

# PMRC 2019 POLICY REVIEW

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Source: <https://www.timbukutultravel.com/region/victoria-falls-zimbabwe-safari>

## INTRODUCTION

The year 2019 has been characterized with several key policy and legislative decisions that have been monumental and also attracted several views from the public. During this year, the Seventh National Development Plan (7NDP) entered its mid-term period, further the country encountered challenges amidst some triumphs. Some of the challenges included; the **negative effects of climate change, which revealed through, inadequate rainfall and this affected both the agriculture and energy sectors. The long spells of power deficit also affected other sectors of the economy. 2019 also witnessed almost 2/3 of African countries signing the African Union Continental Free Trade Agreement (ACFTA) aimed at enhancing trade within the continent. Zambia was one of the countries that took a cautious approach to this and signed the initial charter.** This year also witnessed intensified efforts to re-launch Zambia Airways and progress has been made to this end. Further, several key policies were launched this year some of which include; the **Trade Policy and Export Strategy, the Revised Energy Policy and the Diaspora Policy among others.** Lastly, we also witnessed the contentious debates on the introduction of Goods and Sales Tax, a move which was eventually abandoned as Government decided to maintain Value Added Tax (VAT) as espoused in the 2020 budget speech.

This PMRC 2019 policy review is aimed at revisiting the key policy and legislative developments that characterized this year.



## General overview of 2019 Global Economic Development

The world economy is expected to record a reduction in growth in 2019, with real output growth estimated at 3.2 percent compared to 3.6 percent in 2018. **This is mainly on account of the trade war between the United States of America and China, prolonged uncertainty on Brexit and geo-political tensions.**

In Sub-Saharan Africa, **growth is expected to improve from 3.1 percent in 2018 to 3.4 percent in 2019.** This is mainly due to growth in non-resource intensive countries.

Commodity prices have generally been lower over the first eight months of 2019 due to a fall in global demand. **Copper prices averaged US\$ 6,091 per metric tonne compared to US\$ 6,723 per metric tonne over the corresponding period in 2018.**



Hilton Garden Inn Lasaka Society Business Park

Preliminary data indicates that **growth in 2019, initially projected at 4 percent, will slowdown to 2 percent compared to 3.7 percent in 2018.** This is mainly on account of **adverse climatic conditions**, particularly poor rainfall in the 2018/2019 rainy season, which negatively affected agricultural production and electricity generation.

Growth has further been adversely **affected by a decline in copper output due to low grades of ore at some mines coupled with lower copper prices, mainly attributed to the fall in global demand.**

Copper export earnings declined by 22.0 percent to US\$ 2.8 billion from US\$ 3.5 billion, following a decline in both export volumes and copper prices.

Non-traditional export earnings, however, increased by 17.2 percent to US\$ 1.1 billion from US\$ 911 million over the first half of 2018. **This outturn was attributed to higher exports of gemstones, cement, lime, sulphuric acid and sugar.**

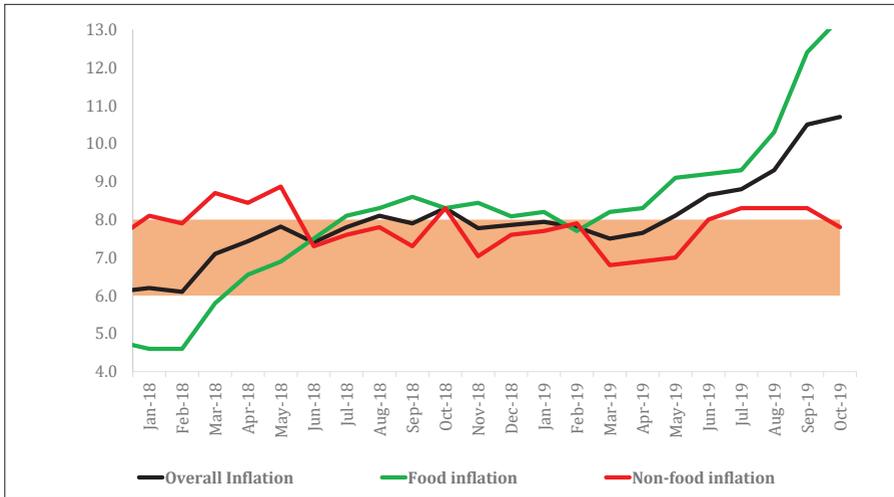
Gross international reserves declined to US\$ 1.4 billion at end-July 2019 from US\$ 1.6 billion at end- December 2018. At this level, reserves were equivalent to 1.7 months of import cover. The reduction in reserves was mainly attributed to external debt service payments.

Average inflation remained broadly in line with the 6 to 8 percent target range in the earlier part of 2019. In the second quarter, inflationary pressures built up, resulting in inflation breaching the upper bound of the target range.

In the foreign exchange market, the Kwacha depreciated by 9.4 percent to an average of K13.03 per United States dollar in August 2019 and reached K 14.6 in December 2019.

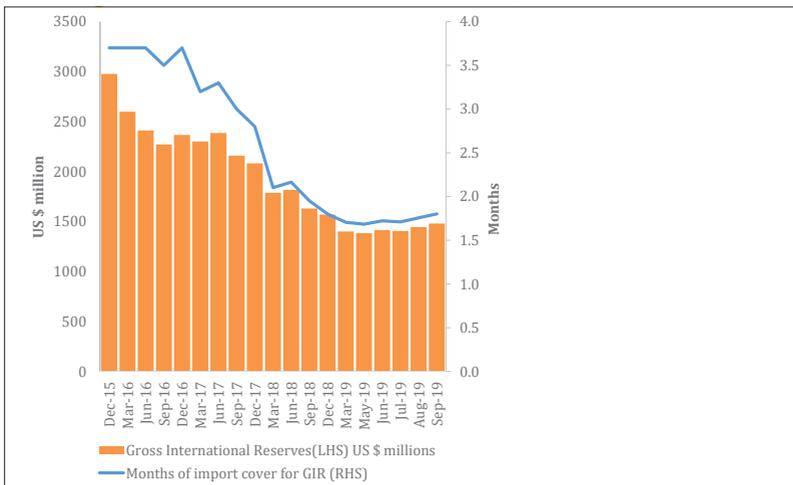
### Inflation Out-turn and Outlook

**Figure 1: Inflation Development, y-o-y(%)**



Source: Bank of Zambia Monetary Committee Statement 3rd Quarter 2019

**Figure 2: Gross International Reserves**



Source: Bank of Zambia Monetary Committee Statement 3rd Quarter 2019



## Revamping the National Airline. Where are we now?



The Government of the Republic of Zambia made the decision to revamp Zambia Airways, with notice that challenges that led to the closure will be rectified. **The Zambian Government will be the majority shareholder with 55% and Ethiopian Airways will have 45% with an initial investment of 30 million dollars.** Ethiopian Airlines (ranked by the International Air Transport Association (IATA) as the largest airline in Africa by revenue and profit) had announced that it had finalized the shareholders' agreement with the Zambian Government for the re-launch of Zambia Airways which was initially scheduled for the first quarter of 2019 before being postponed and ever since, modalities have been in place. We noticed that initially there was lack of clarity in relations to the type of aircraft to be used. PMRC participated in several stakeholder meetings and also appeared before a Parliamentary committee to deliberate on the same.



**Zambia 55% Shares**



**Ethiopian 45% Shares**  
an initial investment of 30 million dollars

### PMRC submitted the following:

The Anticipated impact of the national airline on the national economy and the industry

- **Employment opportunities for Zambians:** The airline business provided numerous jobs both direct and indirect. Direct jobs are jobs within the industry itself such as Pilot and cabin crew members. Indirect jobs include those created through suppliers to the air transport industry.
- There is an opportunity for the Kenneth Kaunda airport to become a regional transport hub, It is only logical that Zambia should tap into this venture, considering the US \$ 360 million dollars investment that has be put into developing the infrastructure at the airport.

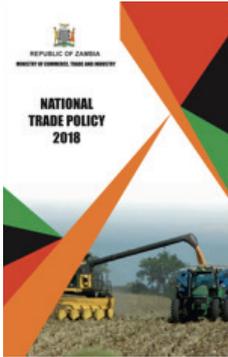
- The airline will facilitate the flow of investment, trade and tourism, which will contribute to the socio-economic growth of the country and the region.
- National airlines serve not just a commercial purpose but also a diplomatic one. It would fly to cities that would have diplomatic representation without necessarily needing to be full or to make a profit hence reducing on Government expenditure.
- **A national carrier reflects both the importance (flag carrier) and perceived importance of a nation, having a national airline is a source of pride in the world for the citizens of the country where the airline comes from.**

We earlier warned about the challenges, some of which include the fact that;The International Air Transport Association (IATA) which is a trade association of the world's airlines projected that Africa's airlines are expected to make a combined loss of \$100 million in 2018 and 2019. Currently, all African national airlines apart from Ethiopian Airlines are making losses. It was also stated that the projected period for Zambian Airways to breakeven is 3 to 5 years and also sustainability measures should be instituted. We also emphasizes a viable business **model that would ensure that the relaunch does not crowd out local airlines such as Proflight Air Services, Royal Air Charters and Mahogany Air.** We also strongly cautioned against tolerating interferences that affected the previous Zambian Airline.

The Seventh National Development Plan (7NDP) highlights Government's intention to develop the country's aviation infrastructure and operations through the construction and upgrading of airport infrastructure to provide modern equipment and facilities which will enable the country to handle higher volumes of traffic, both passengers and cargo. We have been able to witness this commitment, especially that Kenneth Kaunda International Airport has a new state of the art terminal and also the new Copperbelt airport is on course.

#### **PMRC recommended the following:**

- The need for a clear sustainability framework to ensure success.
- The need for the Private sector to pioneer business operations as is the case with Ethiopia.
- Overall, the need to learn from the errors of the defunct Zambian Airways, which have been documented, and ensure to do things differently.
- The need to conduct a thorough study of the African air industry and develop counter strategies that will be able to respond to the new trends of what it takes to run a successful airline in Africa.
- The need to learn lessons from South African, Kenyan, Rwanda and Ethiopian Airlines on private sector involvement and airline management.



The Government of the Republic of Zambia embarked on trade expansion in support of Zambia's industrialisation agenda and the promotion of sustainable growth and development. **The National Trade Policy (NTP) is anchored on Zambia's aspiration of becoming a prosperous middle-income economy by 2030, as set out in the Vision 2030. This Policy document builds on the 2009 Commercial Trade and Industrial Policy, which has since been revised and separated into two documents, the National Industrial Policy and the NTP to align with the changing policy environment, nationally and globally. The NTP sets out Government's approach to trade development with a view of creating and maintaining a competitive private sector in a dynamic domestic and international market environment. The ultimate goal is to create sustainable jobs and wealth for the benefit of the Zambian people.**

Trade policy will contribute towards Zambia's economic diversification by promoting and stimulating a competitive trade sector and increase the country's market share in the global economy. It was further noted that the national trade policy will also address issues pertaining to tariff measures, non-tariff measures and defense mechanisms which will help the country safeguard local industries from adverse effects of unfair trading practices.

**The VISION of the National Trade Policy (NTP) is to make Zambia a net exporter of value added goods and services through competitiveness at the domestic, regional and global level."**

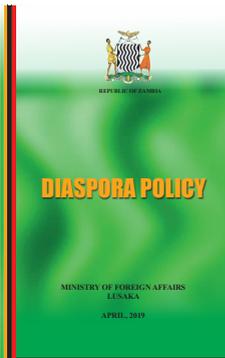
### Objectives and Strategies

*The Overall Objective of the policy is "To contribute towards Zambia's economic diversification by promoting and stimulating a competitive trade sector in order to increase the market share in the global economy".*

## Guiding Principles

The National Trade Policy (NTP) recognizes the importance of trade in stimulating economic growth. The implementation of this Policy shall be guided by the following principles:

1. **Inclusiveness:** Equitable participation in trade of both local and foreign entrepreneurs is acknowledged;
2. **Competitiveness:** Emphasis is placed on improving the productive capacities and competitiveness of domestic firms;
3. **Export and market diversification:** Emphasis is placed on product and market diversification in recognition of the importance of diversifying production away from existing high levels of dependence on few commodities and markets;
4. **Competition and Consumer protection:** Recognizes the importance of measures and strategies to minimize anti-competitive practices in the economy that ensure fair trading practices and protect the welfare of domestic consumers;
5. **Realism and Responsiveness:** Interventions and measures are based on a realistic implementation framework and are responsive to broader national objectives in line with the Vision 2030;
6. **Predictability:** Underscores policy consistency, transparency and commitment to a conducive and predictable economic environment; and



### The specific objectives of this Policy are:

- a. Promotion, facilitation and leveraging of remittances;
- b. Promotion of trade and investment;
- c. Improve access to land by the Zambian Diaspora;
- d. Facilitate portability of social security benefits;
- e. Promotion of tourism, culture and art;
- f. Safeguard the rights and interests of the Zambian Diaspora;
- g. Access to national documents;
- h. Dual citizenship;
- i. Political participation;
- j. Knowledge and skills transfer; and
- k. Facilitate effective administration of the Diaspora

**Government re-emphasized its commitment to continue facilitating the active involvement of Zambians living in the diaspora in all areas of the country's socio-economic development.** It was noted that Government's inspiration to formulate the

diaspora policy, was as a result of regional and continental efforts, which culminated in the first ever African Union global diaspora summit held in South Africa, in 2012. Government further noted some of the challenges that the diaspora faced, which included **insufficient information on trade and investment opportunities, limited access to financing, the need for dual citizenship, and high cost of remittances**. Government further stated that it was hopeful that with a policy in place, the challenges would be addressed.

## NATIONAL HEALTH INSURANCE SCHEME

### What progress was made in 2019?

**The National Health Insurance (NHI) scheme has now been rolled out after Statutory Instrument Number 66 for 2019 was gazetted. The (NHI) scheme issue has remained contentious with some stakeholders being sceptical while others have embraced it. Those sceptical are of the view that the scheme will increase the cost of doing business. Another concern is that it has potential to negatively impact on the insurance industry as most companies are already subscribing to some other medical insurance services and clarity is definitely needed on this aspect.** These, among others, are the issues that the National Health Insurance Management Authority (NHIMA) is handling in the initial implementation stages of the scheme which is envisaged to improve health care service delivery in the country. The discontent means that the NHIMA still has some work to do to make citizens appreciate the scheme that is designed to improve health care service delivery.

Why are some citizens uncomfortable about a scheme that will benefit them? It is because the country is coming from the era in where people have been accessing healthcare that was funded by the prevailing contributions. Further, the health sector has for a long time been a major beneficiary of donor aid but the realities now portray that because Zambia is now classified as a middle income nation, some donors have started reducing their aid in most sectors including health. This means that the country should now start fending for itself, and given the quantum leap in the number of health facilities, the health budget cannot meet the ever-rising demand for health care among citizens. Just like in the road sector, where Government has innovated by erecting toll plazas to raise money for road construction and maintenance, so has the NHI scheme been created to increase the financial basket for health sector and improve the country's health care service delivery. A healthy nation is a guarantee for increased productivity. The introduction of the National Health Insurance Scheme is an avenue to ensure a vibrant health sector. With the scheme in place and functional, citizens can access all health needs from public health facilities, anywhere, anytime.

PMRC's main call under the NHI has been to clarify some issues that seem to lack clarity within the citizenry such as;

1. What would happen to the Insurance companies that most firms are still subscribed to?
2. How will the citizenry not in employment be catered for?
3. What are thresholds for accessing health care in terms of cost?

We have continued working with the Ministry of Health to provide our input but also clarify several aspects of the NHI that the citizenry seemed to have limited information on.

## THE FARMER INPUT SUPPORT E-VOUCHER

### Are we there yet?

PMRC remained involved with discussions aimed at improving the administration of the E-voucher. We conducted analysis and seminars.

Notwithstanding the challenges that the e-Voucher has faced in its first year of full implementation, the program had a good success rate. The program recorded a success rate of 80% of beneficiaries (Presidential Speech, National Assembly, 2018). The Zambia Integrated Agriculture Management Information System (ZIAMIS) system has demonstrated to be a valuable platform that Government should endeavor to use for quick service delivery. **Of the 804,260 targeted delivery, 716,161 managed to access Government support (Presidential Speech, National Assembly, 2018).** The system has also proven to be a cost-effective mechanism for input delivery with reduced Government direct involvement in procurement and transportation. If well implemented, the e-Voucher has the potential to make Farmer Input Support Programme (FISP) smart in that it simultaneously serves as a mechanism to target intended beneficiaries and enhance demand in private sector markets.

### REMAKING THE CASE FOR E-VOUCHER: KEY ADVANTAGES OF THE E-VOUCHER OVER DIS

**1. Promotes diversification:** farmers have the choice over a wide variety of inputs.



**2. Reduces costs:** IAPRI has shown e-FISP is 15% less expensive to deliver than traditional FISP.



**3. Creates jobs:** "5,800 Agro-Dealers Participated in the Supply of Inputs which resulted in the creation of over 23,000 jobs for our people Direct input Support (DIS) threatens these jobs" (H.E President Edgar Lungu-Third Session of the twelfth National Assembly)

### E-VOUCHER SUCCESSES IN 2018/19'

**1. Use of electronic card less system** and the ZIAMIS is progressive and cost saving- the use of ZIAMIS enabled Government exclude about 20,000 alleged ghost farmers from the programme in 2017.

**20,000**

ghost farmers from the programme in 2017

2. Presents an opportunity for farmers to **benefit from a wide variety of inputs-advancing the crop diversification agenda**
3. Improved coordination amongst players- this resulted in a high percentage of farmer deposits. 998,738 out of 1,022,434 beneficiaries deposits were made, representing 98% of the total number of beneficiaries.



4. Provides an opportunity for job creation through private sector participation.



## CONCLUSIONS AND - RECOMMENDATIONS GOING FORWARD

1. **Focus on improving the e voucher and return to the country wide implementation of the system, as opposed to the current 40/60 DIS/E-voucher implementation approach.**



2. Government must look into **improving payment solutions to agro- dealers and improving funding modalities towards the programme** in order to actualise real time payments, which may reduce on the delayed input distribution.
3. There is a need for additional capacity **strengthening of parties involved at various levels of implementation** (especially DACO's and agro- dealers).



4. A continuous robust communications approach to profile and publicize the successes and benefits of e-Voucher must be adopted.



5. Consideration of **use of mobile phones** given the high rate of access through mobile phone subscription. Greater opportunities exists, given the Government's infrastructure project aimed at building communication towers throughout the country to attain 100% mobile phone coverage.



Source for icons: <https://www.freepik.com/free-photos-vectors/business> Business vector created by macrovector - [www.freepik.com](http://www.freepik.com)

 <b>TRADITIONAL FISP</b>	 <b>E-FISP</b>	
<b>DONE BY GOVERNMENT</b>	<b>DONE BY GOVERNMENT</b>	<b>DONE BY PRIVATE SECTOR</b>
<b>ACTIVITY</b>	<b>ACTIVITY</b>	<b>ACTIVITY</b>
Pre-planning	Pre-planning	Pre-planning
Tendering	Tendering	Tendering
Procurement	Procurement	Procurement
Distributing to districts	Distributing to districts	Distributing to districts
Distributing to satellite depots	Distributing to satellite depots	Distributing to satellite depots
Selecting beneficiaries (meeting)	Selecting beneficiaries (meeting)	Selecting beneficiaries (meeting)
Facilitating collection of money	Facilitating collection of money	Facilitating collection of money
Storage of inputs	Storage of inputs	Storage of inputs
Distribution of inputs	Distribution of inputs	Distribution of inputs

## Recommendations

PMRC urged Government to continuously monitor the entire e-Voucher implementation system to ensure that the programme is cost effective **to administer, promote crop diversification, improve timeliness in inputs distribution, improve the quality of inputs, build private sector capacity in inputs marketing and distribution.**

- PMRC urged the Government to ensure that all financial institutions fully integrate with the Zambia Integrated Agricultural Management Information System (ZIAMIS) platform to ensure data harmonization.
- PMRC urged Government to set aside **adequate funds for programme sensitization, training of stakeholders and monitoring of the implementation process.** Some farmers for example exhibited limited knowledge on the current developments with regards to the overall e-Voucher program and weather insurance.
- In order to improve service delivery, PMRC continued to urge Government to decentralize selected functions of the Ministry of Agriculture (MoA) in the implementation of the e-Voucher such as selection of Agro-dealers.
- PMRC urged Government to ensure timely disbursement of funds for program implementation.
- PMRC implored Government to monitor banks to ensure that they promptly upload e-cards as soon as Government gave authorization. One of the several problems faced in initial stages, was that banks were not uploading money as soon as Government released funds. Consequently, farmers received inputs late and this contributed to poor crop yields.
- PMRC encouraged Government to ensure that all participating financial institutions decentralize e-Voucher related services so as to improve problem solving and response time. Generally, there was delayed response to programme queries by participating financial institutions in the last farming season because of centralization.



## SALES TAX

### **What were the key issues and why was it abandoned?**

In the 2018 National Budget, it was announced that Government would switch to Goods and services Tax in 2019 fiscal year. This was followed by countrywide stakeholder consultations, as some sections of society opposed this decision. A Parliamentary committee was also constituted to receive submissions from various stakeholders on pros and cons of the Sales Tax. PMRC also produced various works in relations to Sales Tax and also appeared before the select parliamentary committee on the Sales Tax. We advocated that there was more time needed before we can implement Sales Tax, we called for improvement of the tax administration and also review the Value Added Tax (VAT) and strengthen it.

**“Sales Tax is a non-refundable consumption tax imposed by the Government on the sale of goods and services”.**

Government announced the intended switch from Value Added Tax (VAT) and replaced it with a simpler and non-refundable Sales Tax to be implemented in July 2019. The initial implementation deadline was April 2019 as announced in the 2019 budget presentation. This change was prompted because the country lost revenue through VAT refunds; especially suspected fraudulent claims and multiple claims.

Other countries such as Malaysia and Canada turned to Sales Tax. The notion was that, depending on how the Sales Tax would be implemented, it could bring about the cascading tax effects meaning that the consumer of the goods had to bear the load of tax and the inflationary prices that result from the effect.

### SALES TAX VS. VAT

COMPARISON	SALES TAX	VAT
<b>Meaning</b>	Tax charged on the total value of the commodity when the sale takes place	VAT is a tax charged at each level of the production and distribution chain whenever is added to the product
<b>Nature</b>	Single point tax	Multi point tax
<b>Levied on</b>	Total value	Value added
<b>Account Maintenance</b>	Requires less effort because it is simple and easy to calculate	Proper accounts should be maintained as it is comprehensive and complex to calculate
<b>Tax Burden</b>	Falls on the consumer	Rationalized
<b>Input Tax Credit</b>	Unavailable	Available
<b>Impact on Business</b>	<ul style="list-style-type: none"> <li>▪ Tax on tax</li> <li>▪ Increased cost</li> <li>▪ Negative on Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>▪ No tax on tax</li> <li>▪ Lower costs</li> <li>▪ Encourage manufacturing</li> </ul>

Source: (KPMG)

### What were the Issues in the Sales Tax Bill

- 1. Issuance of tax invoice:** The emphasis on the use of fiscal electronic devices in the issuance of tax invoices.
- 2. Accounts and record keeping:** The emphasis on a taxable supplier keeping complete and updated records.
- 3. Recording of daily supply:** The penalty for failure to record a daily supply by respective suppliers of three hundred thousand penalty units or to imprisonment for a term not exceeding three (3) years. PMRC recommended that this should have been increased to five (5) years to deter would be offenders.
- 4. Rate of tax at nine (9) and sixteen (16) percent for locally produced and imported goods respectively.** PMRC contended that Sales Tax could create higher tax revenues compared to a single stage tax, because tax is imposed on top of tax.

PMRC called for more stakeholder consultation and refinement of selected clauses in the bill especially that several stakeholders including manufacturers did not entirely support the Goods and Services Tax (GST). We also called for general improvement of the tax administration system in Zambia, as we believed that there was room to improve VAT instead of just shifting to Sales Tax. We also cautioned of perceived implementation challenges.

*Based on the outcomes of the consultations, Government decided to maintain the Value Added Tax, but address the compliance and administrative challenges. Government introduced the following administrative measures to strengthen enforcement and efficiency of VAT in the Proposed 2020 Budget:*

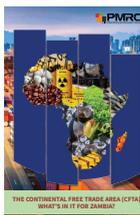
1. Upgrade the Taxonline system for domestic taxes and interface it with the customs system to ensure that all claims of refund for import VAT paid to Customs Services during import of goods are validated through systems based controls against data in the customs system;
2. Make it mandatory to use Electronic Fiscal Devices (EFD) for VAT and other tax types and facilitate accreditation of additional EFD distributors and Virtual EFD software suppliers
3. Make it mandatory to capture and electronically transmit to the Zambia Revenue Authority (ZRA) the Taxpayer Identification number and name of both the buyer and seller of goods and services in all business to business and business to Government transactions;
4. Enhance Data Analytics and bulk data matching with third party institutions such as Patents and Company Registration Agency, Ministry of Lands and Natural Resources, NAPSA, ZESCO and the Zambia Public Procurement Authority;
5. Accelerate implementation of the Government Service Bus and Payment Gateway to ensure interface with ZRA; and
6. Augment and ensure timely audits of VAT claims, including outsourcing services of external forensic auditors whenever necessary.

### THE CASE OF THE CFTA



Zambia joined the rest of the African continent to sign the initial document formalizing the Continental Free Trade Area (CFTA), **which is aimed at opening up the African borders to enhance trade within the continent. In readiness to adequately participate and benefit from this treaty, the Zambian Government launched the Trade Policy and Export Strategy, aimed at positioning the country to enhance its trade engagements and also enhance its export base as well.**

PMRC participated in various consultative platforms and also produced a detailed analysis assessing the impact of the CFTA for Zambia and how we can position ourselves for the most beneficial trade deals.



The Zambian Government emphasized that the operationalisation of the AfCFTA is a milestone towards the boosting of intra Africa Trade and promoting economic integration of African States. PMRC also urged the African Union to ensure that outstanding work on remaining areas that **include market access offers, negotiations on Trade in services, competition, investment and intellectual property policy was expedited.**

**The Africa Continental Free Trade Area (AfCFTA) aims to create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Continental Customs Union and the African Customs Union.** It also intends to expand intra African trade through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across Regional Economic Communities (RECs) and across Africa in general. The AfCFTA is perceived to help resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes. It will also help to enhance competitiveness at the industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.

### **PMRC RECOMMENDATIONS**

1. The Government through the Ministry of Commerce, Trade and Industry should build capacity of Zambian firms to compete in the continental market. Manufacturing industries will need to be strategically considered by promoting value addition, as this is the sure way Zambia can benefit. In view of this, Government must implement strategic policies to encourage investment in the manufacturing sector. Special focus should be given to Industrial policy, Trade policy and other policies related to cost and ease of doing business.
2. Government must prioritize sectors where Zambia has comparative advantage and build domestic production capacity e.g. Agro-processing and Mining.
3. There is need to increase sensitization on the Continental Free Trade Area (CFTA) and promote building consensus and understanding the impact of Zambia joining. This would also adequately equip businesses and manufacturers to strategically position themselves and benefit from CFTA.
4. There is need to identify products that will be floated on the CFTA market.

## THE 7NDP ENTERED ITS 3RD YEAR OF IMPLEMENTATION



Source:<http://www.csprzambia.org/2018/04/17/7th-national-development-plan-implementation-plan-released/>

### ABOUT 7NDP

The Seventh National Development plan (7NDP) is Zambia's current development guiding charter / plan. **The 7NDP departs from sectoral-based planning to an integrated (multi-sectoral) development approach under the theme "Accelerating development efforts towards the Vision 2030 without leaving anyone behind".** The 7NDP, using an integrated approach creates an environment for the domestication of Sustainable Development Goals (SDGs), AU Agenda 2063, Regional Indicative Strategic Development Strategic Plan (RISDP), and other international, regional, multilateral and bilateral development strategies. The 7NDP forms the link between the Vision 2030 and the SDGs among others. The 7NDP is driven by 5 outcomes, which are themselves interlinked as wheels driving simultaneously towards the attainment of the Vision 2030."

The 7NDP entered its midterm implementation phase and the Ministry of National Development Planning has commenced the process of conducting a 7NDP midterm impact evaluations to ascertain what has been achieved so far. This is also aimed at assessing the level of domestication of the 7NDP by the ministries. In these 3 years of implementation, **the 7NDP is being implemented amidst challenges such as the energy deficit, debt burden, drought in selected places among others. The challenge for Government is to continue mobilizing resources from both domestic and external sources and ensure that programmes are implemented on time. The other critical aspect is decentralisation, which should be fully implemented, in order to expedite the implementation of 7NDP programmes at the local level.**

PMRC continued conducting awareness campaigns and also tracking implementation progress. We also conducted public lectures in various places to promote understanding of the 7NDP.

### What are the facts?

#### — HIGHER — EDUCATION — POLICY —

The Higher Education Policy review process started in 2017 and the drafting of the Policy was done in April 2018. Zambia had no dedicated policy on higher education and skills development and largely depended on the “Educating Our Future Policy” of 1996 whose emphasis was on promoting basic education through primary and secondary education. Therefore, the rationale for formulating the Higher Education Policy was to establish a coordinated framework for quality higher education and skills training in the country.

Higher education sector is key towards achieving most of the economic aspirations of the country. The Ministry of Higher Education launched its first ever National Higher Education policy, with a call for the Zambian citizens to view education as a key driver of economic and social development. Government challenged management and staff in higher learning institutions to change the way of doing things and always aim at providing services that are relevant to the country’s development agenda. Higher learning institutions were further challenged to respond to the needs of the market by offering quality education and research that is beneficial to the country. The policy will be accompanied by an implementation plan to enhance quality and increased access to higher education especially among the vulnerable communities, especially in rural areas. Further, sentiments were drawn that the first ever higher education policy would help in building capacities and actualize ideas that are vital in the country’s implementation of various national development plans.

The Draft Policy identified the following as key intervention areas:

- **Quality and Relevance:** The quality of education and its relevance to industry remains elusive and a number of objectives relating to quality in both the Educating Our Future and TEVET policies in their totality remained unachieved in certain instances, going by the performance reports of 2013-2014.
- **Access and Participation:** Despite efforts by Government to provide learning places at tertiary level, access has remained a big challenge over the years. In 2016, only about 12% of grade 12 that had full certificates were absorbed into Universities.
- **Equity and Inclusiveness:** In order to improve equity in education and training, interventions were developed to counter inequalities in gender, disability, HIV/AIDS, financial and geographical locations.
- **Efficiency and Effectiveness:** Operational efficiency and effectiveness both at institutional, as well as, at sectoral levels also proved challenging. At institutional level, institutional frameworks to guide performance management and accountability were weak. At sectoral level, deficiencies in the institutional arrangements, policy and legal framework presented challenges in enforcement of regulations and execution of mandates.

## Objectives

Consequently, the overall objectives of the Policy are to coordinate, regulate and improve higher education and skills training in Zambia.

Furthermore, the specific policy objectives are:

- To enhance quality and relevance in the provision of higher education;
- To increase equitable access and participation to quality higher education;
- To enhance equity and inclusion in higher education;
- To enhance efficiency and effectiveness of higher education;
- To promote alternative sources for financing Higher Education: and
- To enhance career development support to students.

## TIME FOR ANOTHER NATIONAL CENSUS PLANNING



The country is planning to conduct an upcoming national census in 2020 and this process is being led by the Ministry of National Development Planning and the Zambia Statistics Agency (formerly, Central Statistics Office). **It is very critical that the country's statistics are updated, as this is will guide policy and social economic interventions and programmes. It is very important that population and social livelihoods statistics are updated and disseminated to enable all stakeholders have a renewed perspective** of the state of our national statistics and this informs interventions that are specifically targeted.

## CABINET RESOLUTIONS TOWARDS THE ENERGY SECTOR & OTHER MATTER

The 20<sup>th</sup>, Cabinet Meeting held on Monday, 4<sup>th</sup> November 2019 was to mainly discuss policy matters aimed at addressing the electricity challenges the country is currently going through and ensure the continued development of the country. The following were the decisions made by Cabinet:

### 1. National Energy Policy, 2019.

Cabinet approved the Revised National Energy Policy, 2019 in order to guide the development and management of the energy sector. The Revised National Energy Policy 2019 builds on previous Policies of 1994 and 2008 and is anchored on the Seventh National Development Plan and Vision 2030. The Government decided to revise the 2008 Policy with a view to comprehensively address the challenges currently being experienced in the energy sector. The Revised Policy aims at facilitating **open access regimes, cost reflective tariffs in the pricing of energy services in order to promote investment, encourage the**

**multiplicity of players in the energy market and promote alternative sources of energy such as geo-thermal, solar, wind and other technologies such as nuclear energy.**

## **2. The Energy Regulation Bill 2019**

Cabinet also approved for publication and introduction in Parliament, “The Energy Regulation Bill, 2019,” during the current sitting. The objectives of this Bill are to, continue the existence of the Energy Regulation Board and provide for the licensing of enterprises in the energy sector and repeal and replace the Energy Regulation Act, 1995. Cabinet is of the view that the Energy Regulation Act, Cap. 436, is inadequate in dealing with various issues related to the licensing of enterprises in the energy sector during this period, hence the need to introduce a new legislation. The new legislation is in line with the approved Revised Energy Policy 2019 in addressing the energy problems the country is currently going through.

## **3. The Electricity Bill, 2019.**

During the same Meeting, Cabinet approved the publication and introduction of “The Electricity Bill, 2019” in Parliament. The objectives of this Bill include among others, to **regulate the generation, transmission, distribution and supply of electricity so as to enhance the security and reliability of the supply of electricity; provide for the sale and purchase of electricity within and outside Zambia through power purchase and power supply agreements;** provide the roles and responsibilities of various players in the electricity sector including providing for a Multi-year Tariff Framework. Cabinet expressed the need to urgently address the current electricity challenges the country is going through due to the effects of climate change that have led to reduced water levels for electricity generation, thereby leading to reduced economic activity with increased electricity rationing through load shedding. Cabinet emphasised that with serious implementation of the 2019 National Energy Policy, the Energy Regulation Act and the Electricity Act, the situation with regard to electricity generation and supply to industries and Zambians in general, should change in the shortest possible time.

## **4. The National Strategy on Financial Education II, 2019-2024.**

In winding up debate for the day, Cabinet also approved the National Strategy on Financial Education (NSFE) II, 2019-2024 in order to strengthen financial education in Zambia and develop a competitive and resilient inclusive financial sector in line with the National Financial Sector Development Policy (NFSDP) and National Financial Inclusion Strategy (NFIS) 2017. The development of the National Strategy on Financial Education II, which builds on the first Strategy, is essential with the primary goal of having a financially educated Zambian population by 2030. The Strategy aims at improving knowledge, understanding, skills, motivation and confidence to help Zambians secure positive financial outcomes for themselves and their families which will contribute to reduced poverty levels and stimulate economic growth. The Strategy will also provide for the development of a stable, resilient and inclusive financial sector that contributes to economic growth and broad-based wealth creation.

**Unlocking Zambia's Potential**

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