development Goals. The realisation of the goal of 7NDP will be achieved through the contribution of a number of development outcomes.

- Economic diversification and job creation
- Reduction of poverty and vulnerability
- Enhanced human development
- Reduced developmental inequalities, including inequalities between gender
- Creation of a conducive governance environment for a diversified economy

The 7NDP brings up the role of culture in Zambia’s development, both its positive and negative influence. It indicates that negative traits might be detrimental are poor time management, poor working culture, low productivity, poor reading culture, poor entrepreneurship culture, low levels of innovation and negative traditional beliefs like early marriages. It is therefore stressed that Zambia needs an attitude and behavioural change, both amongst its leaders and people. Reference is made to lessons from country’s such as South Korea and Singapore suggesting that Zambia shall address imbalances between economic growth and social development.

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