

OP-ED: STATE OF THE NATION ADDRESS

DEDICATION, RESILIENCE AND INNOVATION: PURSUING ECONOMIC RECOVERY FOR THE ZAMBIA WE WANT

INTRODUCTION

On Friday 11th September 2020, the President of the Republic of Zambia, His Excellency President Edgar C Lungu delivered the state of the nation address at the occasion of the official opening of the 5th session of the 12th National Assembly. The President began by reemphasizing the realities of the COVID-19 pandemic and called on the nation to adapt and live with caution in the new normal. His Excellency also urged the nation to unite across all jurisdictions as we all work together towards the **Zambia that we want**. This message is indeed timely at such a time when all efforts should be channeled towards recovering our economy with hope of attaining the Vision 2030. From the Presidential speech, PMRC is pleased that indeed all of our expectations (*which were published prior*) were covered and even beyond. There was very **clear policy direction** that was elaborated and this should set the tone on how we move as a nation between now and the coming year. It was also emphasized that **pursuing economic recovery** is the number one goal and it is our duty as citizens to all support and contribute to this commitment by the head of state.

Looking Inward (A call to buy and promote local products)

The President emphatically stated that we can become self reliant in terms of **embracing local products** and a call was made to the Ministry of Local Government and the Ministry of Commerce and Industry to **embark on a transformational agenda** that will see trading centres transformed to chain stores stocked with local produce. This is indeed commendable. **We cannot overestimate the important call that the President made urging all** citizens to continue buying and consuming locally produced goods as this will create and retain jobs within our economy.

Mindset Shift

PMRC has been a campaigner of mindset change with a call for a **national mindset education programme** and the President concreted our efforts by emphasizing that; *“Our mindsets should, therefore, be attuned to building a Zambia that is resilient to shocks; a Zambia that is open to new ideas and opportunities; a Zambia that is looking inwards for local solutions.”* We welcome this call from the President and PMRC is committed to continue playing its role of ensuring that our attitudes towards our country and development are enhanced. This entails profiling all the positive traits of our culture, attitudes and attributes into a **positive Zambian identity** that is determined with hard work, resilience and innovation among others.

MACROECONOMIC SITUATION

PMRC commends His Excellency for the several interventions and relief measures that were instituted to cushion the country against the negative effects of the COVID-19 pandemic. Some of the notable interventions include, **the K10 billion** refinancing facility, the **K8 billion COVID bond**,

the **K2.5 billion** aimed at paying local contractors and suppliers among others. Further, there have been **several tax relief measures**. All these measures have been very essential to keep the wheels of the economy running even as the COVID threat has been prevalent. There is hope indeed as the rebound of our economy is projected in 2021. With regards to the economy, the call remains to prioritize diversification, value addition, expanding the export base, and finding local business solutions. PMRC has been contributing to this call by providing platforms for several stakeholders to dialogue, discuss and propose innovative solutions towards this cause. We shall continue to provide this space for positive and constructive dialogue in the country.

ECONOMIC DIVERSIFICATION AND JOB CREATION

Agriculture: Progress in the Seed Industry

It is very encouraging to note that Zambia has moved from being importers of maize seed to net exporters. This development confirms that research and development in the agriculture sector needs to be enhanced further, as it will enable the country to meet its sector outcomes. The President recently flagged off the 2020/2021 input distribution exercise and a commitment was made to farmers that; **all agricultural inputs such as fertiliser, seed and agro-chemicals will reach the farmers before the onset of the rainy season.** The timely availability of farming inputs remains very important especially as it has a bearing on planning and eventually the quality of the harvest contributing to our food security.

Gold: The Strategic Mineral

In the President's address to the nation, we also point out another important update with regards to the **Zambia Gold Company Limited that had begun purchasing gold from** artisanal and small-scale miners in Rufunsa, Vubwi, Mumbwa and Luano districts. This is a timely development, as we have been advocating for strategic management of gold in view of its impact on the economy. It has been proven that gold mining, if well harnessed can significantly improve wealth and job creation.

Enhancing Trade

In the national address, it was highlighted that Zambia had launched the **Trade Information Portal**. This is a positive development as it provides all the necessary trade information to facilitate traders' compliance with import, export and transit requirements. This is further timely in view of the **African Continental Free Trade Area (CFTA)** that will be launched in 2021. PMRC submits that Zambia must remain prepared and to this end, we propose for the development of an **In-country CFTA Strategy**, that will spell out how the country's industries, manufacturing firms and businesses can plan strategically to participate effectively in the CFTA. PMRC further commends the President for urging the leaders and captains of industry to

devise strategies and innovations that would keep businesses running and ensure that workers are cushioned against job losses. The President also provided updates on the steady progress made in ensuring that all people have **access to electricity, water and sanitation**. The percentage of rural households with access to electricity had increased from 4.4 per cent in 2015 to 8.1 per cent in 2019. PMRC notes that dry spells experienced by the country in the recent past left the country grappling with huge electricity shortages, as hydropower from the country's three major dams, Victoria Falls, Kafue and Kariba, accounts for over a significant share of the nation's grid supply. We submit that future interventions to increase access to electricity especially for rural Zambia should focus on **off-grid solar** which has a huge potential given the country's exposure to abundant sunlight.

Livelihoods and Social Protection

During the address the President highlighted the progress made in **broadening social security coverage** for the people in both the formal and informal economy. The cumulative number of workers registered with social security schemes since 2017 stood at about 1.5 million. There is need to bring more people to take up social security cover to secure their future after retirement especially those in the informal sector which employs 90% of the labour force. The President further indicated that the **percentage of rural households with access to safe and clean drinking water improved from 47 percent in 2014 to 58 percent in 2018.** Access to improved sanitation facilities increased from 19 percent in 2014 to 37 percent in 2018. PMRC urges Government to continue on the path of further investments to guarantee access to safe drinking water, access to adequate sanitation and promotion of hygiene practices to eliminate open defecation especially in rural areas, which is in line with the Government's Seventh National Development Plan, Vision 2030 and the Sustainable Development Goals.

Up scaling Rural Finance

Mobile money services have been creating jobs for several people, especially the youth. The volumes and values of mobile money transactions had tremendously increased from 103 million transactions valued at 2.8 billion Kwacha in 2016 to 552 million transactions valued at 49.3 billion Kwacha in 2019. PMRC has been advocating for the need to **upscale rural finance** by encouraging mobile money services to engage in creative thinking and innovation in both financial products and delivery of those products as opposed to reliance on conventional, branch-based banking services with their associated prohibitive high costs.

Hospital Infrastructure

The President also updated the nation that the Levy Mwanawasa hospital had been upgraded from 120 to 850 bed capacity. The President further indicated that the construction of the Lusaka Specialised Hospital was at

95 percent while the Bangweulu General Hospital in Lupososhi District of Northern Province was at 30 percent. As PMRC we applaud Government for the construction of new hospitals particularly the specialised ones. This a positive step in the right direction. Patients at specialised hospitals have access to extraordinary expertise, resources and therapy programs that aren't often available at general health facilities. Proponents of specialised hospitals argue that specialised hospitals can set a new competitive benchmark for hospital services by taking advantage of the associated economies of scale and scope, potentially lowering the cost of health care and possibly enhancing the quality of care by concentrating the expertise associated with increased specialization augmenting patient choices.

In concluding, the President also highlighted the progress made in **implementing legal and regulatory reforms** to facilitate smooth implementation of **decentralisation reforms**, which include the enactment of the **Local Government Act. No. 2 of 2019** which gives effect to the decentralisation of functions, responsibilities and services at all levels of Local Government. It also guarantees democratic participation of people in decision making at the local level through the creation of ward development committees. **So far, 1,326 ward development committees** have been formed across the country out of the targeted **1,624**. The enactment of the **Planning and Budgeting Bill No. 22 of 2019** will further empower people to participate in the local development process. To guarantee effective implementation of **Decentralisation**, PMRC has been recommending the need to **strengthen the Monitoring and Evaluation mechanisms** set to monitor the effectiveness of the Decentralisation Policy. Government is urged to ensure that financial resources are available for activities and functions to be carried out under the Decentralisation Policy reinforcing and building capacity for revenue collection (Broaden the revenue collection base for councils).



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