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Acting Executive Director's Remarks

Sydney Mwamba

IMPACT OF CLIMATE CHANGE ON INFRASTRUCTURE IN ZAMBIA: POSSIBLE POLICY OPTIONS FOR MITIGATION AND ADAPTATION

Sustainable Development Goal (SDG) 12 on climate action encourages the implementation of urgent strategies to combat climate change and its impacts. The sub-target of the SDG goal emphasises the need to strengthen resilience and adaptive capacity to climate change related hazards and natural disasters. Zambia is among countries where climate change has continued to pose critical threats to its development, particularly in rural areas where poverty is widespread and key assets such as infrastructure are underdeveloped and sparse due to wide geographical location.

Infrastructure, particularly roads are a lifeline for economic and agricultural livelihoods in rural areas and as a key for access to health, education, credit finance, political participation and many other human needs. However, extreme weather variability has over the years posed a costly hazard to roads, bridges, schools and health facilities in terms of degradation and collapse resulting in decreased lifespan of the critical infrastructure in the country. In view of these challenges, Zambia needs a robust strategy to finance and invest in climate resilient and sustainable infrastructure.

As stated, climate change impacts have continued to pose a huge cost to the treasury with regards to maintenance and rebuilding of infrastructure as a result of damages from heavy rainfall and rise in temperatures leading to loss in connectivity thus compromising access to essential services. However, these impacts can be mitigated and avoided by implementing pro-active adaptation measures with a well spelt out plan. It is important to note that for the period 1996-2017, the total cost of direct rainfall

related damage to road infrastructure alone was estimated at K2,205 million and annual estimates of indirect costs of climate change (temperature and rainfall) related damages to the road infrastructure network amounted to K295 million of which, K210 million was attributed to rainfall events while K85million was due to the rise in temperature. This cost is projected to increase to K303 million by the year 2030.

In view of these projections, it is imperative that Government considers implementing measures key to the protection and building of resilience to current and future infrastructure investments as well as the socio-economic functions they serve as acquisition of road infrastructure requires huge capital investments.

In order to respond to the impacts of climate change on infrastructure especially roads, Government with support from various cooperating partners has been implementing several initiatives to combat climate-related hazards as well as ensuring that vulnerable sensitive industries, such as agriculture, may continue to flourish amid climate change. A crucial step towards realizing this is to ensure that the existing and future infrastructure is climate-proofed. While progress is being made in this regard, a number of bottlenecks continue to exist that need to be addressed in order to reduce the vulnerability of infrastructure countrywide. Some of these bottlenecks include: low funding towards infrastructure maintenance and the lack of a harmonized maintenance framework to support the preservation of existing and new infrastructure countrywide.

In order to attain climate change resilience and adaptive capacities on the various infrastructure in the country, the Policy Monitoring and Research Centre (PMRC) proposes the following policy options for consideration by Government and other key stakeholders:

Harmonization of policy framework for infrastructure maintenance: as the country develops an infrastructure policy through the Ministry of Infrastructure, Housing and Urban Development, there is need for harmonization of the of the policy framework guiding infrastructure maintenance of various sectors in the wake of climate change. In March 2021 Government through the Ministry of Finance and Ministry of Works and Supply developed and launched a Public Asset Maintenance Policy to provide a framework for maintaining public assets both movable and non-movable.

It is important to note that while the policy is in place, evidence shows that maintenance of infrastructure especially non-movable assets is project and sector based which has proved to be unsustainable in the long term as most sectors have other competing needs such as expansion of infrastructure thus not prioritizing maintenance needs. Within these sectors most of the infrastructure built is project based implying that the contractor supports the maintenance of a particular project within the first year. Thereafter, the maintenance is left to the beneficiaries with no proper long-term sustainability and maintenance plan.

For example road maintenance is done by the Road Development Agency (RDA) through the Road Maintenance Strategy 2015-2024, which was developed to create a clear pathway for the provision of maintenance activities on the core road network in the country. However, most of health infrastructure is maintained under the Ministry of Health that has other competing needs leading to the dilapidation status of most health facilities countrywide and this is similar for other sectors such as agriculture, education and livestock and fisheries.

It is therefore important that harmonization of the policy framework for maintenance of infrastructure is done to facilitate for timely execution of maintenance activities. Zambia is one of the fastest growing economies in Africa and its sustained development is dependent on a well-functioning infrastructure sector.

Increased funding towards infrastructure maintenance: although the need for infrastructure maintenance is widely recognised, it has not been prioritised by most developing countries, Zambia inclusive. This is evidenced by the worn-out state of

most old infrastructure in Zambia and the current low budgetary allocation towards infrastructure maintenance. For example the 2012 Maintenance Needs Report by the Road Development Agency indicated that a minimum of US\$721 million on an annual basis was needed for maintenance activities in order to bring the road network into a sustainable condition between 2012 and 2016. However, in 2014, only 21.5 per cent of the required yearly maintenance funding was allocated. This status of low funding has subsequently led to the deterioration of existing infrastructure, especially roads and bridges, leading to their vulnerability to the impacts of climate change.

Further another limitation towards funding for maintenance of infrastructure is that the funding is activity based and in an event funding for maintenance has not been released, the department cannot move funding from rehabilitation or construction to carry out maintenance and this has left infrastructure maintenance deprived over the years as the country has been concentrating on construction and rehabilitation.

Lastly, the Policy Monitoring and Research Centre is of the view that with the creation of the infrastructure maintenance fund, enough resources will be realised to fund the various maintenance needs to reduce the vulnerability of the sector to the impacts of climate change.



Understanding Drivers Behind Reduced Inflation in Zambia

Over the period 2019 to 2021, inflation in Zambia has been higher than the 6-8 percent target range. Inflation averaged 9.1 percent in 2019, 15.6 percent in 2020 and rose further to an average of 22.1 percent in 2021. Inflation is a broad measure involving goods and services and not only consumer food. It measures the overall impact of price changes for a diversified set of products and services. Calculating the overall inflation rate for a country requires an index with broader coverage of items called basket. Depending on the country and its consumption habits of the majority of the population, the basket will have different goods. Some goods might record a drop-in prices and others may increase and the overall value of inflation will depend on the weight of each of the goods with respect to the whole basket.

In 2019 and 2020, the increase in inflation was mainly attributed to the depreciation of the Kwacha against the trading currencies, and upward adjustments in energy prices (fuel pump prices and electricity tariffs). Upward pressures on food prices following the adverse impact of the 2018/19 drought and trade disruptions, that followed the lockdown measures taken in response to the COVID-19 pandemic in early 2020, also contributed to rising inflation. The higher inflation outturn in 2021, was also associated with a sustained increase in food prices and the depreciation of the Kwacha until the second half of the year. The inflation in Zambia is as a result of price changes on several goods and services. In a hypothetical example, using one of the most consumed items in the country (cooking oil) from the basket for illustration purposes for a period January to April. Suppose the initial price of cooking oil in January is K70 and over the next months, increases to K100, K125, and K135 in February, March and April respectively, the rates at which the price of cooking oil increased from January to April are K30, K25 and K10 respectively as shown below.

K70 → K100 → K125 → K135 or 42.9% → 25% → 8% when expressed in percentage change. The rate at which prices of cooking was increasing from one month to another at a decreasing rate is what is called inflation. Therefore, a reduction in the inflation rate does not mean a reduction in the prices of goods and services but the reduction in the rate at which prices are increasing.

EFFORTS TOWARDS REDUCTION IN INFLATION BY GOVERNMENT

Government has been using a mixture of monetary and fiscal measures to control the rate of inflation towards its aspiration of an inflation rate of between 6-8 percent. Some of the key measures that the Government has been using to control inflation are not limited to the following:

The monetary policy being one of the major tools used by the central bank to control inflation has been instrumental during this period. The Monetary Policy Committee (MPC), at its November 22-23, 2021 Meeting, decided to raise the Monetary Policy Rate by 50 basis points to 9.0 percent. This was done in order to help steer inflation to single digits in 2022 and to within the 6-8 percent target range by mid-2023 as stated in the 2022 Budget Address. As anticipated, a sharp decline was experienced in the inflation rate and during the previous two MPC meetings (in February 2022 and May 2022) the MPC rate has been maintained at 9%.

In the 2022 national budget, the Government initiated a number of reforms to support the agriculture, livestock and fisheries sectors. These included among others, the removal of 5% customs duty on the importation of cattle breeding stock and suspension of 5% customs duty on grandparent and/or parent stock of day-old chicks. These actions and many others have drastically addressed the supply shocks and moderately improved the

price movements in food items such as meat. Subsequently arresting food inflation from a whole year high of 31.6 % in August 2021 to 9.7% in June 2022.

The Kwacha has been stable for the past few months in trading against major currencies, which has contributed to a reduction in inflation. In the last three months, the Kwacha has sustainably been on a bullish trend appreciating averagely at 5.8% monthly against the US dollar. This performance has been anchored on enhanced fiscal consolidation measures, positive market sentiments emanating from the progress made on the IMF Extended Credit Facilities with its accompanied debt structuring programme and support from the Central Bank through its open market operations. Other factors that have buoyed up the Kwacha sprung from the encouraging dollar-quoted tax declarations from the mining sector. These factors have unwaveringly reduced the imports value basket for the imports-

dependent local manufacturing sector, reducing production costs and thus, moderating consumer price levels.

Government is urged to continue with its fiscal consolidation measures towards achieving a stable single-digit inflation rate which will positively impact the prices of goods and services in the long term. Lastly, in order for the gains of the single digital inflation to be realised and yield economic dividends through the reduction of the cost of living, there is need for continued stability of the exchange rate as well as stable fuel prices which are critical determinants for the cost of goods and services through its impact on the cost of production.

READ MORE HERE:

<https://pmrczambia.com/pmrc-blog-understanding-drivers-behind-reduced-inflation-in-zambia/>





The Importance of Financial Literacy in the On-going Empowerment Programmes in Zambia

In a bid to address the high unemployment levels in Zambia the Government has been implementing a number of empowerment programmes, particularly those under the Ministry of Youth, Sport and Arts, Ministry of Community Development and Social Welfare, the Department of Gender, Citizens Economic Empowerment Commission and more recently, the Ministry of Local Government and Rural Development, among others, targeted at supporting the economic empowerment drive of the women and youth. These programmes are aimed at fostering job creation and economic growth through entrepreneurship as a vehicle. These programmes also provide citizens opportunities to participate in the growth of the economy by accessing capital to invest in viable business ventures.

Although the empowerment programme initiative is commendable as it supports innovation and entrepreneurship which are the critical pillars for economic growth and social and economic inclusion, notable challenges have been observed in the effective management and accountability of empowerment funds to derive real economic benefit to the beneficiaries as well as the government at large.

Therefore, financial literacy has emerged as an essential pre-requisite for effective and efficient management of the funds accessed by beneficiaries venturing into businesses under the current empowerment programmes. Not only will enhancing the financial literacy of beneficiaries increase the sense of ownership within beneficiaries of the funds, it will equally enable them to fully take control of the opportunities available to them and guarantee their businesses to be self-sufficient. However, findings from the 2020 FinScope survey indicate that a significant amount of the population experience low financial capabilities with financial inclusion recorded at 71.2% for men and 67.9% for women. This has been attributed to low levels of financial literacy which is largely skewed

towards the urban population at 31.9% and 16.2% among rural households. Hence, limited financial literacy remains a major barrier for the successful implementation of economic empowerment programmes in order to transform the economic outcomes of ordinary citizens.

It is crucial to note that empowerment should not only be about access to seed capital, it should rather focus on providing a comprehensive programme that is sustainable by giving more power to beneficiaries through education, information, coaching and counseling, as well as amplify the possibilities to get or create a job or business, access micro-credits and ICT networks in order to inculcate business values in the beneficiaries, particularly for those who are not typically familiar with running a profitable business. Further, enhancing relevant trade skills has the potential to make beneficiaries competitive in their respective fields in order to maximise profit margins. Hence, government should consider integrating these aspects into the current empowerment programmes.

Furthermore, there is need to create guidelines that clearly identify eligible candidates through a robust mechanism that seeks to provide tailored mentorship and training programmes of candidates to actualise their business proposals. At the onset of the empowerment programme, eligible beneficiaries should be taught financial literacy courses before fully embarking on their investments as this will form the basic foundation for the success of the programme. Similarly, building the capacity of candidates in requisite financial, negotiation, marketing and product development skills is necessary to effectively achieve the goals of empowerment programmes.

Moreover, enhanced financial literacy skills will enable beneficiaries to effectively track their expenditure and balance their income with expenditure which is critical for assessing the

profitability of the venture. By embedding basic business management practices and principles into the current empowerment programmes will enable candidates to understand the basics of business management and develop their competencies to generate and sustain their income while improving the sustainability of the empowerment programmes, particularly in the case of revolving funds where beneficiaries need to pay back loans. Equally, for funds accessed as grants, beneficiaries need to account for the funds in order to achieve the goal of the programme that has a multiplier effect which should trickle down to improved quality of life of the beneficiaries and direct economic benefits within the community as well as the local economy.

In addition, when beneficiaries of empowerment programmes are financially literate, it can be expected that there will be a general motivation

to access formal financial services in order to expand their businesses as they will be able to have balanced and well documented business transactions. Therefore, there is need to facilitate linkages between financial lending institutions and beneficiaries of empowerment programmes in order to improve financial inclusion through technical assistance that relevant financial service providers are able to give to the beneficiaries. This will also nurture the skill of saving and growing the savings of the business which is critical for the evolution of the business from one of empowerment to that of self-sustainability.

READ MORE HERE:

<https://pmrczambia.com/blog-the-importance-of-financial-literacy-in-the-on-going-empowerment-programmes-in-zambia/>





Annually on June 16, the African Child is celebrated by reflecting on the strides made in creating a world that is just and conducive for all children to develop to their fullest potential and contribute to Africa's development agenda.

This year, the African Child was celebrated under the theme **"Eliminating Harmful Practices Affecting Children: Progress on Policy & Practice since 2013"**. This is a call to take a step back and reflect on the policy actions that hinge on the fulfilment of the rights of the child. Zambia has made tremendous strides in advancing the protection of children from harmful practices particularly those perpetrated by traditional norms and values; yet more remains to be done. Harmful practices such as child marriage, child labour, gender-based violence and child sexual abuse, neglect, child trafficking, exploitation, alcohol and substance abuse are still an imminent threat to the safety of children across the continent.

Zambia like many other African countries has ratified key international and regional human rights instruments about children, namely; the United Nations Convention on the Rights of the Child in 1991, the African Charter on the Rights and Welfare of the Child in 2008, and the International Labour Organisation (ILO) Convention Against the Worst Forms of Child Labour, among others. To make this more effective at the domestic level, there is need to reform the legal framework through harmonizing laws and policies that, in some instances, are at variance with international standards, thereby limiting progress in meeting

international commitments. There are proposals to expand the Bill of Rights to enshrine economic, social, and cultural rights to strengthen protective measures against loopholes in statutory and customary law that perpetuate violations against children.

The day focused attention on the barriers that impede access to quality education among African children which is an important prerequisite to inclusive development. The International Day of the African Child encourages Governments throughout the continent to provide quality education to all children. Stemming from the operationalisation of basic human rights treaties, free public education has been adopted in most parts of the world, Zambia inclusive. Recently, Government strengthened its resolve in providing universal access to education through the expansion of the Free Education Policy to include secondary education and improve the quality of education while promoting equal opportunities for girls, learners with disabilities, and the vulnerable.

In this regard, the Government has enhanced access to education through various programmes and policies such as the Re-entry Policy and the Keeping Girls in School programme which has been upscaled from 28,964 to 43,520 beneficiaries in 2022. In addition, the Home-grown School Feeding Programme does not only encourage school attendance, it is a source of one nutritious meal a day for children especially those from poor households faced with high levels of poverty and vulnerability. However, these programmes do not

adequately respond to the needs of out-of-school children and those living on the street who are particularly vulnerable to exploitation.

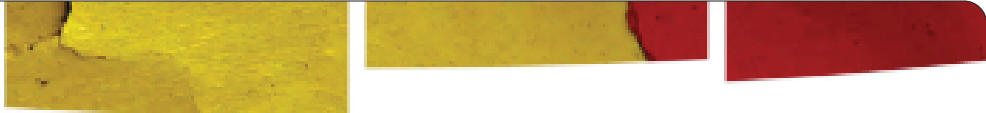
Similarly, the expansion of the Constituency Development Fund to cater for the needs of the education sector and the provision of bursaries for learners from vulnerable households will contribute to the advancement of their wellbeing through education and skills development which are the cornerstone of sustainable and inclusive development. Another key programme that is centred on improving the livelihood of children is the Social Cash Transfer Programme that has been scaled up to include more households that have children with disabilities.

The Government has also developed policies such as the National Child Policy, Alternative Care Guidelines, the National Plan of Action on Ending Child Marriage, and the National Online Child

Protection Strategy, among others, to ensure a conducive environment for the well-being of children. However, there is need to strengthen the multi-sectoral approach in the implementation of an effective child protection system that supports the participation of children in national development programmes. In this vein, funding for child welfare and development programmes needs to be prioritised through increased budgetary allocations. In addition, there is need to improve access to up-to-date data on children through a centralized database and improve birth registration in order to inform child-sensitive policy. Finally, there is a need for Government to expedite the enactment of the Children's Code Bill.

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<https://pmrczambia.com/pmrc-press-statement-june-16-day-of-the-african-child/>



IMPACT OF UKRAINE-RUSSIA WAR ON GLOBAL AID/GRANTS AND ITS IMPLICATIONS ON THE IMPLEMENTATION OF THE 2022 NATIONAL BUDGET FOR ZAMBIA: OPTIONS FOR DOMESTIC RESOURCE MOBILIZATION FOR ZAMBIA

The impact of the Ukraine-Russia war has not only been devastating to Ukraine but has equally been destructive to the whole global village. **According to the International Monetary Fund (IMF) April 2022 World Economic Outlook, economic damage resulting from the Ukraine-Russia conflict will contribute to a significant slowdown in global growth in 2022.** A severe double-digit drop in GDP for Ukraine and a large contraction in the Russian economy are more than likely, along with worldwide spillovers through **commodity markets, trade, and financial channels.**

It is anticipated that the war will result in reduced economic growth, thereby adding to a rise in inflation. Furthermore, fuel and food prices have increased rapidly in the last few months with the vulnerable populations, particularly those in the third world countries being the most affected due to the limited fiscal space to cushion the impact of the war on their economies. Additionally, their post-COVID-19 recovery has not been realized in comparison to the developed countries due to low fiscal space and a high debt burden.

A report released on March 18th 2022 by Oxfam London, indicates that the global repercussions of the Ukraine crisis are already being felt in the fast-rising food, commodity and energy prices and these could undermine aid efforts in other humanitarian hot spots as some donor **Governments are already shifting aid budgets to pay for Ukrainian assistance and the cost of hosting the more than 3 million Ukrainians that have fled their country.**

The Ukraine-Russia war is reshaping spending priorities and forcing Governments, especially in Europe, Asia and America in preparing for a tidal wave of refugees and the further escalation of the war. **The reshaping of spending priorities has taken the side of a sudden reshuffle of budgets on military spending, and sectors such as agriculture, energy and humanitarian aid being shoved to the frontline while other essential needs like education and social services are likely to be reduced further.**

For instance, the demonstration of unity through the economic sanctions by the North Atlantic Treaty Organization (NATO) countries, the European Union, and other European countries could place a greater focus on defence resilience against other economic sectors. France and Germany have both announced significant increases in defence spending whilst, the US Congress approved a \$42 billion increase in America's defence budget in early March 2022.

Impact of Ukraine-Russia war on Zambia's 2022 Budget Implementation

The Ukraine-Russia war negatively impacts the implementation of the 2022 Zambian National Budget in two ways;

(a) Reduced prospects of foreign financing: The 2022 budget financing is premised on 71% domestic financing and 21% foreign financing. Foreign financing is comprised of K39.9 billion budget supports through Programme loans, K8.5 billion existing project disbursements through project loans and K1.9 billion in foreign grants from cooperating partners amounting to K49.7 billion in projected foreign financing to the 2022 National Budget.

The Ukraine-Russia war poses a threat to the projected foreign financing of the 2022 budget as most resources since the outbreak of the war may have been diverted to contain the impact of the war by prospective collaborating partners.

The knock-on effect of the war on budget financing has already been experienced in Zambia. The first-quarter economic report indicates that a total of K195.1 million against a target of K455.5 million was received from cooperating partners and the performance was below target by 57.2 per cent. This underperformance is largely on account of the non-remittance of the pledged funds by cooperating partners.

(b) Increased shifts in budget spending: Crude oil prices have increased by around 60%. Additionally, gas and fertilizer prices have more than doubled

on the global market. Like any other developing country, Zambia's vulnerable population in particular are the most exposed to these price upswings, as they dedicate a larger share of their income to food and energy. As a net importer of various essential commodities such as fertilizer, food and machinery, the budget will be hugely affected, as prices of these commodities continue to rise and are likely to affect the exchange rate. Due to the rise in the prices of fertilizer and fuel on the global market, the Government will require more financial resources for budget execution that is most likely to exceed expenditure projections, especially on Agricultural subsidy and other poverty reduction programmes. **The war has led to the rise in commodity prices, especially for fertilizer, which is a key component of agricultural production.**

Recommendations

By directly constraining agricultural production through increased fertilizer prices, limited economic activity and increased fuel prices, the conflict will further weaken the purchasing power of local populations, consequently leading to increases in food insecurity and malnutrition in Zambia. This development, therefore, calls for multi-sectoral policy options to ensure that the country does not experience another recession as well as increased poverty levels countrywide:

1. Expedite debt restructuring

Given the projected reduced economic growth and a further reduction in foreign financing, the Government is urged to work around the clock to get the International Monetary Fund (IMF) package and its accompanying debt restructuring program. The success of this program and package will free up a significant amount of millions of dollars for foreign debt repayment. **This coupled with the increased capital inflow from the \$1.4 billion IMF package will result in the appreciation of the kwacha and allow for imports of required fertilizer and machinery for agricultural production and manufacturing sectors.**

The current high prices and a projected price increase to over K1000 per bag of fertilizer and other farming inputs will lead to increased domestic borrowing by the Government for the 2022/2023 farming season which will further crowd out the private sector through increased interest rates. Therefore the IMF and debt restructuring program is essential to ensure that Government securities do not increase sharply from the current K201.16 billion as at end of March 2022.

2. Climate and Nature Debt Relief

Using the expanded National Determined Contributions (NDCs), Biodiversity Strategy and National Plan of Action (NBSAPs) and the creation of the Ministry of Green Economy and Environment in the short to medium term, the Government is

urged to consider a climate and nature debt swap as there is a clear opportunity to learn from the past where relatively small debt for nature swaps have been successful to massively scaled up large and comprehensive debt relief programmes. This measure is linked to improved adaptation and mitigation efforts, such as the Highly Indebted Poor Countries (HIPC) debt relief packages in the past that were linked to poverty reduction and increased social spending.

Learning from the past and similar structured transactions, the Government of Zambia in 1993 established a debt conversion Programme that permitted an orderly conversion of external debt owed to its creditors purchased by many Non-Governmental Organisations (NGOs) to restore nature. In this World Bank funded Programme, debt buy-back was facilitated by the Debt-for-Development Coalition (a non-profit institution that executed debt-for-nature swaps on behalf of single NGOs), NGOs purchased Zambian debt at 11 per cent. They received a dollar-denominated note worth 16.5 per cent (WWF Report, 2003).

3. Expedite Hemp Production

On May 20, 2021, Zambia enacted two laws, the Cannabis Act, 2021 and the Industrial Hemp Act, 2021. Their enactment follows a 2019 Cabinet decision to permit the production and export of cannabis for medical and export purposes. These long-awaited reforms were driven by the need to boost foreign exchange sources.

4. Expenditure Rationalization towards Productive Sectors

The increase in essential commodity prices will affect expenditure performance, as the projected targets are likely to be exceeded for the remaining three quarters of 2022. This scenario coupled with the shrinking fiscal space will likely result in the Government taking a path of expenditure rationalization between meeting its local and foreign debt obligations and funding for economic and social sectors.

This situation calls for Government to quickly align spending in the agriculture sector to support key drivers of growth in the sector including expansion of exports in the horticulture industry, extension services, research and development, livestock management and production, disease control and irrigation infrastructure. These measures have the potential to grow the agriculture sector and reduce inequalities, as well as earn the country FOREX through the existing markets that have been caused by reduced food exports by Ukraine and Russia war.

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Africa Day is commemorated annually in honour of the foundation of the Organization of African Unity (OAU) on 25th May 1963, the precursor to the African Union (AU). The theme for 2022 Africa Freedom day was **“Strengthening Resilience in Nutrition and Food Security on the African continent: Strengthening Agro-Food Systems, Health and Social Protection Systems for the Acceleration of Human, Social and Economic Capital Development.”** The 2022 theme is pursuant to the AU 2063 Agenda goals on healthy and well-nourished citizens and this is a good opportunity for continued advocacy to ensure gains made over the years in eliminating malnutrition and all its forms are not reversed.

Zambia considers food security, social protection and health as the top of its development agenda and to this end agriculture and human development feature as one of the priority aspects of its economic transformation programme. Government is cognizant of the importance of socio-economic transformation for improved livelihoods, health and nutrition, and it has spelt out strategies for achieving these milestones. Agriculture is one of the key sectors that will drive the country's economic development agenda, anchored on the country's vast natural resources comprising land, water, favourable climate and labour. Zambia has a total land area of 75 million hectares, of which 58% is classified as medium to high potential for agricultural production and this places the country far ahead of most countries in terms of potential to meet its own food needs as well as contribute to the regional and continental food basket. The

knock-on effects are human, social and economic capital development for the country through local and foreign exchange earnings from expanded agricultural trade.

The Second National Agriculture Policy seeks to attain sustainable food and nutrition security at national level. It seeks to contribute to the profitability of the agricultural enterprise, job creation, increased income generation, and poverty reduction as well as the increased contribution of the agricultural sector to the Gross Domestic Product (GDP). This is an important commitment for Zambia as a member state of the AU when viewed against the theme for 2022 because of the already committed efforts to improve food security and the broader goal of fostering socio-economic transformation. The policy is anchored on guiding principles, which include the right to adequate and nutritious food, Government as a facilitator of private sector agriculture, cognizance of land tenure systems, agricultural diversification, cooperatives as a vehicle for agricultural growth and promotion of agriculture as a business.

In the past years, the agriculture sector has been focused on maize production but it has been a long-held aspiration that diversification will mitigate against seasonal shocks when rainfall is poor and drought-prone crops are affected. Other crops have since taken centre stage with soya beans, wheat, sunflower and avocado gaining momentum. Notable strides have also been made to shift the focus to other agricultural activities such as the promotion of fish farming through the aquaculture

skills training programme. Other commendable strides include zero-rating of selected agricultural equipment and accessories. Through cooperatives, it is anticipated that small-scale farmers will be able to acquire equipment to ease their farming activities. Opportunities exist for all stakeholders - regional communities, civil society organisations, the private sector and development partners to secure commitments and investments in nutrition. The Government is thus urged to continue with a strong political commitment to promoting food security.

In recent times there have been several threats to food security, most notable being the COVID-19 pandemic and climate change. The means of livelihood have been threatened by climate change and its impact and to mitigate this, Government has instituted several responses, one of which is the promotion of climate smart agriculture technologies and practices.

Social protection services were able to meet needs at household level during the more intense phases of the COVID 19 pandemic and this will continue to be a key mechanism for cushioning the most vulnerable in society. The Government, with support from its development partners, is running

several programmes such as the School Feeding Programme, Scale-Up Nutrition, and Sustainable Food Systems Promotion, all aimed at promoting food security at household and national levels. While there has been tremendous progress over the years in addressing malnutrition, admittedly more can be done to improve food security, especially for children, the elderly and other vulnerable groups. Livelihood support such as the food security packs is an important service for the most vulnerable but as the country moves further into the actualization of grassroots participation in food production, these will evolve into emergency responses as opposed to routine services. To assure food security at all levels, starting from rural areas, comprehensive rural development mechanisms must be identified to encourage participation by rural communities in crop, livestock and fisheries subsectors. The removal of bottlenecks to this participation by all will go a long way in opening up further avenues to food security. The Government is therefore urged to expedite rolling out programmes that enable this through the National Development Plans (NDPs).

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ANALYSIS



2022-2024 Medium-Term Budget Plan: Economic Transformation and Job Creation

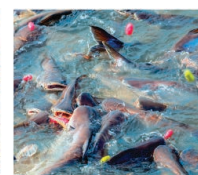
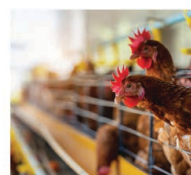
The 2022-2024 Medium Term Budget Plan (MTBP) provides details about Government's performance for the period 2019-2021 as well as its policy direction for the period 2022-2024. The MTBP outlines that Zambia's economic outlook for 2022-2024 remains positive. However, there is a degree of uncertainty in view of slow growth, high inflation and high debt levels, challenges which have only been exacerbated by the COVID-19 pandemic. The Country's macroeconomic objectives for the period 2022-2024 will be informed by the Economic Recovery Programme 2020- 2023 which seeks to restore macroeconomic stability, attain fiscal and debt sustainability, restore growth and improve human development. The 2022-2024 MTBP will also form the basis for the formulation of the 2023-2025 MTBP.

This briefing document focuses on the sectors that have been identified as key to Government's economic transformation and job creation agenda as enshrined in the 2022 budget speech. The section of MTBP on economic transformation and job creation outlines policies and interventions to be undertaken in the agriculture, tourism, mining, manufacturing, energy, Information and Communication Technology (ICT) and transport which have been identified as key sectors to achieve the desired growth levels and create employment opportunities.

The briefing document further documents the

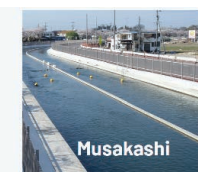
identified challenges that might negatively impact on the set targets and policy options of the MTBP and finally provide recommendations for achieving success in the priority areas.

AGRICULTURE, LIVESTOCK AND FISHERIES



Set Targets

- Implement a new agriculture support programme beginning in the 2022/2023 farming season.
- To develop irrigation infrastructure at Chiansi, Mwomboshi and Musakashi.



- Promote the use of ICT in the provision of extension services.
- Promote the establishment of large scale agricultural estates across the country through the use of farm blocks.
- Provide tax incentives on the purchase of agricultural equipment.

LINK FOR THE PUBLICATION

<https://pmrczambia.com/2022-2024-medium-term-budget-plan-economic-transformation-and-job-creation/>

ANALYSIS



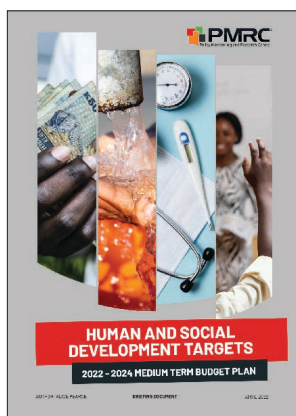
Gendering the Impacts of COVID-19 - Equitable Policy Responses for Zambia - Briefing Document

The onset of the COVID-19 pandemic raised global panic and fear, particularly for low-middle income countries such as Zambia as this affected trade and mobility due to the restrictions that were imposed in order to avert the spread of the virus. This also led to unprecedented loss of; not only life, but incomes and livelihoods especially among the already poor and vulnerable sections of society. As the cases of people that had contracted the virus began to rise in Zambia, the reality of the measures put in place to contain COVID-19 became eminent; unsettling several sectors of the economy such as those in the tourism and hospitality arena, hence businesses such as bars, restaurants, gyms and casinos had to shut-down in order to minimise social interaction which directly contributed to the spread of the virus. Similarly, those operating in the informal economy such as market traders were negatively impacted since people avoided going to crowded places. Consequently, some businesses closed entirely or had to scale-back in order to stay afloat, resulting in loss or a significant reduction in household incomes. This had a trickle-down negative effect on the economy, resulting in an increase in the cost of living, therefore, heightening levels of vulnerability and more importantly leading to changes in the livelihoods of individuals at household and community level.

Pandemics have differential impacts in society, the experiences of women and girls vary significantly due to their socio-economic positionalities¹. COVID-19 has the potential to increase negative social vices such as intimate partner violence, stigma and discrimination as well as unequal access to information, financial and social protection and access to sexual and reproductive health services. The impacts of crises are never gender neutral, and COVID-19 is no exception. Thus, it is recommended that global and national strategic plans for COVID-19 preparedness and response must be backed by strong gender analysis and must ensure meaningful participation of affected groups, including women and girls, in decision-making and implementation. Also, COVID-19 revealed the deep-rooted socio-economic vulnerabilities that exist due to gender inequality and how they are further perpetuated during times of crisis, particularly, among women and girls. This briefing document seeks to highlight these vulnerabilities and how they impact women and girls, particularly, on their voice and social power as well as highlight strategies for the development of gender-responsive policies during times of crisis.

LINK FOR THE PUBLICATION

<https://pmrczambia.com/gendering-the-impacts-of-covid-19-equitable-policy-responses-for-zambia-briefing-document/>



Human and Social Development Targets 2022 - 2024 Medium term budget plan.

Human and social development are critical aspects within society and a pre-condition for economic growth. Cardinal to the fulfilment of human, cultural and social rights is the human and social development agenda which encompasses critical issues such as education, healthcare, nutrition, water and sanitation and social protection among others. In acknowledging the roles these sectors play in the wider development agenda, the Government has set out medium term targets for social sector spending as outlined in the 2022-2024 Budget Plan White Paper.

Although progressive strides have been made within these sectors, securing the fiscal space within which human and social development must thrive are key considerations for success. Over the years, the Government has experienced a strain on its fiscus due to an unsustainable debt burden, high inflation and an under-performing economy, among others which contributed to the huge financing gaps that have negatively impacted the social sector and in some cases, eroded the progress made¹. In addition, the recent challenges stemming from the COVID-19 pandemic have heightened vulnerabilities, impacting different sections of society in various ways. Thus, a greater focus on the social sectors remains imperative.

Moreover, securing social sector spending also provided a backdrop for sustainable debt

management, thus prompting the Government to seek an IMF bailout with the view of freeing up more resources that could be channelled towards the social sectors². Achieving this will not only provide room for investment needed to grow the productive sectors of the economy but will also offer the necessary conditions to safeguard the country's social aspirations such as reducing developmental inequalities and delivering a people centred growth agenda.

This briefing document will highlight the set targets, successes and challenges in various social sectors as well as policy options for Government to be implemented in 2022-2024.

1. UNICEF; World Bank. (2021). Zambia - Social Protection and Jobs Public Expenditure Review 2021 (English). Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/443591633674322885/Zambia-Social-Protection-and-Jobs-Public-Expenditure-Review-2021>

2. IMF (2021) <https://www.imf.org/en/News/Articles/2021/12/06/pr21359-zambia-imf-staff-reaches-staff-level-agreement-onecf>

LINK FOR THE PUBLICATION

<https://pmrczambia.com/human-and-social-development-targets-2022-2024-medium-term-budget-plan/>

PARLIAMENTARY COMMITTEE PRESENTATIONS

1. The PMRC team submitted their findings to the Parliamentary Committee on Planning and Budgets and presented on the Review of the Budget Performance in the First Quarter of 2022 Financial Year. The presentation bordered around;
 - Global economic outlook.
 - The April 2022 IMF World Economic Outlook Report.
 - Domestic performance and outlook performance.
 - Revenue and Expenditure Budget Performance for the First Quarter of 2022 Fiscal Year.
 - Expenditure Performance.
 - Recommendations.



LINK FOR THE ANALYSIS

<https://pmrczambia.com/wp-content/uploads-2022-05-review-of-the-budget-performance-in-the-first-quarter-of-the-2022-financial-year-pdf/>

PARLIAMENTARY COMMITTEE PRESENTATIONS

2. The PMRC team submitted their findings to the Committee on Agriculture, Lands and Natural Resources. And presented on Government's measures to address the Impact of Climate Change on Food Security: A focus on Main Crops.

The presentation recommendations were as follows;

- The Ministry of Agriculture (MoA) is urged to demonstrate commitment to its plans by prioritizing support for activities that are intended to increase food security in the face of climate change.
- The Government needs to consider using FISP to enable more farmers affected by climate change to scale up the adoption of Conservation Agriculture technologies as the country transitions to the Agriculture Comprehensive Programme.
- There's a need for irrigation development in the country. This can be achieved by developing and promoting the appropriate irrigation technology and building Zambia's national capacity to benefit from this technology.
- The Ministry of Agriculture needs to prioritize research by ensuring enough resources are allocated to foster research and development (R&D) and to improve understanding and decision-making in responding to climate change and its effects on food security.
- There is need for the Ministry of Agriculture and other stakeholders to develop a comprehensive homogenous information-sharing platform. This is necessary to promote communication and dissemination of climate change and food security information - and to enhance awareness and understanding of its impacts.



LINK FOR THE ANALYSIS

<https://pmrczambia.com/presentation-to-parliament-government-measures-to-address-the-impact-of-climate-change-on-food-security-in-zambia-a-focus-on-main-crops/>

INTERNATIONAL PARTICIPATION AND PRESENTATIONS

1. Southern Africa Social Protection Expert Network (SASPEN): 2022 International Conference

PMRC Acting Head of Monitoring and Evaluation Esther Besa made a presentation on Forecasting Social Protection Towards the SDGs: COVID-19 and E Learning: Closing the COVID -19 Induced Education Gap through Social Protection in Zambia during the SASPEN conference held in Johannesburg South Africa.



LINK FOR THE PRESENTATION

<https://pmrczambia.com/forecasting-social-protection-towards-the-sdgs-covid-19-and-e-learning-closing-the-covid-19-induced-education-gap-through-social-protection-in-zambia-presentation/>

2. Southern Africa Social Protection Expert Network (SASPEN): 2022 International Conference

PMRC Senior Researcher Alice Pearce made a presentation on the Impact of COVID-19 on Persons with Disabilities during the SASPEN conference in Johannesburg, South Africa.



LINK FOR THE PRESENTATION

<https://pmrczambia.com/the-impact-of-covid-19-on-persons-with-disabilities-presentation/>

PUBLIC ENGAGEMENTS

PMRC team met with the Friedrich Ebert Stiftung Resident Representative Mr. Fritz Kopsieker and discussed the following:

- Social Protection.
- Governance.



PMRC team led by the Acting Executive Director Sydney Mwamba paid a courtesy call on Mr. Sakwiba Musiwa - Permanent Secretary in the Ministry of Mines and Mineral Development and discussed issues around the Mining Sector.



PMRC Board Member – Dr. Kawesha and Acting Executive Director Sydney Mwamba met with the European Union Team Leader – Social Sector Governance Section Elisabeth Locker to discuss various aspects in the social sector thematic area.



PUBLIC ENGAGEMENTS

PMRC Acting Executive Director, Mr. Sydney Mwamba, met with Oxfam Zambia Country Representative Yvonne Chibiya to discuss future research collaborations key to the country's development agenda.

They conferred on issues bordering on the need for more evidence-based research critical to policy-making decisions. Key issues of discussion included:

- Economic Policy Dialogue;
- Mining sector development ;and
- Cross-cutting issues (private sector participation, climate change).



PUBLIC ENGAGEMENTS

DISABILITY AND CONSTITUENCY DEVELOPMENT FUND (CDF) WORKSHOP

The Policy Monitoring and Research Centre (PMRC) hosted the Disability and Constituency Development Fund (CDF) training workshop under the theme “From the Margins to the Centre: Mainstreaming Disability for Inclusive Development”.



PUBLIC ENGAGEMENTS

PMRC BRAILLE PUBLICATION HANDOVER

PMRC has translated the following publications into Braille and handed over to various organisations during the Disability and Constituency Development Fund (CDF) Training Workshop:

- National Lands Policy Analysis.
- National Legal Aid Policy Analysis.



CHINESE EMBASSY

The PMRC Acting Executive Director, Sydney Mwamba paid a courtesy on the Chinese Ambassador to Zambia – His Excellency Du Xiaohui, and conferred on aspects key to the country's economic transformation agenda and research cooperations



INDIAN HIGH COMMISSION

PMRC team paid a courtesy call on the Indian High Commissioner – His Excellency Ashok Kumar to discuss areas of collaboration in research.



PUBLIC ENGAGEMENTS

LUSAKA BUSINESS INDABA AND EXPO 2022

PMRC team led by the Head of Communications and Grants exhibited during the Lusaka Business Indaba and Expo 2022 under the theme “Creating Opportunities to Access Affordable Finance and Market Linkages.”

In Pictures: Minister of Commerce Trade and Industry Hon. Chipoka Mulenga (MP) touring the PMRC stand.



UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA (UNECA)

The PMRC team met with the United Nations Economic Commission for Africa (UNECA) team and discussed key research focus areas bordering on:

- The Africa Continental Free Trade Area.
- Enhancing industrialization.
- Mining Value Chains.
- Agro-Industrial Parks
- Policy Framework for Enhancing SMEs.
- Climate Change



PUBLIC ENGAGEMENTS

ZAMBIA STATISTICS AGENCY

PMRC Acting Executive Director, Mr. Sydney Mwamba, met with the Zambia Statistics Agency (ZamStats) Interim Statistician General Mr. Mulenga Musepa to discuss future collaborations key to the country's development agenda.

They conferred on issues bordering on the need for more evidence-based research critical to policy-making decisions. Key issues of discussed included:

- In-depth Analysis of Data.
- Promotion of the use of statistics across all planning structures.
- Importance of statistics in policy research.

He was accompanied by the Head of Communication and Grants-Melody Simukali and Acting Head of Monitoring and Evaluation – Esther Nyemba Besa.



ZAMBIA NATIONAL EDUCATION COALITION (ZANEC)

PMRC Acting Executive Director, Mr. Sydney Mwamba, met with the Zambia National Education Coalition Mr. George Hamusunga to discuss future collaborations. Key issues of discussion included:

- Co-Hosting of Media Trainings.
- Research Collaborations.
- Climate Change and Education.
- ICTs and Education.
- COVID 19 Impact on Education.

He was accompanied by the Head of Communication and Grants-Melody Simukali and Acting Head of Monitoring and Evaluation – Esther Nyemba Besa.



PUBLIC ENGAGEMENTS

ZAMBIA FEDERATION OF DISABILITY ORGANISATIONS (ZAFOD)

The PMRC team met with the Zambia Federation of Disability Organisations (ZAFOD) team and conferred on key research focus areas bordering on:

- Constituency Development Funds and Disability Training Workshops.
- The Importance of Mainstreaming Disability in Policy Formulation.
- Financial Literacy and Empowerment.



MINISTRY OF GREEN ECONOMY AND THE ENVIRONMENT

The PMRC team paid a courtesy call on Mr. Msimuko Permanent Secretary in the Ministry of Green Economy and the Environment to discuss future collaborations around Climate Change and Smart Agriculture in the face of Climate Change.



PUBLIC ENGAGEMENTS

MINISTRY OF FINANCE AND NATIONAL PLANNING

PMRC team met with Mwaka Mukubesa – Director, Development Planning in the Ministry of Finance and National Planning to discuss collaborations around the Eighth National Development Plan.



UBA BANK

The PMRC Acting Executive Director, Mr. Sydney Mwamba paid a courtesy call on UBA Bank CEO /Managing Director Mr. Chinendu Obeta and conferred on various economic topics key to the country's development agenda.

Key topics of discussion included:

- The role of the private sector in climate change mitigation and resilience.
- Product papers on Small and Medium Enterprises.
- The importance of media training on policy reporting.
- Financing options for artisanal and small-scale miners.
- Private sector participation in Geological Surveys.

Present during the meeting were the UBA Chief of Operations, PMRC Head of Communication and Grants-Melody Simukali, PMRC Acting Head of Monitoring and Evaluation Esther Besa.



PUBLIC ENGAGEMENTS

Zambia National Forest Commodities Association (ZNFCA)

The PMRC Acting Executive Director, Sydney Mwamba and team met with the Zambia National Forest Commodities Association (ZNFCA) National Coordinator – Milambo Maambo and conferred on the importance of forest resources through the promotion of forest-based enterprises and participation for the benefit of future generations.

Other critical aspects discussed were:

- Policy and legal framework for forest and farmer producer groups.
- Ecological and sustainable management of forests and farm forestry commodities.
- The importance of value addition for forestry products.
- Joint Research.

Present during the meeting were: PMRC Head of Communication and Grants- Melody Simukali, and Acting Head of Monitoring and Evaluation Esther Besa.



MUMBWA AND MAPATIZYA RESEARCH STUDY

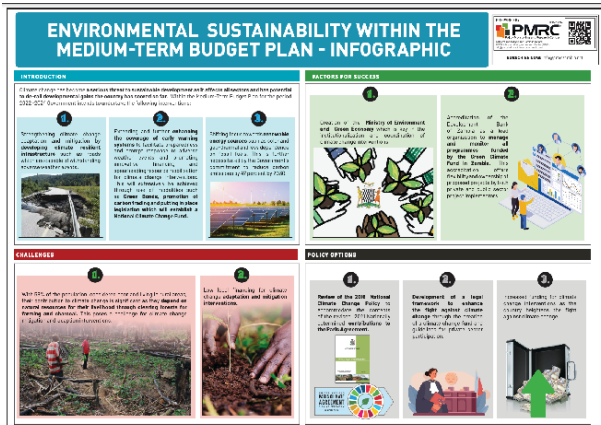
The PMRC team paid a courtesy call on Mumbwa Town Council Secretary- Handson Kachenjela, and Mumbwa District Commissioner- Namukolo Hayumbu. The team was in the field collecting data for a study titled “The Ownership of Mining Rights in Zambia: Gender Disparities in the Artisanal and Small-scale Mining Sector” The team comprised of Alice Pearce - Senior Researcher, Emmanuel Mpundu - Research Assistant, and Chiti Nkunde - Communications Specialist.

The PMRC team was in Mapatizya conducting a study titled “The Ownership of Mining Rights in Zambia: Gender Disparities in the Artisanal and Small-scale Mining Sector “. The team met the immediate past President of the Association for Zambia Women in Mining, Mary Mphande, an Amethyst miner of Gramiraj Investments Limited.



INFOGRAPHICS

Environmental Sustainability Within The Medium-Term Budget Plan – Infographic



LINK FOR INFOGRAPHIC

<https://pmrczambia.com/wp-content/uploads/2022-03-environmental-sustainability-within-the-medium-term-budget-plan-infographic-pdf/>

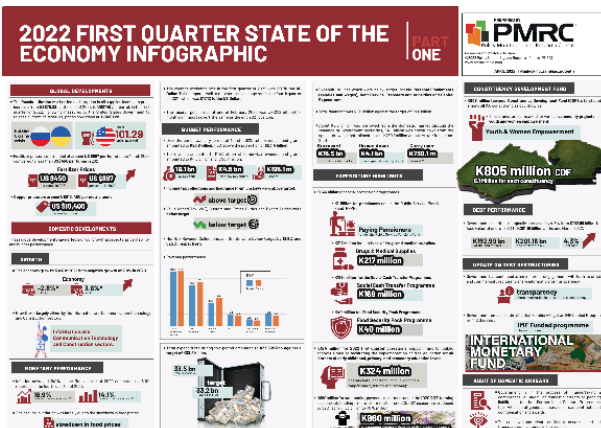
Human and Social Development Targets 2022



LINK FOR INFOGRAPHIC

<https://pmrczambia.com/wp-content/uploads/2022-03-human-and-social-development-targets-2022-pdf/>

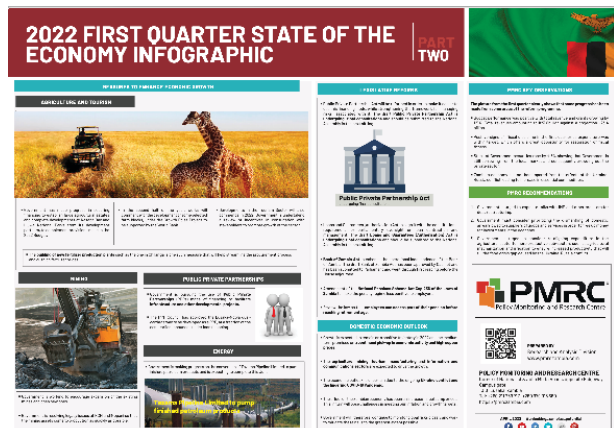
State of the Economy - 1st Quarter infographic Part 1



LINK FOR INFOGRAPHIC

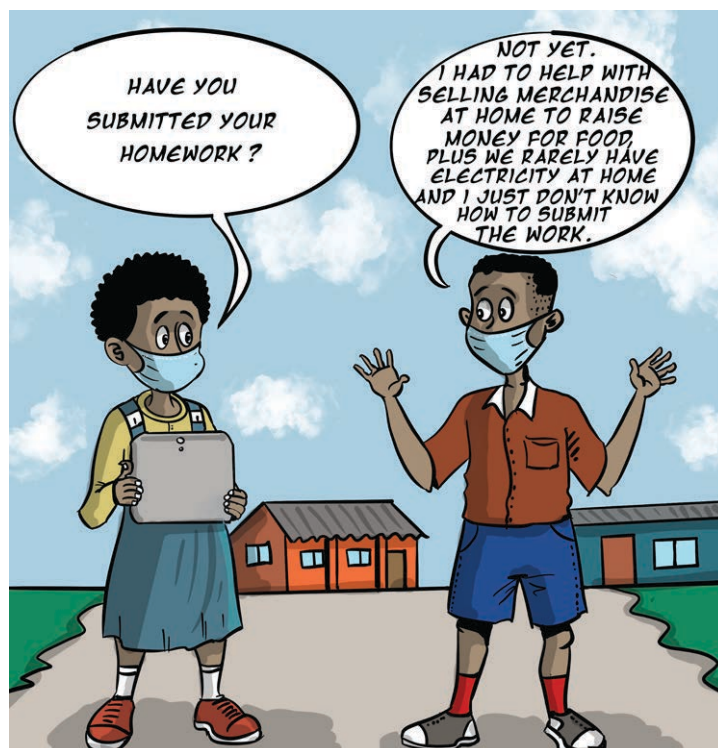
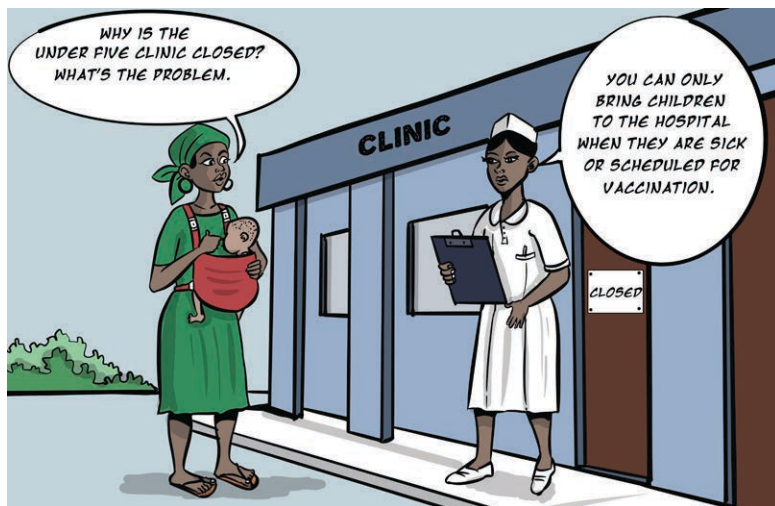
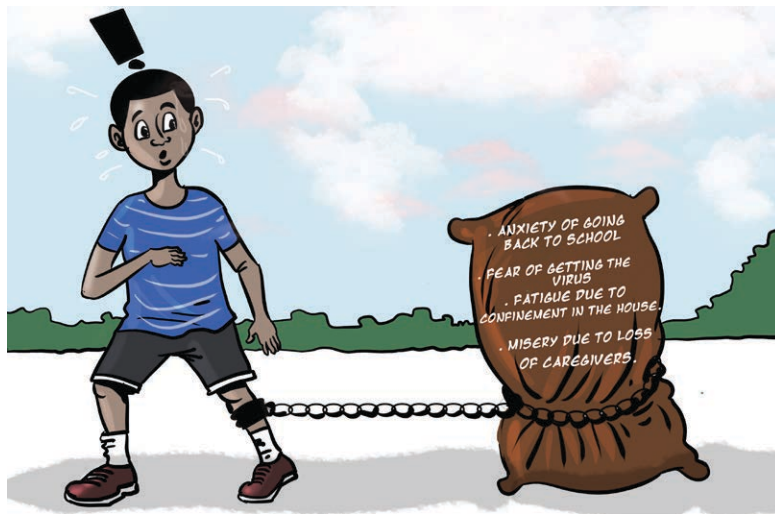
<https://pmrczambia.com/wp-content/uploads/2022-04-state-of-the-economy-1st-quarter-infographic-part-1-pdf/>

State of the Economy - 1st Quarter infographic Part 2



LINK FOR INFOGRAPHIC

<https://pmrczambia.com/wp-content/uploads/2022-04-state-of-the-economy-1st-quarter-infographic-part-2-pdf/>



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