

PMRC NEWSLETTER

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Executive Director's Remarks

ZAMBIA'S ACHIEVED DEBT RESTRUCTURING DEAL AND RELATED IMPLICATIONS

Overview

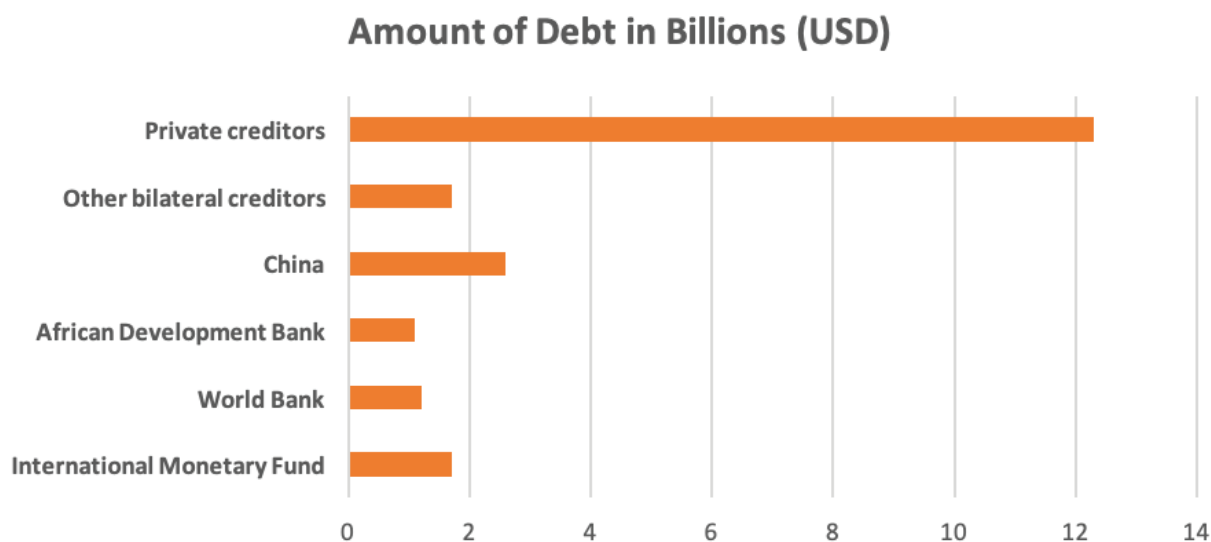
In 2020 Zambia was the first African country to default in paying its creditors; the Coronavirus (COVID-19) pandemic rendered Zambia and numerous other countries with a plethora of economic bottlenecks. **However, the global economy shrank in general during the same period, with developing countries experiencing a more severe decline than the rest of the globe.**

In the early to mid-2000s, the Zambian Government engaged the International Monetary Fund (IMF) and the World Bank with a move intended to achieve the Heavily Indebted Poor Country (HIPC) challenge for national debt cancellation; this was achieved in 2005. Following a successful debt cancellation for the first time, Zambia's macroeconomic performance became stable. Notably, the country was able to wean off the devastating effects of the 2008/9 global economic slump.

Current National Debt for Zambia

The projected value of **Zambia's external debt is \$18.6 billion. Of this, official creditors such as the World Bank, the African Development Bank, and the International Monetary Fund (IMF) are owed \$6.3 billion. Private creditors, including commercial banks and bondholders, are owed the remaining \$12.3 billion.**

The following table shows the amount of debt owed to each creditor as of December 2022:



Zambia's debt to **China is estimated to be \$2.6 billion**. This makes **China Zambia's biggest creditor, accounting for 14% of the country's total external debt**.

Debt Deal Reached

Zambia and its official creditors agreed to restructure their \$6.3 billion debt in line with the G20 Common Framework for Debt Treatment. **With the help of this arrangement, Zambia will be able to rearrange its debt payments and lessen its overall debt load.** The accord is still awaiting clearance from the IMF and the World Bank, but it is regarded as a significant victory for Zambia's efforts to revive its economy.

What about the other Creditors not in the Current Deal?

The other creditors not in the current deal for Zambia are the private creditors, who are owed \$6.8 billion. These creditors include:

- a) BlackRock
- b) Israel Discount Bank
- c) Investec
- d) Standard Chartered
- e) Other Western private creditors
- f) Chinese commercial lenders

It is hoped that these creditors will agree to a restructuring agreement that is comparable to the one that was struck with the official creditors. Zambia is still in discussions with these creditors. Zambia might be forced to make a default payment to its private creditors if they refuse to accept a deal.

What Happens Beyond the Three (3) Years?

Beyond the three-year grace period, the effects of Zambia's debt restructuring will depend on a variety of conditions, including the following:

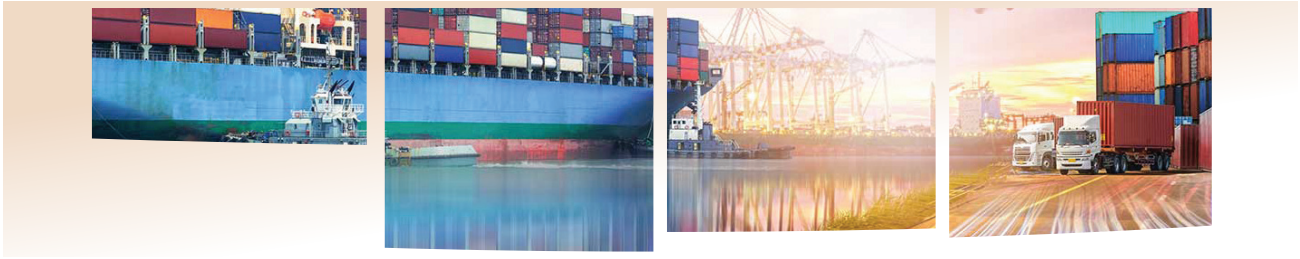
- a. **The state of the economy of Zambia:** Zambia will be able to raise more money to pay down its debt if the economy expands at a healthy rate.
- b. **The volume of international investment:** Foreign investors will be more willing to invest in Zambia if they have confidence in the country's economic prospects, which will support economic growth.
- c. **The agreement's terms with the private creditors:** Zambia would be able to lessen its debt burden and improve its financial situation if the private creditors agree to a settlement that is comparable to the one that was agreed with the official creditors.

The decisions taken by the Zambian Government and the international community will determine how the debt restructuring in Zambia affects the nation after the three-year grace period. Zambia may come out of the debt crisis stronger than ever if the Government successfully puts sound economic policies into place and lures international investment. **The Government has demonstrated resilience during the road to debt restructuring by instituting key economic reforms critical to economic revival. However, if the Government is unable to address the country's economic problems, Zambia may face a long and difficult road to recovery hence the need for multi-stakeholder consented efforts towards the path to economic recovery.**

Recommendations

- a. **To improve economic governance:** The Zambian Government needs to develop its public finance management systems and increase openness and accountability to improve economic governance. This will allow for the effective and efficient utilization of national resources.
- b. **Reorient economic expansion:** Zambia needs to redirect its economy's growth trajectory away from **debt-fuelled consumption and towards investments in profitable sectors like manufacturing, tourism and agriculture. These measures will result in increased employment and exports thus increasing the amount of financial resources available critical to paying off the country's debt.**
- c. **Attract outside capital:** To support economic growth and create jobs, Zambia needs to entice foreign investment. To accomplish this, The Government is urged to **improve the business climate, provide incentives to foreign investors and make sure that laws and regulations are transparent and predictable to achieve this policy measure.**
- d. **Reform the mining industry:** Zambia's mining industry is a significant contributor to debt reduction and an important driver of domestic resource mobilization. The Government must reform the mining industry in order to ramp up production in various mineral value chains to generate sustained economic growth for the nation while preventing environmental degradation.

Sydney Mwamba
PMRC Executive Director



LEVERAGING OPPORTUNITIES IN THE AFRICAN CONTINENTAL FREE TRADE AREA TO ADDRESS CHALLENGES FACED BY WOMEN IN TRADE

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One group of people who stand to benefit significantly from the AfCFTA are women, particularly those involved in trade. Women have long played an important role in the economic development of Africa, with many engaged in small-scale cross-border trade. However, women have historically faced significant barriers to participating in formal trade, such as lack of access to finance, limited business skills, and discriminatory laws and regulations.

The AfCFTA has the potential to address some of these barriers and promote greater participation by women in formal trade. For example, the Agreement includes provisions to reduce tariffs and other trade barriers, which could make it easier for women entrepreneurs to access markets and grow their businesses. Additionally, the AfCFTA establishes a protocol on the free movement of people, which could help women traders to move more freely across borders and expand their business networks.

Moreover, the AfCFTA recognizes the importance of gender equality and women's empowerment for economic development. The Agreement includes a chapter on gender, which commits signatory countries to promoting women's full and equal participation in the economy, including in trade. This chapter also calls for measures to address gender-based barriers to trade, such as discriminatory laws and regulations, and to support women entrepreneurs through access to finance, business development services, and other forms of support.

However, while the AfCFTA holds great promise for women in trade, there are also challenges that need to be addressed. One of the biggest challenges is the lack of data on women's participation in trade, which makes it difficult to design effective policies and programs to support women traders. Additionally, the informal nature of much of women's trade means that they may not be able to fully benefit from the provisions of the AfCFTA, which are designed primarily for formal trade.

Another challenge is that female entrepreneurs face challenges in accessing finance, including high-interest rates, collateral requirements, and limited access to

financial services. Governments and development partners can support women's access to finance by creating targeted financing mechanisms, such as credit guarantee schemes, microfinance programs, and venture capital funds.

To address these challenges, it is important for governments, civil society organizations, and other stakeholders to work together to collect data on women's participation in trade and to design targeted interventions to support women entrepreneurs. This could include initiatives to provide women with access to finance, business training and mentoring, and other forms of support to help them grow their businesses and participate more fully in formal trade.

In conclusion, the AfCFTA represents a significant opportunity to promote greater gender equality and women's empowerment in trade in Africa. By reducing trade barriers, promoting free movement, and addressing gender-based barriers to trade, the Agreement has the potential to support women entrepreneurs and promote greater economic growth and prosperity for all African nations. However, to fully realize this potential, it is important for stakeholders to work together to address the challenges facing women in trade and to design targeted interventions to support their participation in formal trade. By doing so, the AfCFTA can create new opportunities for women entrepreneurs and traders to grow their businesses, create jobs, and drive economic growth on the continent. Women's economic empowerment can also help to reduce poverty, promote gender equality and create more inclusive societies. Therefore, it is crucial to ensure that women have access to the resources and support they need to participate fully in the AfCFTA and the wider economy.



THE AFRICAN CONTINENTAL FREE TRADE AREA AND INFRASTRUCTURE DEMAND CREATION

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The African Continental Free Trade Area (AfCFTA) is a flagship project of the African Union's Agenda 2063, which is a blueprint for attaining inclusive and sustainable development across the continent over the next 50 years. The Agreement creates a single market for goods and services among African countries, with the goal of increasing intra-African trade and boosting economic growth. However, for the AfCFTA to reach its full potential, significant investments in infrastructure are needed.

Infrastructure is a critical ingredient for economic development, and Africa faces significant infrastructure deficits. The African Development Bank estimates that Africa needs to invest \$130-170 billion per year in infrastructure to meet its needs against its annual investment of \$60-70 billion per year. The AfCFTA can play a significant role in addressing this infrastructure deficit by providing a framework for regional cooperation and investment.

Infrastructure investments are needed in several key areas to support the AfCFTA. First, transportation infrastructure is essential to connect African countries and enable the movement of goods and people. This includes investments in roads, railways, ports, and airports. Improved transportation infrastructure will reduce transportation costs, making it easier and cheaper for businesses to trade across borders. It will also increase access to markets, opening up new opportunities for businesses in remote areas.

Second, energy infrastructure is crucial for economic growth and development. Energy infrastructure, including power generation and transmission networks, is critical to the success of the AfCFTA as it enables businesses to operate efficiently and effectively, particularly in sectors that are energy-intensive such as manufacturing and agriculture. Reliable and affordable access to electricity is essential for businesses to operate and for households to improve their quality of life. Investments in renewable energy, such as solar and wind power, can help Africa meet its energy needs sustainably and reduce reliance on fossil fuels.

Another important enabler of the AfCFTA which is becoming increasingly important for economic growth is digital infrastructure. The COVID-19 pandemic has highlighted the importance of digital connectivity for remote work, education, and commerce. Investments in

broadband and mobile networks can help connect people and businesses across Africa, creating new opportunities for trade and economic growth. Digital connectivity can also help businesses access new markets and customers, reducing barriers to entry and promoting competitive intra-regional trade across African countries.

Finally, investments in social infrastructure will be essential for building human capital and ensuring that people can participate fully in economies. Social infrastructure refers to facilities and services that support the well-being of individuals and communities, such as healthcare, education and housing. Investing in social infrastructure is necessary to ensure that the benefits of increased trade and economic growth are shared widely and that no one is left behind. For instance, providing accessible and affordable healthcare services can improve workforce productivity, while investing in education can equip young people with the skills needed to compete in the job market. Thus, social infrastructure investments will be critical in ensuring that the AfCFTA contributes to sustainable and inclusive economic growth across the African continent.

The AfCFTA can help create demand and mobilize investments in infrastructure by providing a framework for regional cooperation and investment. The Agreement includes provisions for trade in services, which can provide opportunities for businesses in the infrastructure sector to participate in cross-border trade. The AfCFTA also establishes a framework for investment, including the establishment of an AfCFTA Investment Forum to promote investment in the region.

However, significant challenges remain. Financing infrastructure investments is a major obstacle, and many African countries face significant debt burdens. Corruption and lack of transparency can also hinder investment and make infrastructure projects more costly. Addressing these challenges will require strong political leadership, sound governance, and effective institutions. In conclusion, infrastructure investments are critical for realizing the full potential of the AfCFTA because it plays a key role in enabling trade. By investing in infrastructure, Africa can unlock its potential and create a more prosperous future for its people.



ENHANCING FLEXIBILITY AND CONTROL IN ZAMBIA'S PENSION SCHEME: GOVERNMENT SIGNS NAPSA BILL ON PARTIAL WITHDRAWAL INTO LAW

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On the 17th of April 2023, President Hichilema signed into law the National Pension Scheme Authority (Amendment) Bill of 2023, which allows for the partial withdrawal of pensions. This legislation marks a significant milestone in Zambia's social security system, as it provides more flexibility for contributors to access their pension savings. This article highlights the implications of the amendment on partial withdrawal and its potential impact on the pension scheme and the Zambian economy.

The law now facilitates the withdrawal of a portion of a contributor's pension savings before reaching the retirement age of 55 years. The new legislation permits partial withdrawal for contributors who have contributed to the scheme for at least five years (at least sixty contributions). The amount that can be withdrawn is limited to a maximum of 20% of the total balance, and the contributor can only make one partial withdrawal. This is a significant point to note – the one-off nature of the withdrawal places a responsibility on the contributor to ensure that use of the sum withdrawn is for their maximum benefit.

This legislative reform is a significant development in the social security system as it provides contributors with more flexibility and control over their pension savings early in their work life. The ability to access a portion of their savings before reaching retirement age can be beneficial to contributors – use can be applied to financial needs, such as medical emergencies, education expenses, or housing needs. Further, partial pension withdrawal can serve as a source of capital for individuals who wish to start or expand their businesses. This will invigorate and promote entrepreneurship and business development, leading to the creation of new jobs and ultimately economic growth. Small and Medium-sized Enterprises (SMEs) are often considered the engines of economic growth, and access to pension funds can provide a valuable source of income for such enterprises.

The NAPSA (Amendment) Act of 2023 on partial withdrawal has potential implications for the pension

scheme and the economy of Zambia. On the one hand, partial withdrawal may lead to a reduction in the total amount of savings that contributors accumulate over time, which could impact the sustainability of the pension scheme. However this is subject to further analysis over time. On the other hand, partial withdrawal may encourage greater compliance to the scheme, as it provides citizens' with more flexibility and control over their savings. This, in turn, could increase the pool of pension savings and potentially stimulate the economy by providing more long-term funding for sustainable investments.

Furthermore, the NAPSA (Amendment) Act on partial withdrawal is consistent with global trends in social security systems, where there is a move towards greater flexibility and customization for contributors. Countries like South Africa have already introduced partial withdrawal options in their pension schemes, and Zambia's move in this direction is a step towards aligning with global best practices. The introduction of partial withdrawal may also improve the overall perception of the pension scheme among the public, as it demonstrates a willingness to respond to the needs of contributors.

In conclusion, Government's signing into law of the NAPSA Bill on partial withdrawal is a significant development in the social security system of Zambia. The legislation provides contributors with more flexibility and control over their pension savings, while also potentially stimulating the economy by increasing the pool of pension savings as well as individual citizen's investment into various economic ventures that could spur job creation and improve household incomes. The introduction of partial withdrawal is consistent with global trends in social security systems and demonstrates a commitment to improving the overall perception of the pension scheme among the public. However, careful monitoring of the impact of partial withdrawal on the sustainability of the pension scheme is necessary to ensure its long-term viability.



ZAMBIA'S CURRENT ECONOMIC STATE

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Introduction

Zambia's Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, delivered a speech on May 2, 2023, in which he discussed the country's economic situation at the time. The Government's economic recovery plan was discussed in detail, along with the challenges still ahead and the gains accomplished thus far. The address emphasised ongoing talks with international partners for debt relief and restructuring, both of which are significant challenges for Zambia. Regardless of the Government's economic recovery plan's success, the debt of the nation continues to be an issue of significant concern, and there remains continued negotiations regarding debt relief and restructuring with foreign partners.

Fiscal Performance

The fiscal performance of the Zambian Government in the first quarter of 2023 is indicative of the country's progress in maintaining fiscal responsibility and prudent expenditure. The Government's reduction of the budget deficit from K16.31 billion in 2022 to K12.7 billion in 2023 demonstrates its commitment to managing the country's finances responsibly. This reduction in the budget deficit is especially important given the country's high levels of debt and ongoing negotiations for debt restructuring and relief with international partners. On the revenue side, the Government managed to collect K26.3 billion in total revenues and grants, which was above the targeted amount by 2.6%. This was largely due to the favourable performance of Value Added Tax (VAT) and revenue from ZICTA. This achievement shows that the Government's efforts to improve revenue collection are yielding positive results. The Government has implemented various measures to increase revenue, such as strengthening tax administration, reducing tax evasion, and improving tax compliance.

Meanwhile, on the expenditure side, Government's spending on goods and services amounted to K3.7 billion against a target of K3.4 billion. The additional

expenditure was mainly used for the procurement of drugs and medical supplies, which is an essential expense given the ongoing COVID-19 pandemic. This expenditure demonstrates the Government's commitment to prioritizing critical areas of spending, such as healthcare, even in challenging economic times. Despite the positive fiscal performance in the first quarter of 2023, the country's key sectors, which are crucial for achieving the goals of the Eighth National Development Plan (8NDP) and Vision 2030, continue to face challenges. The agricultural, mining, tourism, and manufacturing sectors have recorded negative growth, which is a concerning situation that could limit the achievement of the country's long-term aspirations.

Current Economic State

Zambia's economy has been facing a challenging time in recent years. The country has been heavily reliant on copper exports, which accounts for the majority of its foreign exchange earnings. However, the global copper prices have been volatile, and the country's economy has suffered as a result. In addition to this, the COVID-19 pandemic has also affected the country's economic growth, as it has disrupted global trade and investment. According to the Minister of Finance's State of the Economy speech, growth has been recorded in supportive sectors such as ICT, transport, and education, but the key sectors such as agriculture, mining, tourism and manufacturing have recorded negative growth. This is a worrying situation that, if left unaddressed, could hinder the achievement of the country's development goals in the long run.

What needs to be done?

To sustain and increase the growth rate of the economy, there is a need to exploit and maximize the potential of the key sectors, especially agriculture. The potential of the agricultural sector is yet to be fully exploited, and there are increased opportunities for innovation, job creation, value addition and foreign exchange inflows. To boost the sector's performance, targeting

incentives to existing small and medium farmers, such as irrigation, extension services, and processing for value addition, is crucial, as well as helping emergent farmers attain commercial status. Moreover, diversification in the sector by exploring markets for high-value crops such as cashew nuts, groundnuts, paprika, sorghum, wheat, cotton, and soybeans, among others, remains critical. The focus should also be on reducing post-harvest losses, improving supply chain management, and enhancing market access for smallholder farmers.

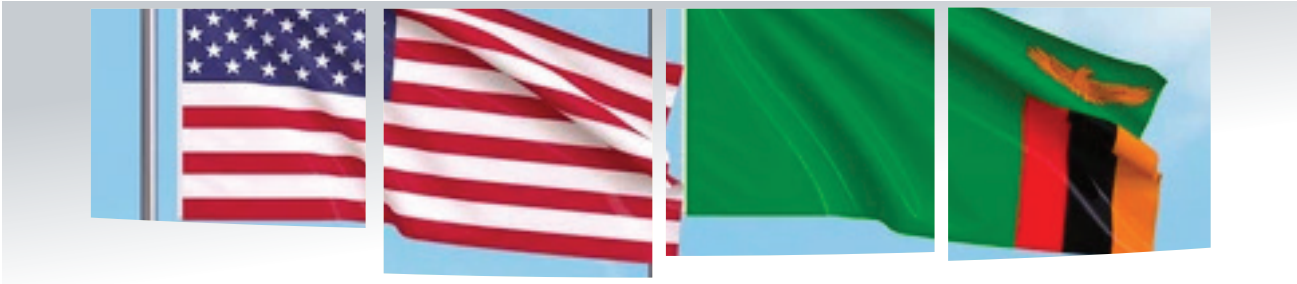
The mining sector also has huge potential in the Artisanal and Small-scale Mining (ASM) sub-sector, which can contribute to job creation as well as expand the growth of the economy through income, revenue, and value addition. However, there are various challenges within the subsector, such as informality, inadequate access to finance, limited technical skills, and lack of geological information, among others, that need to be resolved to maximize the gains from the sector. To address these challenges, the Government needs to work towards formalizing the ASM subsector, providing access to finance, training on technical skills, and geological information. This will go a long way in enhancing the gains from the sector and also ensuring that it is sustainable in the long term. Furthermore, it is essential to address the challenges facing the tourism sector, which is another key sector that has recorded negative growth. The Government is urged to take measures such as investing in infrastructure development, promoting cultural tourism, and improving the ease of doing business to attract more tourists. This will help create jobs and increase revenue for the country.

Fiscal Responsibility

Zambia's economy has made progress in some areas, including fiscal responsibility and revenue collection. However, the country needs to focus on its key sectors, including agriculture and mining, to sustain and increase economic growth. The Government must prioritize diversification and implement policies that support the growth of these sectors to achieve the goals outlined in the 8NDP and Vision 2030. Fiscal responsibility in Zambia has become an increasingly important issue in recent years, as the country has struggled with high levels of debt and a challenging economic environment. Zambia's debt-to-GDP ratio has been steadily rising, reaching over 100% in 2020, which has raised concerns about the country's ability to repay its debts and manage its finances. To address these challenges, the Zambian Government has taken a number of steps to improve fiscal responsibility and strengthen its financial position. One of the key measures has been to implement a series of fiscal consolidation measures, including reducing Government spending and increasing revenue through tax reforms.

The Government has also taken steps to improve transparency and accountability in its financial management processes. This includes the introduction of new budget reporting requirements, which provide greater visibility into how public funds are being used and ensure that resources are being allocated in a fair and equitable manner. However, there is still much work to be done to ensure that Zambia can achieve long-term fiscal sustainability. This will require a continued focus on implementing sound economic policies, managing public finances in a transparent and accountable manner, and promoting greater private-sector investment and economic growth.

The Zambian Government's implementation of an economic recovery plan and its successful efforts to improve revenue collection are making strides towards revitalizing the country's economy as of the first quarter of 2023, despite the obstacles posed by high debt levels, declining copper prices, electricity shortages, as well as the continuing effects of the COVID-19 pandemic. To continue on the path of positive trajectory the Government will need to address some of the structural challenges that are hampering economic growth in Zambia within the key economic sectors and its enablers. This includes improving infrastructure, promoting greater access to finance and addressing the skills gap that exists in the labour market.



UNITED STATES OF AMERICA'S PARTNERSHIP WITH ZAMBIA: AVAILABLE SECTOR OPPORTUNITIES FOR ZAMBIA'S DEVELOPMENT

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Zambia's Development

The United States of America (USA) Vice-President Kamala Harris, during her nine-day African tour, visited Ghana, Tanzania and Zambia. The visit was part of the ongoing efforts of the United States of America to restructure its partnership with the African Continent. **The two-day visit to Zambia was aimed at demonstrating the United States' commitment to enhancing its cooperation with the country. It was announced that the United States Government intends to provide more than US\$505 million in bilateral assistance during the 2024 fiscal year.** The assistance is earmarked towards economic transformation, expanded global health, innovations towards climate change solutions as well as increased investments in democracy and governance programming. What follows are benefits that Zambia will harness in light of the intended bilateral assistance.

Trade and Economic Support

Zambia is poised to join five other countries in signing a Memorandum of Understanding (MOU) with the USA. Zambia's Ministry of Commerce, Trade and Industry and the United States Department of Commerce intend to sign a Memorandum of Understanding (MOU) to develop and implement commercial projects of strategic priority. The signing of an MOU will stipulate the mutually accepted expectations of the two Governments as well as deepen and give practical results to the strategic partnership, such as the provision of technical support and capacity building. Currently, Zambia is eligible for preferential trade benefits under the African Growth and Opportunity Act (AGOA) which offers substantial incentives for African countries to continue their efforts to open their economies and build free markets. Therefore, this MOU is timely as it will provide more trade opportunities as well as incentives other than the ones stipulated within the Act.

The United States Government, through USAID and Prosper Africa's flagship Africa Trade and Investment (ATI), intends to launch a Fertilizer Fund at the cost of US\$1.5 million.

The Fertilizer Fund intends to address the impacts of the Russia-Ukraine war and the global food security crisis by helping farmers access alternatives to Russian-sourced fertilizer. This Fertilizer Fund will also help to facilitate the movement of foodstuffs across borders, particularly in Southern and East Africa regional blocks. The Vice President also announced that the United States private sector will avail investments worth US\$7 billion to help Africa combat and adapt to the effects of climate change. This is timely, given that Zambia has experienced floods and droughts in some parts of the country. **The resources earmarked for Zambia will supplement Government's efforts in mitigating climate change effects by increasing agricultural production through climate-smart agriculture strategies and increased support for Disaster Risk Reduction.**

The U.S. Trade and Development Agency (USTDA) will support the expansion and reliability of Zambia's renewable energy infrastructure through more than US\$1 million in grant funding for a feasibility study that will help develop a utility-scale battery energy storage system. Zambia has a high dependency on hydro-electricity, which is vulnerable to the effects of climate change. As the country endeavours to enhance its energy mix, the United States' assistance towards the support of expansion and reliability of Zambia's renewable energy will enhance the Government's efforts towards providing alternative energy sources.

Governance Support

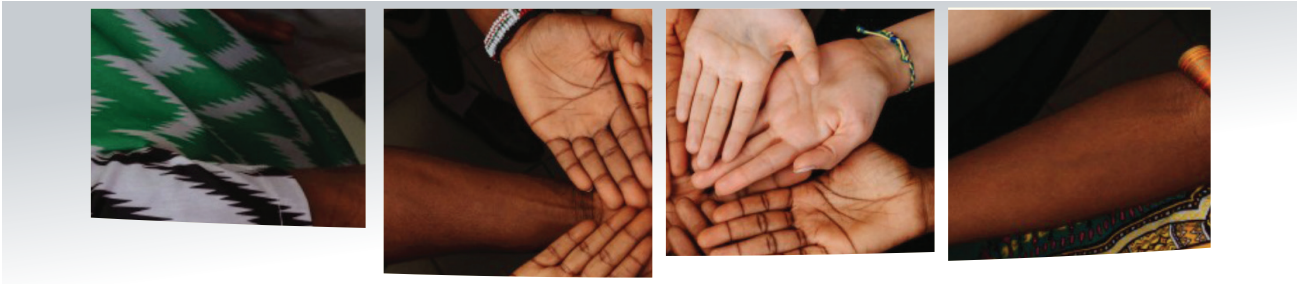
The goal of decentralising Zambia's administrative systems originates from the need for community participation in fostering the effective implementation of significant development programs. It was determined that citizens must have a certain degree of authority to contribute meaningfully to development programs and activities through active decision-making. **The United States Government has pledged US\$10 million towards the country's decentralization.** The Zambian Government is already on the right path regarding the devolution of Government functions. The United States' assistance towards decentralisation is key to enhancing Zambia's fiscal decentralisation.

The 2022 Global Gender Gap Report shows that Women's Political Empowerment Gap has only been closed by 22%. **At the current rates of progress, it will take 155 years to close the Political Empowerment gender gap.** In Zambia, although women make up about 50.5% of the population, they have little representation when it comes to political participation and leadership. At Parliamentary level, women make up **15.4 %, 17 and 10% of Members of Parliament, Cabinet Ministers and Provincial Ministers, respectively.** The United States Government, through USAID, plans to provide US\$3.5 million to support Zambian civil society organisations to enable them spearhead key reforms and oversight activities that will deepen Zambia's democratic processes and support women's political participation. **The program will promote electoral integrity by fostering greater independence, transparency, and effectiveness for the Electoral Commission of Zambia and improve the enabling environment for women in politics.**

Additionally, the United States Government will contribute **US\$3 million to enable USAID's participation in a new four-year Strengthening Good Financial Governance project with the Government of the Republic of Zambia.** The project aims to strengthen the country's financial management systems. Strong public financial management processes and systems are essential for the effective and efficient delivery of public services, transparent public finances, and trust between government and citizens.

Health Support

Health is a key component of human development. As Zambia endeavours to enhance its demographic dividend, it is imperative that the country has a healthy and productive population. **Over the next two years, the United States plans to deploy more than US\$372.1 million in appropriated funding and has requested an additional US\$387.9 million in the President's 2024 fiscal year Budget to be provided during this timeframe to continue this support which is subject to the availability of funds. In addition, the U.S. Government plans to support the Zambian healthcare system by providing equitable access to high-quality, client-centred, integrated health services.**



AFRICA FREEDOM DAY 2023

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Zambia joined the rest of the African continent in commemorating Africa Freedom Day 2023, under the African Union theme "Our Africa, Our Future". This year's commemoration is of significant importance as it is the 60th anniversary of the establishment of the Organisation of African Unity (OAU), the precursor of the African Union. Together with the other 54 member countries, today we reflect upon major successes, milestones, challenges and the way forward under Agenda 2063.

Agenda 2063 summarised envisions a prosperous Africa based on inclusive growth and sustainable development; an integrated continent; politically united and based on Pan-Africanism; an Africa of good governance, democracy, respect for human rights, justice and the rule of law. The continental goals are reflected in Zambia's national values and principles under the Constitution – morality and ethics; patriotism and national unity; democracy and constitutionalism; human dignity, equity, social justice and non-discrimination; good governance and integrity; and sustainable development. The prominence of good governance is articulated in the Eighth National Development Plan (8NDP) (2022-2026), which is one of the four pillars. The 8NDP recognizes the importance of a good governance environment which entails respect for human rights and freedoms, entrenching transparency and accountability, participation, strengthening the democratic process, enhancing access to justice and observance of the rule of law, and upholding our national values and principles. When all these elements work together to present a strong conducive environment for meaningful development, countries thrive and citizens benefit. There must, however, be ownership between the leaders and the led. When the narrative changes to common ownership of the goal, peace and stability become the norm.

Zambia's development agenda is premised upon a peaceful sub-region as it seeks to leverage its land-linked position; this represents an opportunity to enhance trade with its neighbours. It is strategically located as a hub of production, value addition, and food distribution. This is the current narrative. Historically, this position rendered Zambia a safe

haven for neighbouring countries engaged in the freedom struggle. A common thread links the past to the present and on to the future—peace and stability. Zambia has continued to perform acts of good neighbourliness – emergency response to countries in distress as witnessed during the experience with cyclone activity off the coast of Mozambique, which also adversely affected Malawi; Zambia is home to refugees and asylum seekers, among other notable examples.

The recent co-hosting of the Summit for Democracy in March 2022 was an opportunity for Zambia to showcase its successes and milestones as well as report on progress made since the first summit. In furtherance of its commitment to democratic tenets, Zambia reported on its commitment to legislative reforms and strengthening of governance institutions, including the Electoral Commission of Zambia; Government also renewed its commitments in order to effectively address threats to democracy.

Calls for the respect for the rule of law have been echoed over time, examples abound of where the breakdown in social order is attributed to its absence in the governance of a country. It has been agreed that more needs to be done and it is incumbent upon our leaders to recommit to the vision of the founding fathers of the OAU to make Africa united.

This continental agenda reinvigorates us to look inward and draw down Vision 2030 as we seek to restore economic equilibrium. We urge our leaders to remain resolute and make meaningful sacrifices for the welfare of the people as it was 60 years ago when the OAU was established. May the continent abide unwaveringly by the vision of "Our Africa, Our Future."



WORLD ENVIRONMENT DAY 2023

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The Policy Monitoring and Research Centre (PMRC) is delighted to join the global community in observing World Environment Day which fell on June 5th, 2023. This year, the world acknowledges the importance of tackling plastic pollution through the theme "Solutions to Plastic Pollution." PMRC recognises the critical need for collective effort and shared responsibility in addressing this challenge which poses significant risks to the environment and human health worldwide.

This year's theme further highlights the urgent need for all stakeholders to take action towards reducing, reusing, and recycling plastic waste. Governments, businesses, and individuals worldwide must work together to find innovative solutions to this pressing issue. This will require investments in new technologies, education and awareness campaigns, and a firm commitment to reducing our dependence on single-use plastics.

Like many other countries, Zambia has recognised the urgent need to address the issue of plastic pollution. In recent years, the Government has taken several steps to reduce plastic waste and promote sustainability.

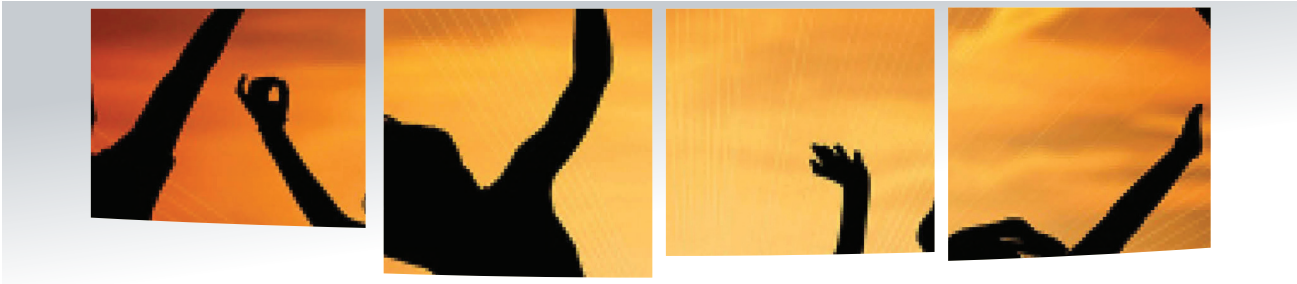
One of the most significant steps taken by the Government has been the implementation of Statutory Instrument (SI) 65 of 2018, which bans the use of plastic carrier bags and plastic-related materials below 30 microns in thickness. This ban has helped to reduce the amount of plastic waste in the country and encouraged the use of reusable bags. The Government has also introduced policies to encourage the use of eco-friendly materials in packaging and has urged businesses to adopt sustainable, eco-friendly practices such as recycling. Recycling presents a valuable opportunity for job creation and revenue generation. By investing in recycling infrastructure and promoting recycling initiatives, the country can create new employment opportunities in waste management and recycling industries.

Furthermore, recycling contributes to climate-friendly and sustainable solutions by reducing the extraction of raw materials, conserving energy, and minimising greenhouse gas emissions. Additionally, emphasising the use of glass as an alternative to plastic containers can be a significant step towards achieving these goals. Glass is a reusable and recyclable material that has a smaller environmental footprint compared to plastic. By opting for glass containers, both businesses and individuals have the opportunity to actively participate in the reduction of plastic waste and the advancement of a more sustainable future.

There are also several initiatives led by local organisations and communities in Zambia aimed at reducing plastic pollution. For example, the "Zero Waste Zambia" campaign encourages households and businesses to reduce their waste by practicing the 3Rs: reduce, reuse, and recycle. The campaign has gained significant support from local communities and has helped to raise awareness about the impact of plastic waste on the environment.

Zambia has also joined the global movement to combat plastic pollution by participating in international initiatives such as the UN Environment Programme's "Clean Seas" campaign. This campaign aims to engage governments, businesses, and individuals in the fight against marine plastic pollution.

While much work is still to be done, Zambia's efforts to address plastic pollution are commendable. By working together and taking action, we can all help to protect our environment and create a more sustainable future.



YOUTH DAY - TRANSFORMING MINDS FOR ACCELERATED YOUTH DEVELOPMENT

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This year, Zambia celebrated youth day under the theme “Transforming Minds for Accelerated Youth Development”. This year’s theme was especially relevant, considering the critical importance of mindset.

It has generally been observed that certain negative traits are detrimental to achieving rapid progress in development. These traits include; poor time management, low productivity, poor entrepreneurship culture, poor working culture, poor reading culture, and a low level of innovation. These traits have the ability to hinder Zambian youth from fulfilling their true potential. Therefore, such traits need to be confronted and remedied whilst building on more positive traits. This calls for a change in mindset amongst the Country’s youth or, in keeping with the 2023 Youth Day theme, it calls for transformed minds.

The theme of transformed minds for accelerated youth development highlights the importance of education. Education is a critical tool in shaping individuals to contribute to the development of society. Additionally, education broadens the mind and provides alternative perspectives that can change our young people’s outlook and approach to the world. With this in mind, we must continue to celebrate the free provision of education from early childhood to the secondary school level. This will play a key role in transforming young minds for accelerated youth development.

Furthermore, the Government must be commended for increasing its Constituency Development Fund (CDF) budgetary allocation from K25.7 million to K28.3 million in 2023. This indicates Government’s commitment to further decentralising functions to local authorities and providing the required financial resources to enable constituency-led projects to drive development. CDF can be used as a vehicle

to transform the minds of the youths by encouraging them to be entrepreneurial and innovative. So far, 29,916 youths from vulnerable families in 145 constituencies have accessed skills development bursaries. CDF has put these and many other young people in a position to shape the development of their communities and the nation at large.

The Policy Monitoring and Research Centre (PMRC) urges young people to stay away from vices that could derail their full participation in the national development agenda, such as drug and alcohol abuse, theft and graft, and the abuse of social media. Instead, we encourage young people to fulfill their roles and responsibilities diligently and wholeheartedly, knowing that the growth of Zambia’s economy will only be possible with their full participation.



GREEN BONDS, SUSTAINABLE FINANCE, AND CLIMATE CHANGE- CHALLENGES AND OPPORTUNITIES FOR ZAMBIA

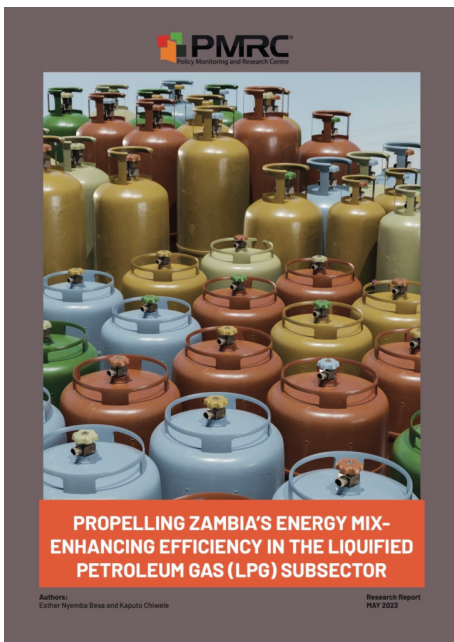
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Introduction: What are Green Bonds?

Green bonds are a type of fixed-income security designed to raise capital for projects that have positive environmental or climate benefits (Luo, Wang, & Zhu, 2021). With the increasing awareness of climate change, green bonds have emerged as an innovative and effective way to finance projects that aim to reduce greenhouse gas emissions, promote sustainable energy, and support the transition to a low-carbon economy (Climate Bonds Initiative, 2021). This review examines the potential of green bonds in Zambia, a country that is highly vulnerable to the impacts of climate change, and seeks to unlock challenges and opportunities associated with sustainable financing and climate change in Zambia.

[Link for the Policy Brief](https://pmrczambia.com/wp-content/uploads/2023/07/Green-Bonds-Sustainable-Finance-and-Climate-Change-Challenges-and-Opportunities-for-Zambia.pdf)

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PROPELLING ZAMBIA'S ENERGY MIX- ENHANCING EFFICIENCY IN THE LIQUIFIED PETROLEUM GAS (LPG) SUBSECTOR

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Energy plays a vital role as a driving force for economic development, and Zambia is no exception. Recognising its significance, the country's Eighth National Development Plan (8NDP) identifies the energy sector as a key enabler for the country's economic transformation. Zambia is a landlocked country in Southern Africa with a population of over 18 million people. Access to clean and affordable energy is a critical challenge in the country, with only 44% of the population having access to electricity (World Bank, 2020). The majority of the population relies on traditional biomass fuels such as charcoal and firewood for cooking and heating, leading to deforestation, indoor air pollution, and adverse health effects.

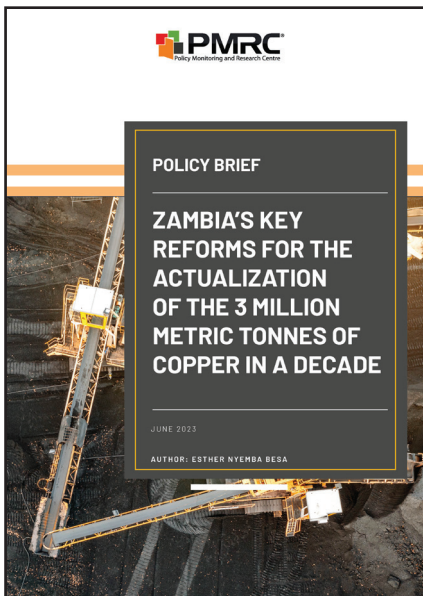
To address these challenges, the Zambian Government has identified the Liquid Petroleum Gas (LPG) subsector as a key priority area for enhancing energy efficiency and expanding access to clean cooking energy. LPG is a clean and efficient alternative to traditional biomass fuels, with lower greenhouse gas emissions and fewer health impacts. However, the LPG subsector in Zambia is still in its infancy, with limited infrastructure, low levels of awareness among consumers, and a lack of targeted policy support from the Government.

It is essential to emphasise the adverse impact of air pollution caused by the combustion of traditional biomass fuels. The emissions released during the burning of charcoal and firewood indoors contribute to indoor air pollution, which can have detrimental effects on human health, particularly respiratory issues. This further underscores the urgency and importance of transitioning to clean and sustainable cooking energy solutions like LPG.

Enhancing efficiency in the LPG subsector in Zambia can provide significant benefits for the country, including improved health outcomes, reduced deforestation, and increased access to clean cooking energy. With the right policies and investments, the LPG subsector can be a critical component of Zambia's energy mix and contribute to sustainable development in the country. By promoting the adoption of LPG as a viable alternative and addressing the air pollution challenges associated with traditional biomass fuels, Zambia can make significant strides towards a cleaner, healthier, and more sustainable future.

[Link for the Research Report](https://pmrczambia.com/wp-content/uploads/2023/06/Propelling-Zambias-Energy-Mix-Enhancing-Efficiency-In-The-Liquified-Petroleum-Gas-LPG-Subsector.pdf)

<https://pmrczambia.com/wp-content/uploads/2023/06/Propelling-Zambias-Energy-Mix-Enhancing-Efficiency-In-The-Liquified-Petroleum-Gas-LPG-Subsector.pdf>



ZAMBIA'S KEY REFORMS FOR THE ACTUALIZATION OF THE 3 MILLION METRIC TONNES OF COPPER IN A DECADE - POLICY BRIEF

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The mining sector remains the bedrock of Zambia's economy. Mining has been one of Zambia's major economic activities dating back to the 1920s when the first commercial mine was opened. The sector is a major contributor to foreign direct investment with the mining tax revenues contributing a significant portion of total government revenue (World Bank, 2016). It contributes significantly to GDP and has been the fastest-growing sector in the Zambian economy (Sikamo et al., 2016). In terms of the country's revenue, the mining sector contributes to the treasury through an array of taxes, directly and indirectly. In addition, the sector contributes heavily to the country's trade profile with copper accounting for a staggering 70% of export earnings (Bank of Zambia, 2021).

The copper industry has dominated the mining sector in Zambia for several decades despite the existence of other minerals with high private sector participation. The country's mining industry has undergone a significant transformation since its independence from private hands during the colonial era; under public ownership after independence; and then back under private hands during the wave of liberalization in the 1990s (Simpasa et al., 2013); Tsofa, et al., 2017). At its peak in the late 1960s and early 1970s, copper mining accounted for more than 80% of the country's foreign exchange earnings, over 50% of Government revenue, and at least 20% of total formal sector employment. During the period 1969–1975, the country saw an exceptional investment in the construction of new schools, hospitals, and roads, using surpluses from copper revenues. However, the copper industry faced several challenges after 1975 as a result of under-capitalization, overmanning, poor technology, and low copper prices on the international market (National Mineral Resource Development Policy, 2022).

Link for the Policy Brief

<https://pmrczambia.com/wp-content/uploads/2023/07/Zambias-Key-Reforms-for-the-Actualization-of-the-3-Million-Metric-Tonnes-of-Copper-in-a-Decade-Policy-Brief.pdf>

INTERNATIONAL ENGAGEMENT

PMRC Executive Director participated in the capacity strengthening workshop organized by Laser-Pulse at the Munyonyo Commonwealth Resort and Conference Centre in Kampala, Uganda. The major objectives of the workshop were to:

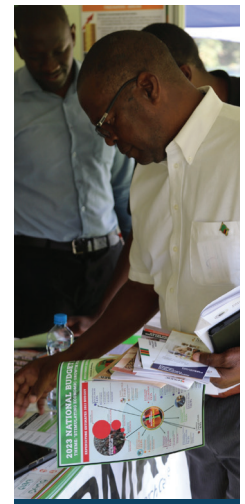
1. Strengthen the capacity of research administrators in sub-Saharan Africa.
2. Promote expert-facilitated peer-to-peer learning on issues in the research ecosystem.



PUBLIC ENGAGEMENTS

PMRC team exhibited at the Lusaka Business Indaba and Expo 2023 under the theme "Creating a Borderless Green Economy Through Market Linkages, Digital Transformation and Innovation"

The objective of Lusaka Business Indaba & Expo was aimed at exploring avenues and unveiling opportunities through which the private sector can benefit from being able to access local, regional and foreign markets, as well as addressing the ease of doing business through digital transformation and innovation.



PUBLIC ENGAGEMENTS

The PMRC team led by PMRC Executive Director Sydney Mwamba presented the findings of a recent PMRC research study on Zambia's key reforms for the actualization of the 3 million metric tonnes of copper in a decade to the Ministry of Mines and Minerals Development Senior Management.

In pictures: Acting Head of Monitoring and Evaluation – Esther Nyemba Besa presenting findings of the research study.

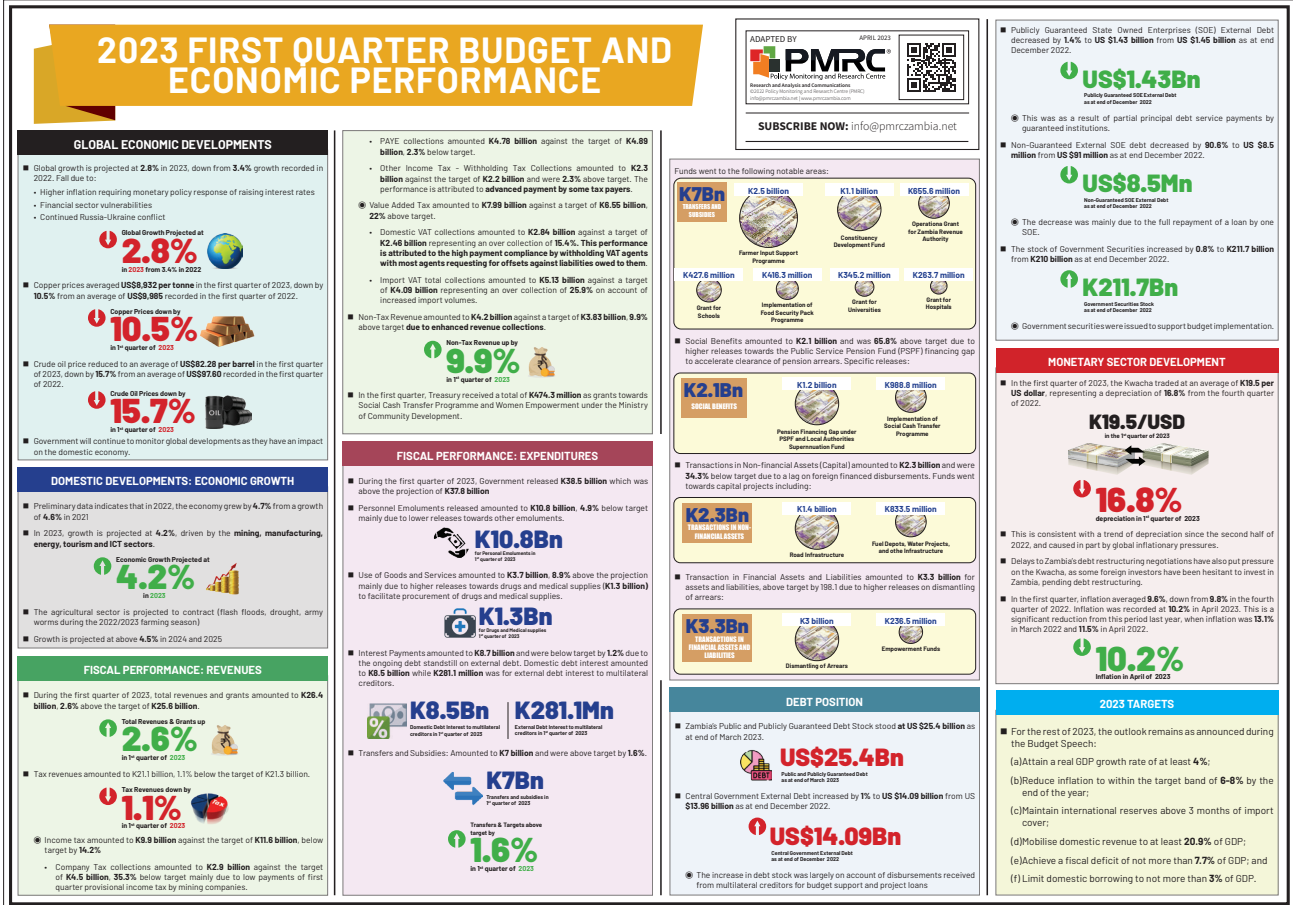
[Link for the Policy Brief](https://pmrczambia.com/wp-content/uploads/2023/07/Zambias-Key-Reforms-for-the-Actualization-of-the-3-Million-Metric-Tonnes-of-Copper-in-a-Decade-Policy-Brief.pdf)

<https://pmrczambia.com/wp-content/uploads/2023/07/Zambias-Key-Reforms-for-the-Actualization-of-the-3-Million-Metric-Tonnes-of-Copper-in-a-Decade-Policy-Brief.pdf>



INFOGRAPHIC

2023 First Quarter Budget and Economic Performance infographic



Link for the Infographic

<https://pmrczambia.com/wp-content/uploads/2023/05/2023-First-Quarter-Budget-and-Economic-Performance-infographic.pdf>

PMRC NEWSLETTER



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