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# Zambia: Poverty Reduction Strategy Paper Progress Report

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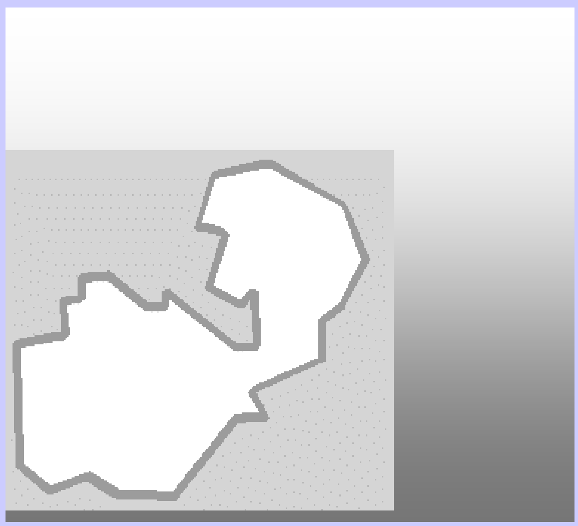
# Second PRSP Implementation Progress Report

July 2003 – June 2004



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**DECEMBER 2004**

## EXECUTIVE SUMMARY

### Overview

The second Poverty Reduction Strategy Paper (PRSP) Implementation Progress Report reviews status of the PRPs for the period July 2003-June 2004. The report notes improvement in funding to priority Poverty Reducing Programmes (PRP's) from K140 billion in the period January 2002 - June 2003 to K430 billion in the period July 2003 to June 2004. Major improvements in public finance management were achieved in the first half of the budget year 2004, mainly due to the introduction of the Medium Term Expenditure Framework (MTEF) and Activity Based Budgeting (ABB). Disbursements to the key social sectors, including the respective releases to district levels are all well in excess of 40 percent of the annual budget.

Despite these achievements, a number of sectors continued to experience implementation problems. Apart from this, an accurate assessment of progress was hampered by data limitations especially on output and impact indicators.

Efforts were made to strengthen stakeholder involvement in reviewing the implementation of Poverty Reduction Programmes (PRPs). In this regard the Sector Advisory Groups (SAGs), as part of the monitoring framework, played an important role in the review process.

At macroeconomic level, significant progress was recorded. Real GDP growth increased from 3.3 percent in 2002 to 5.1 percent in 2003. The domestic budget deficit was contained at less than 2 percent of GDP by June 2004 from 5 percent at close of 2003. This led to a fall in the level of interest rates. Inflation rate fluctuated between 17.2 percent in December 2003 and 18.6 percent in June 2004. The exchange rate remained generally stable. The improvements in fiscal performance paved way for reaching an agreement on a new Poverty Reduction and Growth Facility (PRGF) with the IMF in June 2004. This restored credibility with the cooperating partners thus allowing for increased external inflows.

Notable developments in the area of policy reforms included the Public Expenditure Management and Financial Accountability Reforms (PEMFAR) and Financial Sector Reforms, Legal, Regulatory and Administrative Reforms. .

### Sector Implementation Progress

In **agriculture**, major PRSP interventions were the Input Pack Support Programme, out-grower schemes, land and infrastructure development, technology development, agriculture extension and maize marketing in support of small-scale farmers. In addition, Government continued to develop commercial farming through the development of new farm blocks.

A total of K 56.9 billion and K142.3 billion was allocated to the sector in 2003 and 2004 budgets respectively. Total funding to the programmes of intervention were K46.1 and K79.6 billion for 2003 and January to June 2004 respectively. Most of the resources were spent on the Input Support Programme for the purchase of inputs such as fertilizer and seed, as well as maize marketing or the procurement of maize from farmers. Hence for the second year running, a surplus food balance was experienced.

In the **mining sector**, there was little progress in the PRSP implementation. The gemstone exchange was yet to be established and only some movable assets for operations were procured. For plant hire scheme, no progress was made, although K500 million was released in 2004. This fell short of the requirements estimated at approximately K12.5 billion for the acquisition of a complete set of mining equipment.

The creation of the revolving fund proceeded at a slow pace though efforts were made to determine modalities of how such a fund could be administered. Further, the mining diversification fund, a subsidised commercial loan facility provided by the European Investment Bank, continued to be out of reach for most of the indigenous small-scale miners, mainly for lack of appropriate collateral. However, the mining sector as a whole recorded an improvement due to the sustained global demand for copper coupled with high prices. This in turn increased copper production. Although export earnings from gemstones did not reach the exceptionally high levels of 2002, the long-term positive trend continued in 2003, reaching US $ 23.8 million, against only US $ 11.5 million in 1998.

In the **tourism sector**, major interventions focused on infrastructure development through the rehabilitation of access roads mainly in the Mosi o tunya National Park, Kafue National Park, Lower Zambezi and the South Luangwa National Park. Tourism and Marketing promotions continued to be undertaken through trade fairs and the production of promotional materials. Additionally, the Tourism Development Credit Facility (TDCF) established in 2003, was enhanced with 43 small-scale Zambian entrepreneurs benefiting.

In order to strengthen the institutional framework in the **energy sector**, Government implemented institutional and legal reforms. In this regard, the entry-point-action for the commercialisation of ZESCO was undertaken while the Electricity Act and the Energy Regulation Act were amended in December 2003. Parliament also enacted the 2003 Rural Electrification Authority Act. Other key interventions over the period included initiation and development of major power supply projects to increase export and domestic supply of electricity. These projects were the Zambia–Tanzania interconnector and the Zambia-Namibia transmission line. Other major intervention in the sector was the rural electrification programme whose implementation was stepped up during the period under review. Government also aimed at establishing the petroleum reserves by encouraging strong private sector participation.

In the **manufacturing sector**, Government continued to target investment, trade and export promotion, rural industrialisation and Micro, Small and Medium Enterprises (MSMEs) Development. In the area of investment promotion, efforts were made to attract both local and foreign investors into the country. In this regard, the Zambia Investment Advisory Council was launched to facilitate the design and implementation of investment programmes. The National Investment Plan was also finalised. In order to promote exports, Government created the Zambia Export Processing Zone Authority (ZEPZA) to facilitate the promotion of investments in Export Processing Zones (EPZs). Government continued to focus on rural industrialisation and MSMEs. This was mainly done through the Small Enterprises Development Board (SEDB), which is facilitating the promotion, training and sensitisation of MSMEs while providing them with marketing support services.

In the **Roads sector**, the second version of Road Sector Investment Program (ROADSIP), renamed the Rehabilitation and Maintenance Program (RRMP), was negotiated with Cooperating Partners. During the period under review, Zambia Railways Limited was concessioned and a feasibility study on the private sector participation in Tanzania-Zambia Railway Authority (TAZARA) was commissioned. Furthermore, the development of the Information Communication Transport (ICT) policy reached an advanced stage. However, there was slow progress in the building of support infrastructure at the new Katima Mulilo and Chirundu bridges.

Government continued its commitment towards the improvement of social service delivery especially in the areas of education and health.

In **education**, the total releases in 2003 amounted to K691 billion, representing 142 percent of the original budget allocation of K 486 billion. Even without the personnel emoluments, which in this sector had to be increased to 151 percent of the budgeted amount, releases to the sector stood at 123 percent of the budget allocations? In 2004, the allocation was scaled up to K784 billion, representing 20.8 percent of the discretionary budget, from 20.6 percent in 2003. By end of June 2004, disbursements against this budget already amounted to K 385 billion (49.2 percent). The sector also attracted significant support from Cooperating Partners through the sector-wide approach, benefiting in particular basic education at district level. The major Programmes implemented in the sector were the expansion of the school infrastructure, curriculum development, provision of education materials, provision of bursaries to vulnerable children and orphans, equity and gender and HIV/AIDS. These interventions led to improvement, in terms of access to education at all levels. For example, there was a clear positive outturn in terms of basic enrolment, which increased to 75.5 percent for girls and 77.2 percent for boys. In 2003, completion rates also increased to 66.7 percent for girls and 80.3 percent for boys from 63 percent and 77 percent respectively in 2002. In spite of this, the sector continued to face problems as the sector could not engage new teachers to fill vacant positions due to the employment freeze in the public service. The impact was more in rural areas.

In the **health sector**, Government allocated K58.8 billion out of which K34.8 billion was released in 2003. In 2004, a total of K36 billion was released by June against the total allocation of K74.5 billion.

Major Programmes implemented in the health sector included the Integrated Malaria Control (Roll-back Malaria), acquisition and distribution of essential drugs, child health survival, reproductive health and rehabilitation of health facilities. ARVs were Procured and distributed to 12,000 patients. These interventions contributed to improvements in the sector. Favourable outcomes in terms of utilization of the services in the sector included the increase in the utilization rate of the health centres for the under-five year olds (2.15 as against 2.0 in 2002) and the percentage of supervised deliveries by skilled health personnel (excl. trained Traditional Birth Attendants) which increased to 39% in 2003 from 35% in 2002. However, due to the delay in the availability of drugs, the full immunisation coverage rate for children under one year of age only slightly improved to 75% in 2003 from 74% in 2002. Impacts attributable to the improved services delivery included the reduced Malaria incidence, which in the first half of 2004 was estimated at 114/1000 compared to 122/1000 in the first quarter of 2003.

Government continued to implement programmes relating to crosscutting issues of Gender, HIV/AIDS and Governance. The focus in **Gender** was on improving women participation in decision-making and economic empowerment through land ownership. By means of a focused appointment policy, the percentage of women in decision-making positions increased from 10 percent in 1997 to 18 percent as at June 2004. Government also embarked on a land survey whose aim was to facilitate the allocation of at least 30 percent of land to women.

In tackling the **HIV/AIDS** problem, Government focused on reducing the number of infections as well as the social economic impact of the disease. In this regard, Government released a total of K4.5 billion for the period January to June 2004 as compared to K7.11 billion for the period July to December 2003. The total budgeted allocation for HIV/AIDS for the period July 2003 to June 2004 was K53.8 billion. Major interventions included HIV/AIDS prevention campaigns, Voluntary Counselling and Testing (VCT), Prevention of Mother to Child Transmission (PMCT), Anti-Retroviral Therapy (ART), home based care, care for Orphans and Vulnerable Children (OVCs) and the work place programme. Most of these Programmes were implemented using a multi-sectoral approach. As a result of the continuous efforts, HIV/AIDS prevalence rate reduced from 20 percent in 2001 to 16 percent in 2003. There is evidence that Young people started delaying sexual activity, at least for males, the starting age increased from 16 years in 1998 to 17 years in 2003, while it still remained stagnant for females at 17 years. Condom use increased among males from 28 percent in 1998 to 43 percent in 2003 and from 24 percent to 34 percent among females.

In the area of **Governance**, interventions focused on improvements in the electoral reform process, improvements in the equitable and transparent use of public resources as well as ensuring guaranteed justice for all. In addition, Government continued to receive submissions in the constitutional review process in order to come up with a new constitution. Other activities in the area of Governance included the construction and rehabilitation of court rooms.

With respect to **regional development**, Government focused on infrastructure development, land resettlement and industrial development, infrastructure development included the rehabilitation and construction of schools, hospitals, health posts, dams, feeder roads and resurfacing of aerodromes and airports. In the Land Resettlement Programme, Government demarcated plots, drilled boreholes and gravelled roads in major resettlement areas. In addition, small-scale industrial development Programmes included activities such as the promotion of bee keeping and honey processing.

The implementation of the PRSP resulted in some progress for at least some of the social indicators. With respect to achieving the Millennium Development Goals (MDGs), Zambia is potentially capable of achieving MDG targets by 2015 in the areas of nutrition, enrolment ratios in primary education, gender equality, literacy rate, HIV infection and HIV prevalence rates. This potential was largely attributed to strong Government support to the social sectors during the period under review. Nevertheless, other indicators such as maternal mortality rate may not improve much in the next ten years.

In realizing the difficulty in achieving some of the MDGs as set by the Millennium Summit, Government has started to localize some of the MDGs targets in order to make them conform to the local socio-economic and institutional capacity. With these efforts in place and more support from Co-operating Partners, prospects are high that most of the MDGs will be achieved by 2015.

**Lessons and Conclusions**

During the PRSP Implementation in the last twelve months, Government recognised the importance of fiscal discipline and increased spending towards priority poverty reducing programmes. Prudent fiscal policy resulted in improved macroeconomic environment and allowed funding to poverty reduction programmes to increase. This outturn restored credibility with the donor community.

The spreading of resources across too many projects as seen in the rural electrification programme, only delayed implementation, progress and undermined the efficient utilisation of resources.

Even though, funding improved to PRP's in the first half of 2004, late disbursement of funds especially in 2003 affected the execution of some programmes in particular those of a seasonal nature such as rehabilitation of feeder roads and Monitoring. There is need to improve on project/programme profiling. In addition, the tender thresholds delayed progress in execution. All programmes with expenditure above K 5 million had to seek tender authority from the Zambia National Tender Board. This delayed progress in many interventions especially at provincial level. In 2004, Government received recommendations to increase the spending thresholds.

The process of determining priority programmes has not been systematically defined or applied and the criteria for prioritisation are still not clear. Similarly, monitoring to determine the success of implementation was still weak. This affected the measuring of progress in particular at the level of outcomes and impacts, for a number of interventions. For example, input indicators on budgets, releases, and expenditure, as well as some output indicators on clearly defined services provided have been reported. However, indicators on the utilisation of these services (outcomes) and direct benefits attributable to particular interventions (impacts) are only meaningful on a yearly basis when surveys have been undertaken. In view of these difficulties, there is need to improve and strengthen the institutional framework for priority setting, planning, budgeting, implementation, monitoring and reporting, emanating from the grass root level.

Data capture from Cooperating Partners on their contributions to PRSP priority interventions continued to be difficult. This is problematic, since about 67 percent of the resources to implement the interventions are funded from external sources. The Harmonization-In-Practice (HIP) initiative is expected to improve monitoring and coordination of donor funds. With the joint identification of priorities through the SAGs, donors are expected to provide more transparency on projects carried out under their responsibility.

The PRSP (2002-2004) which Government began implementing in July 2002 comes to an end in December 2004. When the New Deal Government took office in January 2002, the Ministry of Finance and National Planning was tasked to prepare the Transitional National Development Plan (TNDP) 2002-2005 and five-year development plans from 2006 onwards. In response to the challenge, the TNDP was prepared and published in October 2002. The TNDP encompasses all the areas in the PRSP and includes others such as the Judiciary, law, order, Defence and security. With the coming to an end of the PRSP, the TNDP, which still has a year to run, will be employed as the national development document for 2005. Within the course of 2005, the successor to the TNDP will be prepared to guide the development process. As with the TNDP, the next five year development plan will encompass poverty reducing programmes.

# CHAPTER 1 INTRODUCTION

In July 2002, the Zambian Government officially launched the implementation of the programmes and activities in the Poverty Reduction Strategy Paper (PRSP) for 2002-2004. The First PRSP Implementation Progress Report, covering the period January 2002 to June 2003 was published in March 2004. This PRSP Implementation Progress Report covers the period July 2003 to June 2004.

The second report is a product of consultative process involving stakeholders among which were SAGs. The composition of the SAGs is broad and includes civil society, the private sector, academicians and Cooperating Partners. In addition, a draft copy of this report was sent to stakeholders for comments.

The areas discussed in the report are all contained in the PRSP namely, the economic and social sectors, infrastructure and the cross-cutting issues of governance, gender and HIV/AIDS.

The report highlights progress on the programmes and activities undertaken during the review period. The report concentrates on the inputs and outputs achieved against the targets and were possible it has indicated some outcomes and impacts. The outcomes and impacts could not be comprehensively reported as most of the programmes were still under implementation and expected to be completed at the end of PRSP period after which a comprehensive outcome and impact assessment would be made. During the period under review, no major surveys were undertaken apart from a Living Conditions Monitoring Survey (LCMS III) whose results are discussed in chapter 3. In addition, the reporting period, which is not in line with the financial year, made it difficult to make comprehensive comparisons between the planned and actual outputs.

The second chapter discusses macroeconomic performance, with particular emphasis on the extent to which the targets in the PRSP have been attained. The second chapter also assesses Zambia's progress towards achieving the Millennium Development Goals (MDGs). The third chapter looks at the status of poverty in Zambia while Chapter 4 provides information on the economic and social sectors, the crosscutting areas of governance, gender and HIV/AIDS. In this chapter, the sectors report on the progress made in the implementation of programmes. Chapter 5 discusses the implementation of PRPs in the provinces while chapter 6 dwells on the institutional framework for the implementation of the PRSP. Finally, chapter 7 reviews the lessons leant in the implementation of PRPs over the review period. It also makes some recommendations on how PRP implementation could be enhanced.

## CHAPTER 2 MACROECONOMIC PERFORMANCE AND STRUCTURAL REFORMS

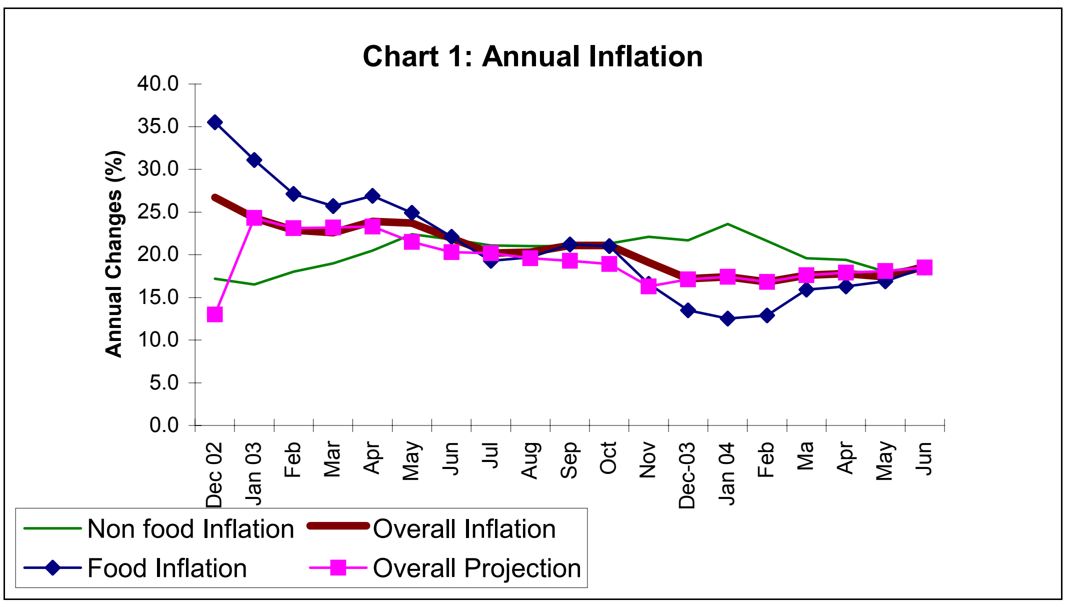
### 2.1 Macroeconomic Performance and PRSP Indicators

The overall macroeconomic goal in the PRSP is to attain a high and sustainable growth in Gross Domestic Product (GDP), low inflation rate and a sustainable external sector position.

Zambia's economic performance markedly improved. Real GDP growth increased from 3.3 percent in 2002 to 5.1 percent in 2003, exceeding the PRSP target of 4 percent. Consequently, real per capita income increased by 2.6 percent in 2003 from 2.2 percent in 2002. Economic activity continued to improve in the first half of 2004 with output in the key sectors of agriculture, mining, manufacturing, construction and tourism registering an increase.

The implementation of PRSP programmes in agriculture and tourism contributed to growth. The interventions, such as input pack programme in agriculture and improvements to infrastructure such as trunk roads and airports, aided investment and growth in tourism. In the mining sector, growth was largely attributed to the rise in global metal prices, the re-capitalisation of large mining companies and new investments. As a result, overall investment as a percentage of GDP rose to 27.1 percent in 2003, surpassing the PRSP target of 20 percent (Refer to appendix 1 for progress on policy actions).

During the period under review, inflation recorded a fluctuating trend. (See chart1). As at end June 2004, Inflation rate stood at 18.6 percent compared to 21.9 percent in June 2003. Food inflation during the first half of 2004 rose by 5.0 percentage points to 18.7 percent in June 2004 from 13.5 percent in December 2003. This was on account of the pass-through effects of the upward adjustment in the price of fuel which led to increased production and transport costs and ultimately pushed up food prices. However, non-food inflation slowed by 2.1 percentage points to 18.5 percent in June 2004 from the target of 20.6 percent despite the upward adjustment in the energy prices.

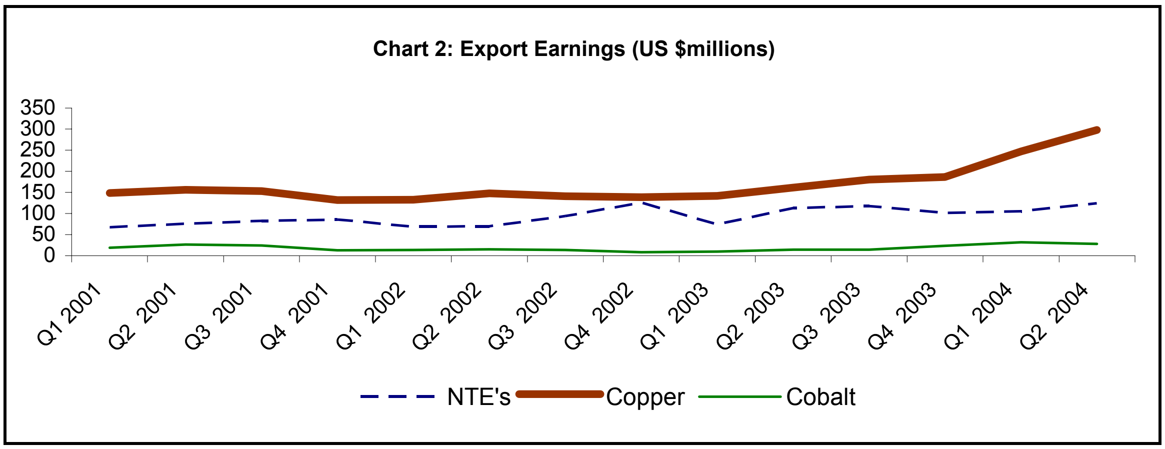



Source: Bank of Zambia

During the review period, the Government securities market continued to be characterized by declining yield rates. Yield rates on Government securities declined to their lowest levels in 10 years largely due to the decline in Government borrowing. The weighted average yield rate on Treasury bills fell to 6.7 percent in June 2004 from 19.7 percent in December 2003. Commercial banks' lending interest rates, although still high continued declining. The Average Lending Rate (ALR) declined to 36.9 percent in June 2004 from 45.6 percent in December 2003

In the external sector, the PRSP target was 7.5 percent as an average annual growth in exports receipts. In 2003, merchandise export receipts rose by 24 percent to US $1.1 billion. During the first half of 2004, export receipts grew by 56 percent compared to the same period in 2003 (See chart 2).

The value of merchandize exports in the first half of 2004 increased to US $ 764.2 million from US $ 489.7 million during the same period in 2003. The growth was due to a significant rise in world metal prices, expansion in domestic mineral production and strong growth in non-metal exports. The value of non-metal export earnings increased by 22.7 percent to US $ 229.4 million from US $187.0 million realized during the first half of 2003. The increase was due to an improved export regime especially fiscal incentives and a competitive market based exchange rate.




Source: Bank of Zambia

Domestic resource mobilization improved following reforms in tax administration and revenue enhancing measures. Domestic revenues as a percent of GDP remained at about 18 percent. Notwithstanding these improvements, overall fiscal performance in 2003 was unsatisfactory. The overall fiscal deficit in 2003 rose to 6.6 percent of GDP from 6.3 percent in 2002, exceeding the year target of 1.5 percent. This was mainly due to the failure to contain non-priority expenditures. The delayed conclusion of a new Poverty Reduction and Growth Facility (PRGF) with the IMF also resulted in shortfalls in external programme assistance from Cooperating Partners.

The high fiscal deficit in 2003 was financed mainly through domestic borrowing, which amounted to K1 trillion or 5.1 percent of GDP compared to K 600 billion or 2.1 percent in 2002. The effect of such high recourse to domestic borrowing was a rise in debt servicing, thereby affecting spending on poverty reduction programmes.

The implementation of the Staff Monitored Programme (July to December 2003) with the IMF during the review period was largely unsatisfactory, mainly due to expenditure overruns in the last quarter of 2003. In addition, the quantitative benchmarks on payment of domestic arrears, non accumulation of external arrears and deposits into HIPC Control Account No. 49 at Bank of Zambia were not met. However, the quantitative targets on net domestic assets of the Bank of Zambia, Gross International Reserves, the ceiling on external debt and the ceiling on the cumulative Central Government wage bill were met.

In 2004, Government continued its commitment to strong fiscal discipline in order to maintain macroeconomic stability and reorient spending towards priority poverty reduction programmes. Fiscal performance through June was satisfactory with expenditures at or below their budgeted levels (see table 2.1). Funding to PRP's in the first half of 2004 increased significantly with a total of K255 billion having been disbursed by June 2004 compared to K212.9 billion in the whole of 2003.

**Table 2.1: Domestic Budget Performance: January to June 2004 (in K'Billion)**

| | Target | Outturn Preliminary | Variance | Variance % Of Target |
|---|---|---|---|---|
| **TOTAL DOMESTIC REVENUES** | **2,194,047.00** | **2,164,730.00** | **(29,365.00)** | **(1.3)** |
| Tax Revenue | 2,113,666.00 | 2,114,458.00 | (792.00) | (0.03) |
| Non Tax Revenue | 80,429.00 | 50,272.00 | (30,157.00) | (37.5) |
| **TOTAL DOMESTIC EXPENDITURES** | **2,712,629.00** | **2,541,223.00** | **(171, 406.00)** | **(6.3)** |
| **Current Expenditures** | **2,386,279.00** | **2,270,084.00** | **(116,195.00)** | **(4.9)** |
| Wages and Salaries | 999,700.00 | 969,898.00 | (29,802.00) | (3.0) |
| Recurrent Departmental Charges | 335,200.00 | 327,598.00 | (7,602.00) | (2.3) |
| Transfers and Pensions | 202,650.00 | 187,605.00 | (15,045.00) | (7.4) |
| Domestic Interest | 404,729.00 | 355,756.00 | (48,973.00) | (12.1) |
| External Debt Payment | 344,700.00 | 279,688.00 | (64,312.00) | (18.7) |
| Other Current Expenditure | 192,200.00 | 138,923.00 | (53,277.00) | (27.7) |
| Of which : Maize Reserves in Rotating Fund (HIPC-PRP) | 42,100.00 | - | (42,100.00) | (100.00) |
| Fertiliser Price Support (HIPC-PRP) | 65,000.00 | 52,694.00 | (12,306.00) | (18.9) |
| **Capital Expenditure (Domestically Financed)** | **326,350.00** | **271,139.00** | **(55,211.00)** | **(16.9)** |
| of which: HIPC-PRPs | 209,275.00 | 200,104.00 | (9,171.00) | (4.4) |
| GRZ Road Projects | 30,000.00 | 8,000.00 | (22,000.00) | (73.3) |
| Fuel Levy | 38,250.00 | 47,450.00 | 9,200.00 | 24.1 |
| Ordinary Capital | 39,075.00 | 15,585.00 | (23,490.00) | (60.1) |
| **Domestic Balance** | **(518,534.00)** | **(376,493.00)** | **142,041.00** | **(27.4)** |
| **Domestic Financing** | 434 ,000 | 434,000 | 0 | 0 |

**Source: Ministry of Finance and National Planning**

As a result of the firm fiscal policy in the first half of 2004, Government managed to limit the budget deficit to 2.6 percent of GDP and domestic borrowing to 1.6 percent of GDP. Following the satisfactory macroeconomic policy performance, the IMF in June 2004 approved a new PRGF arrangement for Zambia. With the PRGF in place and Government's commitment to successfully implement it through to December 2004, the implementation of the HIPC Completion Point Triggers was firmly on course. **(**See Table 2.1 and Box 1)

**Box 1: Progress on the Implementation of HIPC Completion Point Triggers as of June 2004**

| Reforms Objectives/ measures | Status |
|---|---|
| **Poverty Reduction**<br>Adoption of PRSP to be prepared through a participatory process; and satisfactory progress with the implementation and monitoring the PRSP for at least one year based on annual report. | The PRSP was prepared and adopted through a consultative process. The implementation is ongoing. The first annual progress report was completed in April in 2004.Progress in implementing and monitoring the PRSP was limited. However, from July 2003, PRSP implementation was significantly scaled up and a second Implementation Report is being prepared |
| **Social Sectors** Progress in combating HIV/AIDS<br>▪ full staffing of secretariat to National HIV/AIDS/TB council.<br>▪ Integrate HIV/AIDS awareness and prevention programs in the pre-service and in-service programs in at least ten key ministries. | Staffing for the original structure done<br>Observed. Pre-service and in-service programmes done in ten key ministries. In addition all line ministries have awareness programmes. |
| **Progress in Education Sector Reform as indicated by the following**:<br>▪ Increasing the share of education in the discretionary budget from 18.5percent in 1999 to at least 20.5 percent.<br>▪ Raising the stating compensation of teacher in rural areas above the poverty line for a household, as defined by Central statistics office.<br>▪ An action plan for increasing student retention in northern, eastern, northwestern, and western provinces, and Luapula Province. | The ratio was met in 2001, but fell to 18 percent in 2002. Government plans to meet this ratio by end of 2004<br>Hardship allowance is given to rural teachers and monthly salary is above poverty line as defined by CSO<br>Observed, using various strategies such as the bursaries scheme, Page programme and re-entry policy |
| **Progress in Health Sector Reform as indicated by:**<br>• Implementation and scaling up of an action plan for malaria<br>• Procedures and mechanism for the procurement of drug reorganized to be fully transparent and efficient.<br>• Timely release of complete, detailed , annual health expenditure data; and<br>• Actual cash releases to district Health Management Boards shall be at least 80 percent of the amount budgeted. | Observed, e.g. introduction of Coartem, distribution of ITNs etc.<br>Observed. Tender procedures and mechanisms are fully transparent<br>Observed, finalization of income and expenditure report done<br>observed |
| **Macroeconomic and Structural Reforms**<br>▪ Maintenance of a stable macroeconomic environment, as evidenced by satisfactory performance under a program support by PRGF arrangement. | Zambia agreed on a new PRGF in June 2004. Successful implementation is required through to December 2004 |
| ▪ Implementation of an Integrated Financial Management Information System (IFMIS) on a pilot basis for at least three ministries and mid-term review of the pilot program. | Procurement of hardware and software for IFMIS is expected the second half of 2004. Piloting in three line ministries is expected to start thereafter. A s at June five sites were selected for piloting |
| ▪ Implementation of a Medium-Term Expenditure Framework (MTEF) prepared by MoFNP and approved by the Cabinet. | MTEF for 2004-06 was prepared; Cabinet approved the MTEF along with the 2004 budget parameters. Preparation of 2005-07 MTEF is on going. |
| ▪ Restructuring and issue of international bidding documents for the sale of a majority (controlling) interest in power company, Zambia Electricity Supply Corporation ( ZESCO). | The Government is implementing a strategy to commercialize ZESCO to meet the same objectives as privatization.<br>Implemented.( entry point was reached in December 2003) |
| ▪ Issuance of international bidding documents for the sale of majority (controlling) interest in the Zambian National Commercial Bank (ZNCB). | Negotiations for sale to the preferred bidder are on going. |

Source: ministry of Finance and National planning 2004

**Table 2.2: Status of the Key PRSP Macroeconomic Indictors as of June 2004**

| Indicator | Base year | Base Year status | Target | Year | Status as at end 2003 | Status as at end June 2004 | Remarks |
|---|---|---|---|---|---|---|---|
| Real GDP Growth | 2001 | 4.9% | 4.0% | 2004 | 5.1 % | | Achieved |
| Real Annual Per Capita GDP growth rate | 2001 | 2.2 % | 1.1 % | 2004 | 2.6 % | | Achieved |
| Overall Fiscal Deficit | | | 2% | 2004 | 5.5% | | Not Achieved |
| Annual Rate of Inflation | 2001 | 18.7 % | 5 % | 2004 | 17.2 % | 18.6 % | Not Achieved |
| Annual growth in exports | 2001 | 7.5 % | 7.5 % | 2004 | 10 % | 10 % | Achieved |
| Domestic Arrears reduced to zero (K, billion) | 2001 | | O | 2006 | K 578.6 | K567.4 | Not likely to be achieved |
| HIPC Completion Point Reached | | | | 2003 | Not Reached | Not Reached | Not Achieved. |
| Activity Based Budgeting adopted across government (no of ministries) | 2001 | 7 | All | 2004 | Done | Done | Achieved |
| Funding to all departments reflects yellow book | 2001 | | Over 80 % | 2004 | | | |
| Overall Expenditure patterns reflect the priorities in the PRSP | | | Over 80 % | | | | |
| Incidence of Poverty (Headcount %) | 1998 | 73 % | 65 %* | 2004 | 67 | | |
| Rural Incidence of Poverty (Headcount %) | 1998 | 83 % | 75 % | 2004 | N/A | | |
| Urban Incidence of Poverty (Headcount %) | 1998 | 56 % | 50 % | 2004 | N/A | | |
| Poverty Gap (incidence and depth) | 1998 | 0.55 | 0.4 | 2004 | N/A | | |
| Gross Domestic Investment % of GDP | 1998 | 14.9% | 20 % | 2004 | 27.1% | | Achieved |
| Inflows of FDI | 2001 | US $72 m | US$88m | 2004 | $153 m | | Achieved (though mostly concentrated in mining) |

Source: Ministry of Finance and National Planning

* Poverty level should be understood in the context of new methodology employed by CSO therefore the 1998 LCMS figure is not comparable with the 2002 LCMS figure.

Macroeconomic framework and the Medium Term Outlook

The macroeconomic frameworks in the PRSP/TNDP and the first PRSP Implementation Progress Report have had to be revised, largely on account of outturns in 2003 and the preliminary output level for 2004. The revised macroeconomic targets for 2005-2007 are to: achieve GDP growth rates of 5.0 percent in 2005, 2006 and 2007; bring down end-year inflation to 15 percent in 2005, 10 percent in 2006 and 5.0 percent in 2007; reduce domestic borrowing to 1.6 percent of GDP in 2005, 1.3 percent in 2006 and 0.7 percent in 2007; improve the country's external sector's viability by increasing the official Gross International Reserves (GIR) to 1.5 months of import cover in 2005, 1.7 months in 2006 and 1.9 months in 2007 and remain current with foreign debt service payments (See table 2.3).

The growth targets are premised on favourable performance in the key sectors of agriculture, mining, manufacturing and tourism. In agriculture, Government's focus will be to improve productivity of the sector through well-targeted interventions such as the Fertilizer Support Programme (FSP). In the mining and quarrying sector, higher growth is anticipated largely due to increased production of copper and cobalt, due to the coming on stream of Kansanshi and Lumwana mines in North-western province. In the tourism sector, impetus for continued growth is expected to come from the benefits of the economic diversification programmes being undertaken by Government. In manufacturing, growth is premised on the higher domestic demand from the mining, tourism and agriculture sectors. In order to further aid manufacturing growth, initiatives in the area of private sector development will continue.

Fiscal policy in the medium term will be key to preserving macroeconomic stability. Domestic revenue is expected to average 18.3 percent of GDP, Personnel emoluments will be maintained at 7.96 percent of GDP over the period 2005-2007 while domestic financing is expected to decline to 0.7 percent of GDP by 2007.

In the external sector, the strategy is to restore a sustainable external debt position by reaching the Completion Point under the HIPC initiative and reducing the current account deficit to a sustainable level. Merchandise exports are expected to increase by 9.1 percent over the period, largely on account of higher copper export volumes.

**Table 2.3: Key Macroeconomic Targets: 2003-2007**

| | 2003 Rev. | 2004 Proj.. | 2005 Proj. | 2006 Proj. | 2007 Proj. |
|---|---|---|---|---|---|
| Real GDP Growth Rate | 5.1 | 4.6 | 5.0 | 5.0 | 5.0 |
| Inflation Rate (end period) | 17.2 | 20.0 | 15.0 | 10.0 | 5.0 |
| Nominal GDP (K' billions) | 20,520 | 25,704 | 31,172 | 35,174 | 39,542 |
| Current Account Deficit Incl. grants (% of GDP) | (5.6) | (4.6) | (3.9) | (3.7) | (3.8) |
| Domestic Borrowing as % of GDP (cash basis) | 5.1 | 2.2 | 1.6 | 1.2 | 0.6 |
| GIR months of Import Cover | 1.3 | 1.0 | 1.5 | 1.7 | 1.9 |

## 2.2 Progress on Implementation of PRSP Policy Actions and Structural Reforms

The PRSP identified many structural/policy actions required to facilitate growth and poverty reduction. The implementation of the actions was at various stages as at June 2004 (See Appendix I). However, it is important to elaborate progress on the identified key structural/policy reforms in support of the PRSP. These are; (i) Public Expenditure Management and Restructuring of the Public Service; (ii) Financial Sector Reforms (iii) Private Sector Development, and (iv) Legal, Regulatory and Administrative reforms.

### 2.2.1 Public Expenditure Management and Restructuring of the Public Service

The Public Service Reform Programme (PSRP) under which measures to reduce operational costs in the public service was at an advanced stage by June 2004. Central Government, except three ministries and provinces, was restructured.

However, the objective of the programme to have a lean, efficient and cost-effective civil service that delivers quality service was yet to be achieved. This was due to a number of challenges that included weaknesses in the management of the establishment register and payroll. Not withstanding the above, there was need for continued recruitment in the Health and education sectors.

In order to address these challenges, Government undertook positive steps, which included developing an interim Establishment Register, cleaning up the payroll and implementing a new Payroll Management Establishment Control (PMEC) system. In addition, Public Service Commission Regulations were revised, new Terms and Conditions of Service developed and engagement of new staff suspended.

The objectives of the PMEC system were to improve payroll management, provide better data and control mechanisms, accuracy of the payroll and tighter budget control. It also focused on aligning the size of the civil service with resource availability. By June 2004, Personal Emoluments (PE) releases were based on the PMEC system.

The interim establishment register was premised on a reduction in the number of positions on the establishment. This was done in order for the establishment to be consistent with an agreed optimum budget level for PEs. This entailed the matching of each public servant to a specific post on the establishment and all positions beyond the establishment were accounted for and if necessary reviewed with the possibility of elimination.

In June 2004, Government approved the Public Expenditure Management and Financial Accounting Reforms (PEMFAR) roadmap. The roadmap contains a broad range and detailed programme of reforms in public expenditure management. By June 2004, Implementation of the initial steps to strengthen public expenditure management had commenced.

In addition, Zambia stepped up efforts in strengthening the planning and budgeting process and the expenditure/programme monitoring through the Medium Term Expenditure Framework (MTEF) process and Activity Based Budgeting (ABB). To further strengthen the implementation of the budget and programmes under the reformed planning process, Sector Advisory Group consultations and a stronger and more participatory monitoring system was put in place. In this regard, the 2004 budget was prepared in ABB format. The process to award a contract for the supply and installation of hardware and software needed to implement the Integrated Financial Management Information System (IFMIS) was also underway by June 2004.

### 2.2.2 Financial Sector Reforms

The Government working closely with the Bank of Zambia and other stakeholders embarked on a project to draw up a Financial Sector Development Plan (FSDP). The vision of the plan is to develop a stable, sound and market based financial system that will support efficient mobilization and allocation of resources necessary for economic diversification, sustainable growth and poverty reduction. The FSDP was subjected to comments by the stakeholders and approved by Cabinet in June 2004.

### 2.2.3 Private Sector Developments

Government working with the private sector and other stakeholders, prepared and launched in June 2004 a Private Sector Development Initiative (PSDI) aimed at improving the environment for private sector growth. The key elements of the PSDI are revision of business regulations and licences and the development of a new policy on tax incentives to remove obstacles to investment in agriculture, tourism, gemstone production, telecommunications and energy. The process of implementing the PSDI was envisaged to take two years and an action plan was developed by June 2004.

### 2.2.4 Legal, Regulatory and Administrative reforms.

During the review period, Government embarked on reforms with the overriding policy of minimising the need for direct regulatory determination for effective private sector participation and sustained large-scale investment. These included the coming up with rules and regulations of the Gemstone exchange, the amendment of the Electricity Act and the Energy Regulation Act, and the Water Resources Management Act. Furthermore, Government commenced the development of the Communication Transport policy, revised the Telecommunications act and commissioned a study on the private sector participation on the International Gateway.

Government also merged two ministries in order to reduce operational cost. These were the Ministries of Environment and Tourism to form the Ministry of Tourism, environment and Natural resources.

## 2.3 PRSP Implementation and Millennium Development Goals

The PRSP implementation is one of the strategies Government was using to achieve 2015 Millennium Development Goals (MDGs) targets, which were set in the Millennium Declaration during the United Nation Millennium Summit of 2000.

In this respect, reported indicators over the PRP period, 2002 to 2004, show that Zambia has the potential to attain some of the MDGs by 2015. For instance, Reducing under-five mortality rates by two thirds, halting and reversing the spread of HIV/AIDS by 2015 as well as halting and reversing the incidence of malaria and other major diseases by 2015 are some of the MDG targets Zambia is potentially capable of attaining by 2015. Other potential areas include nutrition, enrolment ratios in primary education, gender equality, literacy rate, HIV infection and HIV prevalent rates. The optimism in these areas is attributed to the policy and institutional support being rendered to address specific sector problems in education, health, the HIV/AIDS pandemic and other communicable diseases. These measures are articulated in detail in respective sector chapters of this report.

Nevertheless, the efforts being made by Government in the above mentioned areas through the implementation of Poverty reduction strategies were still below what was required to achieve most of the MDGs. The challenge therefore, remained to be overcome, especially that of achieving the level of economic growth needed to eradicate the overarching problem of poverty and hunger.

However, Government realized the difficulty it faced in order to achieve the MDGs as set by the Millennium Summit. To this end, Government commenced a process to localize the MDGs targets so that they can conform to the local socio-economic and institutional capacity of the country as stipulated in the PRSP/TNDP.

While some indicators showed potential for improvements as noted above, other indicators such as maternal mortality rate did not. Possible reasons for the poor performance of maternal mortality included; negative cultural practices in birth attendance, current high levels of HIV/AIDS prevalence among women (according to the 2003 annual health statistics bulletin, 23% of women tested under PMTCT programme were positive). The other possible reason was limited access to reproductive health services leading to 56 percent of women delivering at home without professional or traditional birth attendants.

The 2003 MDG report on Zambia noted weak institutional capacity to reinforce environmental laws as well as failure to co-ordinate trans-boundary resource management efforts. Coupled with this weakness was the weak global partnership for development especially in the area of environment.

Despite the above-mentioned problems, Government has showed great commitment during the period under review, both in policy direction and resource mobilisation, in addressing the current high levels of poverty and improving social services. This commitment was demonstrated through scaling up of implementation of PRSP, TNDP, introduction of the MTEF as a strategic planning and budgeting framework and the implementation of major components of the Public Service Reform Programme, which included the decentralization policy.

If the current supportive environment from Government, Co-operating Partners and other stakeholders was sustained, the prospect of Zambia achieving the Millennium Development Goals by 2015 is high. (See Table 2.4)

**Tab Table 2.4 PRSP and MDG Indicators**

| Goal/Indicators | Reported indicators (Annual progress ) | | | | | | | | Target s for 2015 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | PRSP indicators | | | |
| | 1990 | 1991 | 1998 | 2000 | 2001 | 2002 | 2003 | 2004 | |
| **Goal 1: Eradicate Extreme Poverty and Hunger** | | | | | | | | | |
| Proportion of people living in extreme poverty | | 58.2 | 58.0 | | | | | | 29.1 |
| Percentage of under weight Children (under 5 years of age) | | 25 | | | | 28 | | | 12.5 |
| Percentage of stunted children (under 5 year of age) | | 40 | | | | 47 | | | 20.0 |
| Percentage of wasted children (under 5 years of age) | | 51 | | | | 5 | | | 2.5 |
| **Goal 2: Achieve Universal Primary Education** | | | | | | | | | |
| Net enrolment ratio in primary education | | | | | | | | | |
| Net enrolment ratio in primary education%<br>Girls %<br>Boys % | 80<br>69<br>71 | | | | | | 72<br>75<br>71 | | 100 |
| Proportion of pupils starting grade 1 who reach grade 7 %.<br>Girls%<br>Boys% | 64<br>57<br>71 | | | | | | 73<br>66<br>80 | | 100 |
| Literacy rate of 15 – 24 year olds %<br>Female Literacy rate 15-24 years old %<br>Male Literacy rate 15-24 years old % | 75<br>71<br>79 | | | | | | 70<br>66<br>75 | | 100 |
| **Goal 3: Promote Gender Equality and Empower Women** | | | | | | | | | |
| Ratio of girls to boys in primary schools | | | | 0.98 | | | 0.98 | | 1 |
| Ratio of girls to boys in Secondary Schools | | | | 0.92 | | | 0.90 | | |
| Ratio of females to males at tertiary levels | | | | 0.46 | 0.46 | | | | |
| Ratio of literate females to males of 15 – 24 years old. | 0.90 | | | | | 0.80 | | | 100 |
| Share of women in wage formal employment in non agric sector | 39 | | | | 35 | | | | |
| Proportion of seats held by women in National parliament | | 6 | | 12 | | | | | |
| **Goal 4: Reduce Child Mortality** | | | | | | | | | |
| Under 5 Mortality Ratio (U5MR) | | 191 | | | | 163 | | | 63 |
| Infant Mortality Ratio (IMR) | | 107 | | | | 95 | | | 36 |
| Proportion of 1 year old children immunized against measles | | 77 | | | 90[1] | 84 | 75[2] | | N/A |
| **Goal 5: Improve Maternal Health** | | | | | | | | | |
| Maternal mortality ratio (per 100,000 live births) | | | | 649 | 729 | | | | 162 |
| Percent births attended by skilled health personnel | | | 51 | | 45 | | | | N/A |
| **Goal 6: Combat HIV/AIDS, Malaria and other Diseases** | | | | | | | | | |
| ESS Trends of HIV infection Among ANC | | | 20 | | | 19 | | | 19.1 |
| ZDHS HIV prevalence rate (Male and Female rate) | | | | | | 16 | | | 16 |
| Children orphaned | | | | | | | | | 1 Million |
| New cases of Malaria | 255 | | | 377 | 394 | | 428 | | <or =121 |
| Malaria fatality rate per 1,000 | 11 | | | | | 48 | 46.1 | | N/A |
| **Goal 7: Ensure Environmental Sustainability** | | | | | | | | | |
| Percentage of land covered by forest | | 59.8 | | | 59.6 | | | | |
| Percentage of Land protected to maintain biological diversity | | 38.8 | | | 39.2 | | | | |
| GDP (Million Kwacha) per unit of energy used - Tons of Oil Equivalent (TOE) | | | 1.29 | 1.60 | | | | | |
| Carbon dioxide emissions per capita | | 0.3 | | 0.2 | | | | | |
| Percentage of population using solid fuels | | 88 | | 85.2 | | | | | |
| H/ holds with access to safe drinking water % | | 48 | | | | 51 | | | 74 |
| H/ holds with access to improved sanitation % | | 17 | | | | 15 | | | 42 |

## CHAPTER 3: STATUS OF POVERTY

### 3.0 Introduction

This chapter presents a poverty profile for Zambia on the basis of the Integrated Surveys (IS) system of the poverty monitoring framework. There are two distinct types of surveys which have been used in the poverty monitoring framework for Zambia, the Indicator Monitoring Surveys (IMS) and the Integrated Surveys (IS). The IMS is designed to be carried out every two years while the IS planned to be conducted every five years. The two surveys employ different data collection methods with the IMS collecting cross-sectional data while the IS collect longitudinal data.

The 1998 Living Conditions Monitoring Survey II (LCMS II) is an example of the IMS while the 2002/2003 LCMSIII survey belongs to the IS system. As a result, it is difficult to undertake a comparative analysis of poverty using results from the two surveys. It is for this reason that the poverty profile contained in this chapter only relates to the results from the LCMSIII survey of 2002/2003.

Although it is not possible to compare the poverty results with that from the 1998 LCMII, the level of absolute poverty still remained very high in the country and is still largely a rural phenomenon.

In terms of regional distribution, high levels of poverty were also identified in particular provinces. These are Northern (81 percent), North Western (72 percent), Eastern (71 percent) and Luapula (70 percent). The incidence of poverty was lowest in highly urbanized regions such as Lusaka and Copperbelt provinces, at 57 and 58 percent, respectively.

The extremely poor constituted 46 percent of the overall headcount poverty ratio of 67 percent. Extreme poverty was more of a rural than urban phenomena, at 52 and 32 percent, respectively. The majority of rural households in Zambia depend on consumption of own produce. The LCMIII results show that about 75 percent of the rural income is spent on food compared to only 52 percent in urban areas.

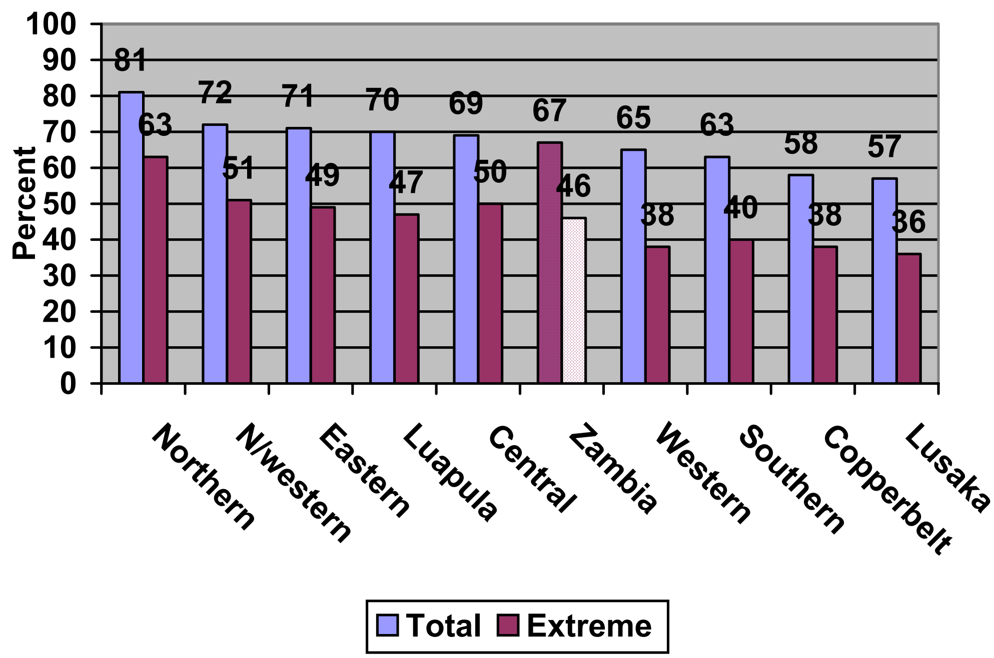
### 3.2 Status of Poverty

The current poverty profile is based on the poverty lines constructed from the 2002/2003 LCMSIII survey consumption expenditure data. The preliminary results from the LCMIII reveal that the proportion of the population living in moderate poverty did not vary much among provinces however, there were significant variations in the proportion of the population living in extreme poverty across provinces. The rate of extreme poverty varied from 36 percent in Lusaka province to 63 percent in Northern Province. The observed high levels of extreme poverty in Northern, North western, Central and Eastern provinces have an adverse effect on the food security situation in these regions. The extremely poor are more likely to be food insecure especially that they are unable to access a simple food basket that meet their minimum nutritional requirements.

### 3.7 Contribution to Overall Poverty

Poverty in Zambia is more widespread in rural than urban areas. The percentage contribution to overall poverty by province show that the population in rural areas accounted for 72 percent of the overall poverty compared to only 28 percent of the urban areas. Northern Province contributed 16 percent, followed by Copperbelt and Eastern provinces, each contributing 14 percent to national poverty while North western, Western and Luapula provinces, contributing 6, 7 and 8 percent respectively. Further, small scale farmers and low cost urban dwellers contributed more than 95 and 92 percent to overall rural and urban poverty, respectively.

**Fig 1: Incidence of Poverty by Province, 2002/2003, Zambia**




Source: Living Conditions Survey Report 2002/3, CSO

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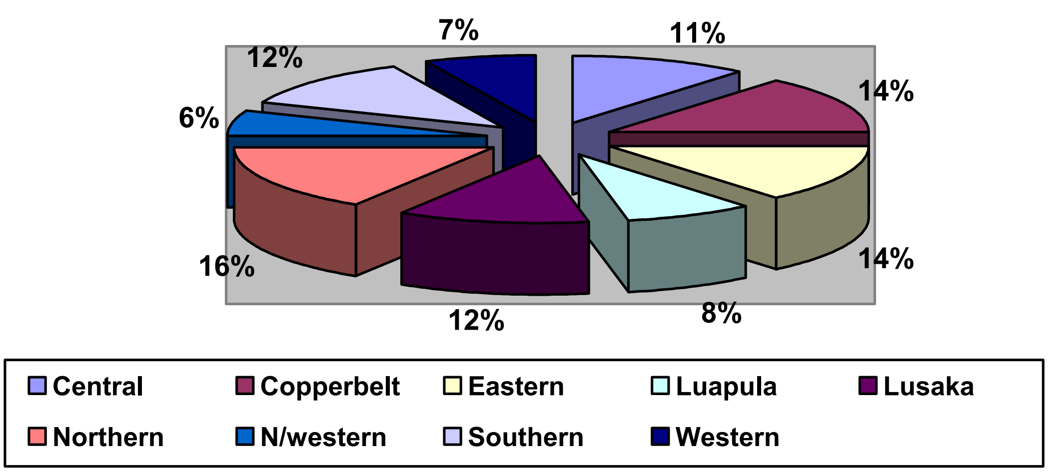
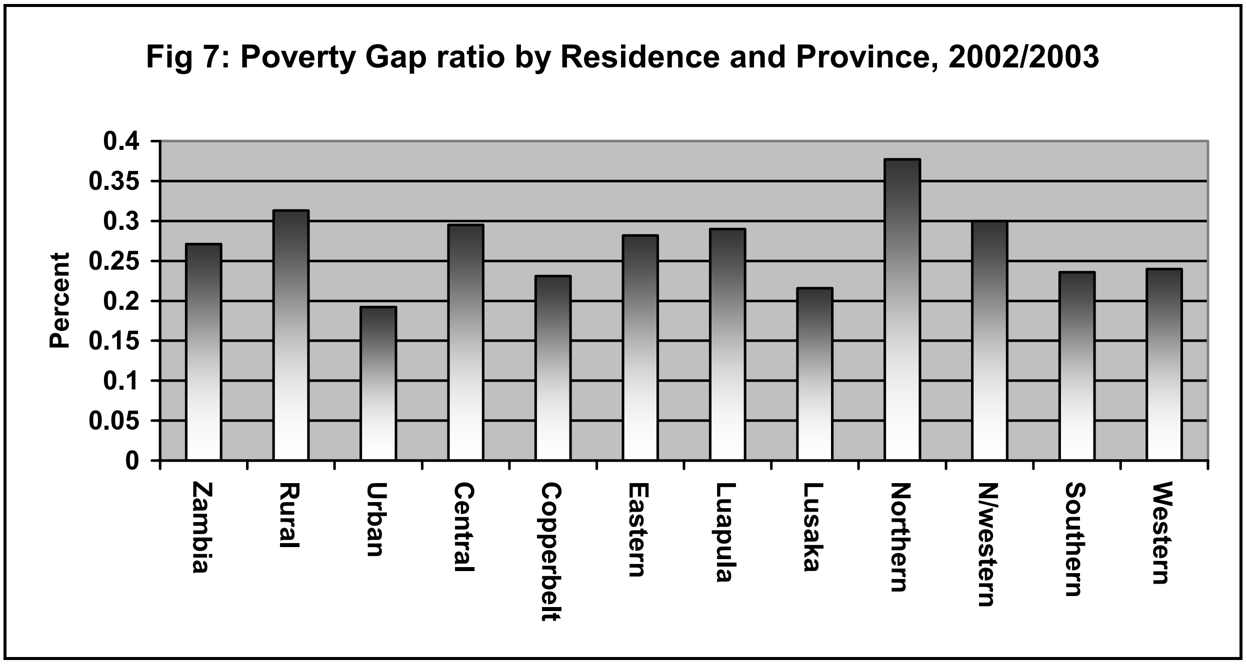
**Figure 6: Percent contribution to overall national poverty by provinces, 2002/3**




Source: Living Conditions Report 2002/3, CSO




Source: Living Conditions Monitoring Survey Report 2002/2003, CSO

### 3.8 Distribution of Income in Zambia

The survey reviewed the uneven distribution of income with 50 percent of the Zambian population claiming only 15 percent of the total income, while the top 10 percent claims 48 percent of the total income, which is more than 3 times the income share of the 50 percent population. Within rural areas, 50 percent of the population claims 22 percent of the total income, while 10 percent claims 33 percent, or 1.5 times the income share of the 50 percent rural population. In urban areas, 50 percent of the population received 12.0 percent of total income, while 10 percent receives slightly more than half of the total income (51 percent).

# CHAPTER 4: SECTOR IMPLEMENTATION.

## 4.1 ECONOMIC SECTORS

### 4.1.1 Agriculture

The overall goal in Agriculture is to promote a self-sustaining export led agricultural sector that ensures increased household income and food security. The major areas of intervention in poverty reduction were promoting commercial agriculture, land and infrastructure development, technological development and provision of extension services and targeted support system for food security.

In 2003, a total of K56.9 billion was allocated for poverty reduction programmes of which K46.1 billion, representing 81 percent of the allocation was released. The Agricultural Input Support Programme received the larger share of 69.2 percent from the total amount released. Out grower schemes received 14.7 percent while the rest of the programmes received the remaining 16.1 percent. A significant amount of the fund released towards the Input support Programme was after June 2003 for the purchase of agriculture inputs, such as fertilizer and seed, for the 2003/2004 agriculture season.

In 2004, a total of K142.3 billion was allocated for poverty reduction programmes. The bulk of the allocation was for the Fertilizer Support Programme, which had 49.2 percent, crop marketing had 33.2 percent and Nasanga Farm Block had 9.1 percent. The remaining 8.5 percent was for other investment programmes. By the end of June 2004, K79.6 billion or 56 percent of the total PRP budget allocation was released. The maize marketing programme and the Input Support programme received 96 percent of the amount. (See the appendix 3)

**Out-grower Schemes**
The rationale behind promotion of out-grower schemes was to enable small-scale farmers benefit from commercial farmers' expertise in the production and marketing of high value agricultural products. Through the out-grower schemes, Government increased its outreach in delivery of extension services to small-scale farmers.

In 2003, a total of K9.5 billion was allocated for the development of Tobacco, Coffee, Cotton, Dairy, Vegetables and Paprika Out grower Schemes of which K6.8 billion was released. The PRSP 2002-2004 targeted to support 126,000 small-scale farmers in a period of three years through out the out-grower schemes. A total of 36,000 farmers were targeted to receive support in 2003, of which more than 21,540 benefited. (See appendix 2)

In 2004, a total of K1.9 billion was allocated and released by the end of June 2004 to support out grower schemes. The funds were earmarked for input disbursements and extension services.

**Irrigation Development Programme**
The Irrigation Development Programme aimed at promoting small-scale irrigation schemes especially for drought prone areas. In 2003, an amount of K6 billion was allocated of which K2 billion was released for the programme. Ten projects were implemented in 2003 under two components: (i) Dam construction/rehabilitation and (ii) Irrigation Scheme Development. By the end of 2003 six projects were completed and four were between 40 and 90% completion.

**Land Development Programme**
Government's aim in the Land Development Programme was the establishment of new farm blocks at Kalumwange in Kaoma, Nasanga in Serenje and Luena sugar project in Kawambwa. The objective of developing the farm blocks was to increase the land area under cultivation in order to increase agricultural production. The planned activities under the three farm blocks included land capability, soil surveys, crop suitability, layout plans, infrastructure development and socio-economic amenities as well as marketing and agro-processing.

A total of K15 billion was allocated for land development in 2003. Each of the three farm blocks was allocated K5 billion. The activities targeted included feasibility studies, the demarcation and clearing of 100 000 hectares of land, and the construction of dams. Other activities targeted were the construction of 100 km of trunk roads and 300 km of feeder roads in each farm block. An amount of K950 million for Nasanga, K700 million for Kalumwange and K1 billion for Luena sugar plantation were released, mostly after June for the development of these farm blocks. As at the end of 2003, a total of 86Km of trunk road, one health centre, 1 bridge and demarcations of 828 farms were completed.

Government's focus in 2004 was on the development of Nasanga farm block which was allocated K13 billion for infrastructure surveys and constructions. Kalumwange farm block and Luena Sugar Plantation were also allocated K500 million each for environmental impact surveys. (See appendix 3)

**Agro Research and Technological Development**

In an effort to seek better farming methods and crop varieties, an amount of K500 million was allocated for agricultural research and technological development in 2003 out of which K55 million was released. The funds were disbursed in line with approved experiments at different research stations around the country.

## Rural Investment Fund

The Rural Investment Fund (RIF) is aimed at supporting community based rural infrastructure development. To this effect, matching grants were given to farmer groups for rehabilitation and construction of boreholes, markets, storage sheds, bridges, feeder roads and irrigation facilities.

A total of K1.98 billion was allocated to RIF in 2003 of which K693.3 million was released and disbursed to farmer groups whose projects were approved. By the end of 2003, RIF received a total of K3 billion from HIPC funds. Since these funds were received during the months of October, November and December 2003, it was not possible to carry out all the projects as the rainy season had just began. A total of 23 major projects were funded at a total cost of K2.8 billion.

**Agricultural Input Support Programme**

The Agriculture Input Support Programme aims at supporting vulnerable households through the provision of agricultural inputs. An amount of K10 billion was allocated and released for this programme in 2003. An additional amount of K21.9 billion was released for the programme through the supplementary budget to meet the cost of required inputs. A total of 150,000 farmers benefited, of which, 130,000 grew rain fed crops and 20,000 used wetlands and winter agriculture. A diversified range of agro-inputs were procured and distributed to farmers. (See appendix 2)

## Seed Multiplication

In order to improve the provision of good seed, an amount of K1.06 billion was allocated to the Seed Multiplication Programme of which K464 million was released. An amount of K250 million was disbursed and distributed to 11 districts for purchase of chemicals and fertilizer, K56 million was used for seed production, and the rest of the funds were for final seed inspection and monitoring, yield estimates and sampling of seeds.

## Animal Draught Power

In order to eliminate labour constraints, improve on timely tillage operations and increase area cultivated per household, the Animal Draught Power Program embarked on a donkey and power equipment acquisition. In 2003, a total of K2 billion was allocated of which K500 million was released. The allocated amount was for the procurement of Power tillers for 30 rice growing farming groups in Western Province and 300 donkeys for 150 households in Southern, Eastern, Luapula and Northern Provinces. Furthermore, 300 Oxen were to be purchased for 150 households in Lusaka, Southern, Central, Western, Copperbelt and North Western Provinces. A total of 60 donkeys, 25 power tillers and 80 oxen were purchased and distributed.

**Livestock Restocking**

The objective of livestock restocking is to reduce poverty through restoration of breeding stock and increased animal draught power. In 2003, an amount of K500 million was allocated but was not released. This allocation was to be used for purchase of 200 heifers for breeding, 250 beef heifers for distribution to farmers and training of 60 farmers in beef and animal husbandry. However, funding was made to southern province towards the programme. In 2004, a total of K50 million was allocated for monitoring the programme, as at June 2004 the funds were yet to be released (See appendix 2).

**Animal Disease Control**
To preserve the current population of livestock, and in order to have an effective livestock-restocking program, the Animal Disease Control Programme was designed and K1 billion was allocated in the 2004 Budget. In the programme, local manufacture of vaccines was to be promoted while vaccines for the Contagious Bovine Pleural Pneumonia, New Castle Disease and Corridor Disease were to be procured from within the Southern African sub-region.

**Rehabilitation of Agricultural Training Institutions**
A total of K2.87 billion was allocated in 2003 for the rehabilitation of infrastructure at five agricultural training institutions in the country. These are Katete Cooperative Centre, Popota Tobacco Training Institute, Zambia Centre for Horticultural Institute, Zambia Institute of Animal Health and Cooperative College. A total of K855 million was released for the rehabilitation of Zambia Institute of Animal Health and the Cooperative College.

In 2004, a total of K379 million was allocated for the completion of rehabilitation works at Cooperative College and rehabilitation of Zambia Centre for Horticultural Institute. By the end of June, K2.7 million was released.

**Aquaculture and Fisheries Development**

The objective of the programme is to promote food security through provision of protein food for the population. In 2004, an amount of K1.7 billion was allocated for aquaculture and fisheries development. Government targeted to undertake the following activities: the opening of 36 sites in all the nine provinces, the construction of 720 fish ponds and the training of 1300 farmers in fish seed production. An amount of K17 million was released by the end of June 2004.

### 4.1.2 Tourism

The overall goal in tourism sector continues to be that of transforming Zambia into one of the major tourist centres in the world. In order to realize this goal, Government's major objectives during the period under review were as follows: -

- To develop infrastructure in tourism areas in order to make them easily accessible;
- To promote investment in the tourism sector;
- To encourage community participation in wildlife conservation;
- To diversify the tourism portfolio to exploit niche markets; and
- To encourage private sector participation in the training of tourism personnel

In order to achieve the objectives in the tourism sector, Government undertook three programs during the period under review. These were the Infrastructure Development in Tourism Areas, the Promotion of Investment in the Tourism Sector and the Tourism Marketing and Promotion. Government allocated to the sector a total of K 36.45 billion during the period under review out of which, K 10.1 billion was released for the implementation of programmes in the sector.

**Tourism Infrastructure Development**
In 2003, a total of K2 billion was allocated for infrastructure development of which K900 million was disbursed. These funds enabled Government to embark in the second half of 2003 on the rehabilitation of the Livingstone museum and three other heritage sites. Apart from Government resources, Cooperating Partners provided additional resources to complete the rehabilitation of the Livingstone museum. In addition, rehabilitation works commenced on access roads in the Kafue National Park, the Lower Zambezi/Siavonga Development project and the Luangwa National Park. These rehabilitation works were on going by June 2004.

In 2004, a total of K8.85 billion was budgeted for infrastructure development in the sector. By June 2004, K 2.1 billion had been disbursed. These funds were used to complete project preparatory work in Livingstone for the solid waste management system, tourist access roads and the capacity building for the Livingstone City, as well as the building of the South-West Regional Tourism office.

**Investment Promotion**

In 2003, a total of K5 billion was allocated and released to tourism credit facility for small-scale entrepreneurs. The total number of enterprises that applied to access the credit facility were forty five. After screening the applicants, the number of successful beneficiaries of the facility was forty-three. These included micro, small and medium sized enterprises. In 2004, a further K5 billion was allocated to the credit facility. In addition, K1 billion was allocated for tourism investment promotion of which K900 million was released. These funds were used to officially launch the tourism investors' forum at the Pamodzi Hotel on 25th February 2004 to attract tourism investors to Livingston and the Kafue National Park. (Refer to appendices 4 and 5)

**Marketing and Promotion**

A total budget of K5.6 billion was allocated in 2003 for tourism marketing and promotion activities of which K1.2 billion was released to carry out the following activities: -

- Attending three international trade fairs;
- The production of 5000 Generic brochures, 3000 promotional CDs, and 2000 tourist maps;
- Media sensitisation exercise; and
- The re-opening of the Zambia National Tourist Board New York office.

Other activities undertaken during the first half of 2004 included the preparation of reports on the inventory of existing and potential tourism products, the collection of Preliminary data/information from other countries on the Tourism Satellite Accounting (TSA) at a cost of K200 million and the continued preparation of the National Tourism Master Development Plan.

**4.1.3 Mining**

Government's overall goal in the sector is to promote investment in the mining industry and ensure the development of a self-sustaining mineral-based industry. Derived from the overall goal are two objectives. These are as follows:

- To attract investments for the development of large mines through infrastructure development; and
- To revitalize and ensure realisation of the potential of the small-scale mining sub-sector

The current PRSP interventions only relate to small-scale mining. In this regard, four programmes were planned to be undertaken. These were the establishment of the Gemstone Exchange, the creation of a Mining Community Development Fund (Revolving fund), the introduction of the Plant Hire Scheme, and the SYSMIN Mining Diversification Programme.

In 2003, government allocated and release K1 billion towards the establishment of a Gemstone Exchange. The disbursement was made at the end of the second quarter, thereby facilitating activities in the last half of the year. In 2004, the government targeted to implement three programmes. To this end, a total of K2 billion was allocated and K 2.06 billion was disbursed by June 2004(See Appendix 7).

**Establishment of the Gemstone Exchange**

Over and above the consultations conducted in 2003, a number of activities in the programme were accomplished by June 2004. In this regard, the Zambia Gemstone Exchange Limited was registered and a board of directors recommended by stakeholders. In order to move the process forward, a Cabinet Memorandum was prepared. In addition, the rules and regulations of the Gem Exchange were drawn up in consultation with the Lusaka Stock Exchange (LuSE) and the Securities and Exchange Commission (SEC).

**Creation of a Revolving Fund**

In order to create the Mining Community Development Fund (Revolving Fund), Government was in the process of commissioning a consultant to design an appropriate mechanism to administer the initiative. An amount of K500 million was budgeted and released for the consultancy.

**Introduction of a Plant Hire Scheme**

The released amount of K500 million for the introduction of the Plant Hire Scheme was inadequate for a complete set of mining equipment for hire. The complete set of mining equipment would require K2.5 billion. For the planned four schemes to operate effectively, Government would require a total of K50 billion. Therefore, the possibility of varying the funds to the Revolving Fund was being considered to increase its capital base.

**Mining Sector Diversification Programme (MSDP) Fund**

Despite the slight revision to the stringent conditions attached to the loan facility, the intended beneficiaries continued to face difficulties in accessing the funds. Consequently, the situation did not improve significantly, as only two additional recipients benefited since the last reporting period. Of the total three recipients that benefited from the Fund, since its inception, only one was a Zambian small-scale mining company.

**Other Developments**

The mining sector continued to show higher levels of activity resulting from increased private sector investment. The number of licences issued continued to indicate increased interest in the mining sector (see Table 4.1).

**Table 4.1 No. of licences issued by June 2004**

| Type of Licence | 2001 | 2002 | 2003 | 2004 * |
|---|---|---|---|---|
| Small-scale mining | 17 | 22 | 37 | 27 |
| Prospecting permits | 12 | 24 | 22 | 27 |
| Gemstone Licences | 43 | 57 | 62 | 58 |
| Artisan Mining Rights | 106 | 95 | 115 | - |
| Total | 178 | 198 | 236 | 112 |

Source: Ministry of Mines and Mineral Resources

*Note Figures for 2004 are indicative of January to June only

The construction of a new power line to service Kansanshi and Lumwana mines in the North-Western Province progressed according to schedule. An estimated 70 percent of the line was constructed, while an estimated 90 percent of the substation buildings were completed by June 2004. The entire project was expected to be completed by end November 2004.

### 4.1.4 Manufacturing

The overall goal in the manufacturing sector is to promote growth of an export-led industry leading to employment creation and poverty reduction. In order to realise this goal, Government's objectives in the sector during 2003 and 2004 were the following:

- To increase domestic and foreign investment in manufacturing;
- To increase exports from manufacturing especially in areas where Zambia has comparative advantage;
- To improve industrial skills and craftsmanship;
- To improve the application of science, technology and research and development (R&D);
- To develop and improve operations of Micro, Small and Medium Enterprises (MSMEs); and
- To develop rural based enterprises.

During the review period, Government continued the implementation of manufacturing programmes as planned in the PRSP (2002-

2004). Specific programmes that were targeted were investment, trade and export promotion, rural industrialisation and micro small and medium enterprises development.

In 2003, Government budgeted for three programmes in the sector. These were industrial development, primarily targeting Export Processing Zones (EPZs), Small Industries development and the provision of ARVs to public service workers in the sector. During the year, releases were made only for EPZs and the HIV/AIDS initiative as shown in table 1 below:

**TABLE: 4.2 PRPs GOVERNMENT RELEASES FOR 2003**

| Programme | Budgeted | Releases |
|---|---|---|
| Export Processing Zones | 2,000,000,000 | 1,000,000,000 |
| Small industries Development Board | 1,000,000,000 | 0 |
| HIV/AIDS | 500,000,000 | 100,000,000 |

Source MOFNP 2003

During 2004, Government allocated a total of K4.8 billion for PRPs in the sector, out of this amount; K 2.1 billion was released as at end June 2004. These funds were for privatisation, small-scale enterprise, export and investment promotion and the harmonisation of taxes to level the playing field in the sector (see appendix 9) .With regard to implementation of these programmes by end of June 2004, Government was yet to implement planned programmes as the activities and the logistics for implementing the year's programmes were underway.

## STATUS OF IMPLEMENTATION

### Investment promotion

During the review period, Government did not disburse any PRP funds for investment promotion. However, Government continued to attract both local and foreign investors through the sector ministry and Zambia Investment Centre (ZIC). Arising from 91 investment pledges recorded at ZIC, a total of US $ 120.7 million was pledged during 2003 while the complementary employment pledges stood at 11,800.

At policy level, Government launched the Zambia Investment Advisory Council to facilitate the design and implementation of investment programmes. Other activities undertaken included the finalisation of the National Investment Plan and the integration of investment components into sector plans.

During the first half of 2004, Government exhibited at 2 Agricultural and commercial shows and held a seminar on project management. Consistent with these efforts the ZIC in its continued efforts to promote investment undertook two investment promotion trips to South Africa and Germany. The theme for the South African trip was to promote mining while the German trip focused on several investment opportunities including the promotion of the provision of irrigation equipment.

### Trade and Export Promotion

During 2003, a total of K1 billion was allocated and released for the Export Processing Zones (EPZs) programme as part of trade and export promotion. In this regard Zambia Export Processing Zone Authority (ZEPZA) was created to facilitate the promotion of investments in EPZs. The released funds were mainly used for:

i. The preparation of EPZ licensing regulations and documents;
ii. The preparation of organizational structure and conditions of service of ZEPZA staff, their contracts of employment and recruitment;
iii. The preparation of Human Resources guidelines and grievances procedure code;
iv. The preparation of financial rules and regulations;
v. The preparation of operational documents, promotional materials, budget and workplans;
vi. Undertaking of foreign and local promotions including a familiarisation tour of Namibia's EPZs;
vii. The implementation of operational systems and purchase of equipment; and
viii. The consideration of applications for permits and licenses.

During the review period, ZEPZA was established. ZEPZA's functions were hampered by the suspension of the processing of applications so as to enable a comprehensive review of the potential revenue loss that would arise from abuse of the incentives.

Rural Industrialisation and Micro Small and Medium Enterprises

In 2003, Government allocated K 1 billion for rural industrialisation and the Micro, Small and Medium Enterprises (MSMEs) programmes. There were no PRP funds released for these programmes. Notwithstanding, Government through the Small Enterprises Development Board (SEDB) carried out several activities to support the operations of MSMEs.

The major activities undertaken included training and sensitisation workshops, acquisition of equipment, provision of marketing support services, monitoring and networking and a consultancy on dimensions of stone evaluation. With regard to training and sensitisation, SEDB received K 63.2 million and serviced 469 beneficiaries. Government allocated K21.4 million for the purchase and transportation of four nut crackers for women groups in Western province. In the area of monitoring and networking, Government through SEDB spent K6.9 million on monitoring and evaluation activities and participation in relevant workshops on promotion of micro and small enterprises. In addition to these activities 12 training courses were conducted in Lusaka, benefiting 184 SMEs.

During the first half of 2004, Government through SEDB carried out several promotional activities for SMEs. The major activities included workshops on the theme 'start your business and generate your business idea' which had 239 beneficiaries. Other activities involved participation by 140 beneficiaries in the business enterprise exhibition and the International trade fair.

Industrial and Craftsmanship Development

During the review period, Government allocated funds to the sector for Poverty Reduction Programmes for industrial training. The resources were utilised for the rehabilitation of training institutions in order to improve training environments and enhance quality of service delivery. Details for these programmes are reported under the Education Sector of the report.

### 4.1.5 Energy

The overall goal in the energy sector is to promote optimum supply and utilization of energy. In order to streamline the implementation of the sector programmes and meet the sector goal, Government speeded up the implementation of structural and legal reforms in the sector. Government continued to use the following strategies to attain the sector goal:

(i) Enhancing the capacity in energy delivery infrastructure in order to ensure efficient and reliable supply to carter for increased domestic demand and exports;

(ii) Promote targeted interventions in power supply to increase access to vulnerable populations such as those in rural and peri-urban areas through promotion of off-grid power supply and alternative energy sources and technology;

In this regard, Government facilitated the meeting of the entry point actions by ZESCO as contained in the Commercialisation road map of the institution. By the end of 2003, all the entry point actions were undertaken for the commercialisation of ZESCO.

The legal reforms implemented during the period under review included, the amendment of the Electricity and the Energy Regulation Acts, which was done in December 2003. These Acts were amended in order to make them more responsive to the current socio-economic situation of the country and to provide a more favourable environment for private sector participation in the development of the energy sector. In addition, Parliament enacted the 2003 Rural Electrification Authority Act. The Act provides for the formation of the Rural Electrification Authority that will be responsible for coordinating the implementation of Rural Electrification Programmes.

In the petroleum sub sector, Government continued to facilitate the efficient operations of the sector by putting in place mechanisms that will encourage the private sector to supply the country with petroleum feedstock using own financing. Further, efforts were made in improving the security of petroleum supply, and facilitating the acquisition of resources for the rehabilitation of the petroleum infrastructure.

In this respect, Government constituted a Committee in 2003 whose mandate was to develop mechanisms for the maintenance of petroleum strategic reserves.

**Status of Programme Implementation**

During the period under review, the bulk of the projects implemented under Poverty Reduction Programme were rural electrification projects. In 2003, a total budget allocation of K6.0 billion was made for PRPs, of which K5.0 billion was for rural electrification and K1 billion for the other PRP projects. While the sector performance in 2003 was not very good on account of limited releases of the allocated funds, the last quarter of 2003 and the first quarter of 2004 recorded some improvements in the timely releases of funds to the energy sector. Out of the total allocation of K11.96 billion for PRPs in the 2004 budget, K1.27 billion was released by second quarter.

**Rural Electrification Programme**

In 2003, a total allocation of K5 billion was made for rural electrification, out of which K2.5 billion was released during the 4th quarter for the implementation of the 11 rural electrification projects. Table 4.3 below shows the distribution of the K2.5 billion among the 11 projects. The implementation of the 11 projects is still ongoing.

**Table 4.3: Distribution of K2.5 Billion to Rural Electrification Projects**

| PROJECT NAME | Apportionments of the funds (K' billion) |
|---|---|
| Katuba Farming Block, Central Province | 0.15 |
| Lufwanyama, Copperbelt Oprovince | 0.15 |
| Mpongwe, Copperbelt Province | 0.20 |
| Masaiti, Copperbelt Province | 0.20 |
| Kafubu Farming Block, Copperbelt Province | 0.10 |
| Areas Surrounding Chiefs Mujimanzovu And Kapijipanga, | 0.10 |
| Nyimba Kacholola And Mtilizi – Eastern | 0.10 |
| Gwembe-Tonga, Southern Province | 0.60 |
| Kaputa – Northern | 0.45 |
| Tapo-Lukona, Western Province | 0.20 |
| Monitoring And Evaluation | 0.25 |
| **Total** | **2.50** |

By end of 2003, six rural electrification projects were completed in five provinces namely, Lusaka, Central, Copper belt, North Western, and Southern provinces, with Southern Province having 2 projects completed. The total expenditure for these completed projects was K2.59 billion financed by ZESCO. The 6 completed projects in 2003 do not include the 11 projects mentioned in table 4.3 above which received a funding of K2.5 in the fourth quarter of 2003.

The other project, which was implemented in 2003, under the rural electrification programme, is the Solar PV-Energy Service Companies (ESCO) Project. The project was funded by Co-operating partners through a private sector arrangement. By December 2003 the project was completed. However, an agreement was negotiated for extension to June 2005, involving the purchase of extra 100 solar systems, earmarked for Nyimba, Chipata and Lundazi.

In the 2004 budget, a further provision of K9 billion was made towards rural electrification programme. During the period under review, no funds were released for rural electrification because the programme was profiled for funding during the second half of the year, after the completion of the Rural Electrification Master Plan.

Out of the K1.27 billion released by second quarter in 2004, K24.5 million was for the development of a Rural Electrification Master Plan. The remaining amount was being utilized to implement other PRP projects, which include: Bio Gas, Energy exploration, Gel Fuel, Liquidified Petroleum Gas (LPG), Improved Cook stoves and Global Village Energy Partnership projects. (The detailed implementation progress on these projects is outlined in the Appendix 10).

**Nansanga Farm Block Electrification project**

The Nansanga Farm Block Electrification project involved the construction and energizing of an overhead electricity line in Nansanga Farm Block. A total of K480 million was allocated for this project in the 2004 budget out of which K460 million was released by the end of June 2004. During the period under review, the Inter Ministerial Committee was formed to oversee the implementation of the project. The committee started meeting during the period under review.

In addition to the above stated projects, the following poverty reduction related projects were implemented in the energy sector:

**Zambia – Namibia Transmission Line Project**

The Zambia–Namibia Transmission Line Project will involve the construction of 230 km of 220kV transmission line, including installations and substations extensions, from Victoria Falls in

Zambia to Katima Mulilo in Namibia. The total project would cost US $ 12 million and would be jointly financed by the African Development Bank (ADB), Development bank of South Africa (DBSA) and Zambia Electricity Supply Corporation (ZESCO).

By end of 2003, tender evaluation for the project was completed. The contract negotiations commenced in 2004 and by the end of the current reporting period, project contracts were approved and were awaiting signing. It is expected that the mobilisation to site will be completed by September 2004 and project commissioning would take place in 2005.

Once completed, the project is expected to increase electricity exports to Namibia and improve local power supply to Southern and Western provinces.

**Malawi-Zambia Power Cooperation Project**

The Malawi-Zambia Power Cooperation Project involves the construction of a 129 km 33kV line on the Malawian side and 3km line from the border to Chama as well as a 14 km line from the border to Lundazi. This is a SADC rural electrification programme partially funded by the World Bank. The implementation of the project will be carried out by ZESCO and ESCOM. The two electricity corporations participated in the funding of the project.

The works involving the connection to Lundazi were completed in 2001 and financed by ZESCO and ESCOM while the World Bank is funding the works to connect Chama from the Malawi border. The works connecting to Chama are scheduled to be completed by August 2004.

It is envisaged that this project will improve power supply efficiency, reliability and reduce the cost of supplying electricity to Lundazi and Chama which were initially electrified by expensive diesel powered generators.

**Zambia-Tanzania-Kenya Power Interconnector**

The Zambia-Tanzania-Kenya Power Interconnector project involves the construction of a power line and supply of power from Zambia to Kenya and Tanzania. By end of 2003, the three countries (Zambia, Tanzania and Kenya) had signed an Inter-governmental Memorandum of Understanding and agreed to co-operate in the development of the project. By second quarter of 2004, phase 1 feasibility study report and draft solicitation documents had been submitted by consultants and were reviewed by the three countries.

At the end of the reporting period, the no-objection from the World Bank was being awaited for the funding to cover the Environmental and Social Impact Assessment (ESIA) for the Tanzanian Internal Reinforcement and for use to engage consultants for contract negotiations.

### 4.1.6 INFRASTRUCTURE

Government's overall objective in the sector is to create an efficient Transport and Communications system that will promote economic growth and poverty reduction. The major focus for the sector include;

- To expand, rehabilitate and maintain paved and unpaved roads and feeder roads.
- To develop safe, sufficient and sustainable maritime and inland waterways transport systems.
- To preserve the investments that has been made in the transport and communications sector.

In order to realize these objectives, Government embarked on various programmes in the following sub sectors; Roads, Buildings, Water transport, Railway, Air transport and Communications.

**Road Sub-sector**

In 2003, Government allocated a total of K447.7 billion to the road sub-sector out of which K12.2 billion was for feasibility studies, K46.3 billion was for poverty reduction programmes, K18.4 billion for Bridges and pontoons and K370.8 billion for the rehabilitation of roads with the support from Co-operating Partners.

As at end December 2003, a total of K70.4 billion was disbursed out of which K44.97 billion was spent on poverty reduction programmes. The balance of K25.43 went to other capital programmes in the sector. Total disbursement from Cooperating Partners was approximately K221.28 billion.

In 2004, Government allocated K348.6 billion to the road sub-sector. Feasibility studies was allocated K13.9 billion, poverty reduction programmes K71.3 billion, Bridges and pontoons K16.8 billion and rehabilitation of roads K209.4 billion with support from Co-operating Partners. Periodic maintenance was allocated K35.7 billion and institutional transformation into the Roads Development Agency K1.5 billion. As at end June, a total of K176.9 billion was released towards feasibility studies, poverty reduction programmes, rehabilitation and periodic maintenance of roads. The funding for poverty reduction programmes was also apportioned to the provinces as outlined in table 4.4.

**Table: 4.4 Funding for Poverty Reduction Programmes to Provinces in 2004**

| Province | Estimate in K'Billion | Cumulative Funding in K'Billion | Cumulative Expenditure in K'Billion |
|---|---|---|---|
| Central | 4.28 | 4.28 | 4.97 |
| Copperbelt | 2.15 | 2.15 | 0.88 |
| Eastern | 14.28 | 14.28 | 5.80 |
| Luapula | 4.10 | 4.1 | 0.64 |
| Lusaka | 3.50 | 3.50 | 1.36 |
| Northern | 16.02 | 16.02 | 16.42 |
| North-western | 14.17 | 14.170 | 11.20 |
| Southern | 6.70 | 6.70 | 3.00 |
| Western | 6.10 | 6.1 | 0 |
| **Total** | **71.3** | **71.3** | **44.27** |

Source: Ministry of Works and Supply – Roads department 2004

Government continued with the implementation of the 2002 transport policy through the establishment of the Road Development Agency (RDA), Road Transport and Safety Agency (RTSA) and National Road Fund Agency (NRFA). Boards of Directors for the RDA and RTSA were appointed while that of the NRFA was awaiting Cabinet approval.

In order to expand, rehabilitate and maintain paved, unpaved and feeder roads, Government in collaboration with Cooperating Partners, continued to implement the Road Sector Investment Programme (ROADSIP). The first phase of ROADSIP officially came to an end in 2003 and recorded some achievements as outlined in table 4.5. The second phase of ROADSIP which was renamed the Road Rehabilitation and Maintenance Programme (RRMP) was expected to start after June 2004.

**Table: 4.5 Status of Implementation for ROADSIP Phase I**

| | Name Of Project | Financier | Status |
|---|---|---|---|
| 1 | Kasama-Mpika Road | GRZ | Completed in 2003 |
| 2 | Chingola-Solwezi Road | GRZ | Complete in 2003 |
| 3 | Batoka-Maamba Road | GRZ | Complete in 2003 |
| 4 | Magoye-Chivuna | GRZ | Complete in 2003 |
| 5 | Kapiri-Mposhi & Chisamba Road | EU/GRZ Counterpart | Completed in 2003 |
| 6 | Lusaka Road Phase II | JICA/GRZ Counterpart | Completed in 2004 |
| 7 | Livingstone-Sesheke Road | KfW-Germany/GRZ Counterpart | Completed in 2004 |
| 8 | Katimamulilo Bridge | KfW-Germany/GRZ Counterpart | Complete in 2004 |
| | Kabwe-Kapirimposhi Road | EU/GRZ Counterpart | Completed in 2004 |
| 9 | Mporokoso-Bulaya | GRZ | 80% complete |
| 10 | Periodic maintenance of roads | World Bank/GRZ Counterpart | 75 % complete |
| 11 | Community roads/capacity building | World Bank | 75 % complete |
| 12 | Mongu-Kalabo Road | Badea /Kuwait/OPEC Fund/GRZ Counterpart | 60% complete |
| 14 | Capacity Building & Institutional development | NORAD | 60% complete |
| 15 | Lusaka-Mongu Road | Danida/GRZ Counterpart | 15% complete |

Source: National Roads Board 2004

The performance of the road sub-sector in 2003 was satisfactory. An overall improvement in the paved road network was recorded. Government planned on maintaining 25,276 Km of roads but only 18,636 Km were maintained representing 74 percent of the planned target. The length of the paved road network in Good condition reduced from 59 percent in 2002 to 56 percent in 2003 and the length in poor condition reduced from 19 percent to 17 percent for the same period

Table 4.6

| | Name of Project | Financier | Status |
|---|---|---|---|
| TRUNK ROADS | | | |
| 1 | Great North Road | World Bank / DANIDA | Completed |
| 2 | Siavonga Road | | Completed |
| 3 | Lusaka - Kabwe | EU | Completed |
| 4 | Monze - Zimba | EU | Completed |
| 5 | Mpika – Kasama | Road Fund | Completed |
| 6 | Lusaka – Mongu | DANIDA | 15% Complete |
| 7 | Luangwa Bridge – Nyimba | Road Fund | Completed |
| 8 | Lusaka - Makeni | Word Bank | 0% complete |
| 9 | Makeni – Kafue | World Bank | 30% complete |
| 10 | Mongu – Kalabo | OPEC | 40% complete |
| URBAN ROADS | | | |
| | Lusaka urban roads rehabilitation | Road Fund | Completed |
| | Lusaka Phase I | JICA | Completed |
| | Lusaka Phase II | JICA | Completed |
| | Kitwe city roads | World Bank | Completed |
| | Ndola city roads | World Bank | Completed |
| FEEDER ROADS | | | |
| Province | Full improvement | Accessibility improvement | Financier |
| Luapula | 323 Km | 252 KM | World Bank |
| Northern | 523 Km | 895 Km | World Bank |
| Western | 0 | 865 Km | World Bank |
| TOTAL | 846 Km | 2,012 Km | |

Source National Roads Board

Whilst the reduction in the length of the paved road network in poor condition was due to rehabilitation works that were undertaken during the period under review, the lack of consistent routine and periodic maintenance led to a rapid deterioration of the roads that were previously in good condition. This resulted in an increase in the length of the paved road network in Fair condition from 22 percent in 2002 to 27 percent in 2003.

Routine and periodic maintenance was on a twelve month performance contract, which were labour intensive guaranteeing jobs for small–scale contractors and local inhabitants who were employed along project roads. In this regard, 8,400 jobs were created under the feeder roads programme and 9,700 jobs under the trunk roads programme as at end December, 2003.

At the close of 2003, audited arrears for projects stood at K271.7 billion in the Roads sub sector. This amount includes interest charged on contracts that were previously outstanding. Government realizes the negative impact that arrears have on projects, therefore, a committee to renegotiate with contractors that are owed huge amounts due to interest charges was established.

**National Road Safety Action Plan**

Government continued to implement the National Road Safety Action Plan (NRSAP). In order to reduce the number of accidents, the minimum age requirement for Passenger Service Vehicle (PSV) drivers was increased from 18 to 21 years and a re-training programme was introduced. A total of 10 motorcycles were bought for road patrols and mounting of speed traps was stepped up. Breathalysers were also bought to help in conducting on the spot alcohol tests for drivers.

**Buildings**

Government disbursed K14.6 billion to undertake building programmes in 2003. The New Chirundu and Katima Mulilo Bridges were completed and commissioned in December, 2003 and May, 2004 respectively. However, construction of support infrastructure at Chirundu and Katima Mulilo was still under way by June 2004. In addition, building work continued at the New Government Complex. Other projects that were undertaken during the period under review are outlined in appendix 11a.

**New Chirundu Bridge Infrastructure**

Government undertook to improve infrastructure at the new Chirundu Bridge. The project included building of the water treatment plant, security wall fence and guard houses, 50 houses, Police station, passenger control building, freight terminal and street lights.

Government disbursed a total of K13.7 billion which was spent on the Chirundu Bridge infrastructure against an approved budget of K6 billion in 2003. This resulted in a supplementary budget of K 7.7 billion for this particular project. As at end June, 2004, K13.6 billion had been disbursed against a budgeted allocation of K35.96 billion.

Progress on works continued at a slow pace with some works yet to begin due to inadequate funding, compounded by the outstanding payments to contractors and consultants. At the close of 2003, arrears for Buildings projects stood at K4.7 billion. However, a total of K10.3 billion was paid to contractors while K1.4 billion was paid to consultants. As of June 2004, a total of K7.4 billion was paid towards contractors the civil works were at an advanced stage with approximately 95 percent of the programmed works complete. (See appendix 11b).

**Katima Mulilo Infrastructure**

In order to enhance revenue collection, Government embarked on improving the support infrastructure at Katima Mulilo border post. A total of K 7.2 million was funded out of an approved budget of K200 million. By June 2004, the project was at tender stage.

**New Government Complex**

In order to reduce on expenditure on rentals, Government embarked on building the new government complex. In 2003, an amount of K2 billion was allocated of which K678 million was released towards the purchase and installation of lifts, telephones and electricity. As at June 2004, a total of K330 million was released against an approved budget of K800 million. (See appendix 11a).

### 3.1.6.3 Communications sub sector

**Information and Communications Transport (ICT)**

Government was in the process of developing a multi-sector National ICT Policy framework, which would spell out the broad areas that would provide guidance in terms of investment, performance and targets. As at June 2004, the national ICT Policy development process had reached an advanced stage. Consultations were being finalised and the revision of the first draft was on-going. The policy was expected to be finalised by December 2004**.** Government with the support from Cooperating Partners was in the process of commissioning the following studies;

1. The assessment of latent telecommunications services demand and possible mechanisms including licensing incentives that would stimulate the extension of the service to rural and underserved areas.
2. Review of the 1994 telecommunications Act.
3. Review of the licensing frame work and the unbundling of Zambia Telecommunication Corporation Limited (Zamtel).
4. Evaluation of performance and feasibility of multiple players in the International Gateway operation.

These studies were part of the reform process in the Communications sector and were expected to be completed by 30th September 2004.

**3.6.1.4 Railway Sub-Sector**

In order to preserve investments made in the railway sub-sector, Government during the period under review implemented the following programmes outlined in table 4.7.

**Table: 4.7 Programme implementation status for the railway sub sector**

| Company Name | Status |
|---|---|
| Zambia Railways | Government completed concessioning the company to Spoornet New Limpopo Bridge Investment Project in December 2003. The company is now called Railway System of Zambia. |
| Mulobezi Railway | An option study for private sector participation in the company to ascertain available options on the future of the rail-line is underway and a report is due in August 2004. |
| Tanzania Zambia Railways | An option study for private sector participation is underway. A report is due in September 2004. |
| Chipata Muchinji | A feasibility study was underway to establish the viability and possible cost of establishing the railway line. As at June 2004, Government had released K1.2 billion for monitoring and evaluation of the works to be undertaken by the private sector |
| Njanji Commuter Services | Government has approved concessioning. ZPA is yet to commission a study on the concessioning of the Njanji Commuter services. |

Source: ZPA , 2004

**Chipata / Mchinji Railway**

The Government of the Republic of Zambia signed a Memorandum of Understanding with Eldlow Resources Limited, in the second half of 2003, to carryout feasibility study on the viability of the Chipata / Mchinji Railway project on Build Operate and Transfer

At the time of this report, Government was yet to receive a feasibility study report.

**Maritime and Inland Waterways**

In order to develop safe, sufficient and sustainable maritime and inland waterways transport systems, Government, allocated K3.36 billion for rehabilitation of canals and waterways out of which K750 million was disbursed for works in Luapula, Western and Northern provinces. Each of these provinces received K 250 million. A total of 849.5 km of canals and waterways were dredged out of a target of 1,349 km.

As at June, 2004, the approved budget of K 550 million had been funded for rehabilitation of canals and waterways. No works had been done as Government was in the process of disbursing these funds to the various projects in the provinces in consultation with the provincial leadership.

**Civil Aviation Sub-sector**

In order to preserve investments that have been made in the Civil Aviation Sub-sector, Government in 2004 started a process of establishing a national airline as public-private partnership and it was expected that the national airline once established would improve air services to complement other transport modes and make Zambia once more a regional air transport hub.

Procurement of Consultancy Services to prepare a bankable document to solicit investment into the establishment of a national airline reached advanced stage by June, 2004. The study was expected to take-off end of September 2004. It was expected that the study would produce a bankable document, which Government would use to solicit external investment and identify either a foreign or local private sector partner in the establishment of a National Airline. Government continued to rehabilitate aerodromes to improve the poor state of disrepair which most of them were (See regional chapter for status in each province).

### Chipata Airport

The Chipata airport was closed in 2001 due to extensive damage of the runway by heavy rains. Rehabilitation work started in 2002 and was completed in March 2003.

#### Lusaka International Airport

The Lusaka International airport underwent a face-lift at a cost 3 million Euros. The renovations included modernization of the entire airport's lighting system, provision of emergency, rescue and fire fighting equipment, ground service equipment, installation of escalators, baggage carrousels, flight information display system and security screening equipment.

#### Livingstone International Airport

The runway at the Livingstone International Airport was resurfaced in 2002 at a cost of US $ 1.9 million. The works comprised an asphalt overlay to strengthen the load bearing capacity of the runway.

## 4.2 SOCIAL SECTORS

### 4.2 1. Education Sector

The overall goal of the Education sector is to provide relevant, equitable, efficient and quality education for all so as to contribute to economic growth and poverty reduction. In order to realise this goal, Government pursued the following objectives in the sector:

- Increase access to basic education and improve relevance and quality.
- Increase access and retention and ensure quality education;
- Improve the quality, access and capacity to education providers;
- Increase access, quality and relevance of skills training; and
- Reduce disparities in the education sector, including gender disparities.

In order to achieve the above objectives, the following programmes were implemented; Infrastructure development, Curriculum development, Education materials provision, Bursaries provision to Orphans and Vulnerable Children (OVCs), Equity/Gender and HIV/AIDS.

**STATUS OF PRP IMPLEMENTATION**

#### 4.2.1.1 Infrastructure Development

**Rehabilitation of Vocational Training Institutes**

A total of K8.3 billion was budgeted for Poverty Reduction Programmes in 2003 for vocational training, under Ministry of Science, Technology and Vocational Training. Out of this amount, K1.95 billion was released for various rehabilitation works of students' hostels and cafeteria of 16 training institutes and colleges which represented twenty five percent of the allocation. These funds were released late hence most of the institutions started implementing the programmes in 2004. (See appendices 12c)

In 2004, the amount released for vocational training as at end of June was K3.4 billion against the budget of K6.6 billion representing 56.4 per cent of the budget. The funds were disbursed to the respective institutions.

The original overall budget allocation for the Education sector in 2003 was K486 billion. However, during the course of the year, the Government increased personal emoluments by 151% arising from Trade Unions demands. Consequently, the releases rose by 123% from the original budget of K486 billion to K691 billion. The PRP budget stood at K51.7 billion. Of this amount, Government was to contribute K5.1 billion. However, by the end of the year, Government contributed K6.3 billion.

In 2004, the allocation to education was further scaled up to K784 billion representing 20.8 percent of the discretionary budget, a rise of 2 percentage points, from 20.6 percent in 2003. By end of June 2004, disbursements against this budget amounted to K385 billion which represented 49.2 percent of the budget.

The sector also attracted significant support from Cooperating Partners through sector-wide approach, benefiting largely basic education at district level.

**Rehabilitation of the University of Zambia and Copperbelt University**

In 2003, K680 million and K500 million were released for rehabilitation works at the University of Zambia (UNZA) and Copperbelt University (CBU) as against the budgets of K4 billion and K3 billion respectively.

This was followed up by further releases of K4.9 billion and K2.3 billion in May 2004 for the rehabilitation of water reticulation system at both universities and resealing of concrete roofs at UNZA. Activities in the Access to Education programmes included the construction of Chinsali College, construction of for teachers' houses and construction of three rural secondary schools. Budget for all these in the period under review was K20.5 billion (see appendices 12 a-12c).

**Other Infrastructure Development Programmes**

Other Infrastructure Development Programmes Government undertook during the period under review included the construction of Chinsali teachers' training college, teachers' houses and three rural secondary schools. The budget for these programmes was K20.5 billion. Due to financial constraints faced by Government, only Chinsali college received funding of K500 million (see appendix 12b).

**5. Support to Community Schools**
By June 2003, there were more than 1,793 community schools which enrolled more than 175, 789 pupils of whom 88,688 were males and 87,101 were female and employed over 2,934 Teachers. Most of the community schools lack the necessities required in a conventional schools. In 2004, Government allocated K3 billion for community schools out of which K750, million was released. The support to community schools was meant to supplement the community efforts to run their schools.

**6. HIV /AIDS Awareness**
In the area of awareness sensitisation, workshops were held in all provinces and various campaign materials such as T shirts, caps, and posters were bought or printed and distributed countrywide. Class debates and popular arts (drama) were performed. Provision of ARVs to affected members of staff and distribution of female condoms were also carried out. A sum of K3 billion was budgeted for these activities in the sector in 2003 and 2004 of which a total of K743.4 million was released by end of June 2004.

**7. Rural Hardship Allowance**
The Rural Hardship Allowance was meant to be one of the incentives for Teachers serving in rural areas of the country. An amount of K2.billion was budgeted for 2004 of which K324.6 million was released by end of June 2004 and later disbursed to five rural provinces; Northern, Luapula, Eastern, North-Western and Western provinces.

**8. Provincial Allocations**
During the period under review, a total of K10 billion was budgeted for school requisites and rehabilitation under PRP in the provinces under the Provincial Administrations. Of this amount, K9.4 billion was released. For the first time, under PRP, secondary level education was provided with funds for rehabilitation of schools, which had greatly deteriorated as it did not qualify for funding under the previously run European Union (EU) funded Micro Projects Unit.

The total allocation in 2004 budget was K32 billion and the beneficially Ministries were Education and Science, Technology and Vocational Training. A total sum of K18.7 billion was released to the two ministries, two universities and Provincial Administrations by end of June 2004 (See appendix 12b for details).

**Performance of Education Sector in Relation To the Millennium Development Goals**

**Access to Education**
During the period under review, access to education at all levels of the sector increased. Table 4.8 below gives the total number of pupil enrolment ratios for grades 1-7. In 2003, the total number of pupils was 1,876,811 of whom 971,452 were male and 905,359 female.

**Gross and Net Enrolment**

The Gross Enrolment Ratios in the basic education were 95 for males and 89 percent for females resulting in the net national average of 92 of which 77 percent was for male and 76 percent for female, thus surpassing the 2003 targets of 75 and 74 percent respectively. The national average, based on the estimates, is expected to increase to 94 percent in 2004.

The five districts with the least NERs were, starting with the worst, Shang'ombo (48%),Chadidza (51%),Petauke (53%),Katete (56%) and Nyimba (57%). Of the five districts, four were in Eastern Province. The five districts with highest NERs were, starting with the highest, Lufwanyama (118%), Isoka (98%), Chavuma (97%), Chililabombwe (96%) and Kafue (94%). The ratios appear to be well distributed among five provinces.

**Ranking of District Education Performance**

Out of the 72 districts, a sample of ten districts was considered comprising five worst and ten best in terms of NER and GER as shown in the tables below.

**Table 4.8: Ranking of five Districts: Worst and Best NERS Performers**

| Worst Districts | NER (%) | Best Districts | NER (%) |
|---|---|---|---|
| 1.Shangombo | 48 | 1. Lufwanyama | 118 |
| 2. Chadiza | 51 | 2. Isoka | 98 |
| 3. Petauke | 53 | 3. Chavuma | 97 |
| 4. Katete | 56 | 4.Chilabombwe | 96 |
| 5. Nyimba | 57 | 5. Kafue | 94 |

Source: Ministry of Education

The increase in the national average was as a result of new Government policy of abolishing school uniforms in schools, abolition of primary school leaving examination fees, and the declaration of Zambia as Free Primary Education (FPE) for grades 1-7. These policy measures contributed to the improvement in the enrolment rates. Coupled with the above measures was the increase in the sector budgetary allocations from 19.7 percent of the discretionary budget in 2003 to 21 percent in 2004, the prospects of achieving the universal primary education by 2015 are therefore very high. Thus by maintaining current annual increase, it will most likely lead to the attaining of the Millennium Development Goal on universal primary education.

**Academic Production Units**

Government, during the period under review, continued the running of the Academic Production Units (APU) as a parallel stream for grades 8-12. The APU were run as afternoon sessions using the same facilities and teachers. In 2003, there were 51,686 pupils attending such classes of whom 14,093 were in grades 8-9 and 37,593 in grades 10-12. These efforts were regarded other strategies for increasing access to education. However, the APU data was not part of the enrolment ratio computations in this report. It therefore, follows that the enrolment ratio would increase in the subsequent years once this data was captured and included in the enrolment ratio.

**Table4.9: Enrolment of Pupils in by Gender, Grades 1-7**

| Year | Male Students | Total male pupil enrolment | Female students | Total female Enrolment | Total Pupil Enrolment *Net | Total Population Of SGA | Male GER (%) NER (%) | Female GER (%) NER (%) | Average GER (%) NER (%) |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | 971,452<br>*789,820 | 1,023,246 | 905,359<br>*773,085 | 1,023,556 | 1,876,811<br>*1,562,905 | 2,046,802 | 94.94<br>*77.2 | 89<br>*75.5 | 92<br>*75.5 |
| 2004 | 988,938 | | 921,655 | | 1,910,594 | 2,083,644 | *97 | 90 | 94 |

NB: **a**) 2004 are estimates derived from GER/NER growth rates from 101% in 2003 to -110% in 2007 from the Strategic Plan 2003-2007, by Ministry of Education at 1.8% and 2.3% Per Annum respectively.
**b**) SGA: School Going Age * Net figures or ratios

## Completion Rate

The proportion of pupils starting grade 1 who reached grade 7 in 2003 was 73.5%. Meanwhile, the percentage of girls who started grade one, and reached grade 7 was 66.7 which was below the 2003 target of 72 percent, while 80.3 percent of boys who started grade 1 reached grade 7, which was below by 2% from 82 percent target

**Table 4.10 Ranking of five Worst and Best Districts performers in terms of CRs Grades 1-7**

| Worst Districts | CR (%) | Best Districts | CR (%) |
|---|---|---|---|
| 1.Shangombo | 30 | 1. Kalulushi | 106 |
| 2. Chienge | 33 | 2.Chililabombwe & Kafue | 104 |
| 3.Chilubi | 42 | 3.Livingstone | 98 |
| 4. Mpulungu | 45 | 4.Mumbwa | 97 |
| 5. Chadiza | 48 | 5. Ndola & Kitwe | 94 |

Source: Ministry of Education

The gap of completion rate, especially for girls, worsens with the subsequent higher grade.

It is evident from both tables above for GERs and CRs that Shang'ombo and Chadiza are the worst as they appear in the Worst categories of the tables with Shang'ombo topping the list in both tables and Chadiza being second in terms of GER.

From the ranking of Net Enrolment Ratios (NER) in table 3.7 above, it is evident that Eastern Province is occupying four positions out of the worst five positions after Shan'gombo which is occupying the first position. This is in conformity with the TNDP 2002-2005 (Page 285) which states "The school enrolment levels in the province are far less than the school going age.

This partly disadvantages girls". One other factor that has been attributed to this is the tendency by parents in the province to withdraw children from school for cultivation.

**Table: 4.11Achievement of Universal Primary Education, 2003**

| Indicator | Base-Line (%) | Target (%) | Achievement % |
|---|---|---|---|
| NER: grades 1-7 (girls) | 2000:69<br>2001:69<br>2002:71 | *(2000::74)*<br>74 | 75.5 |
| NER: grades 1-7 (boys) | 2000:71<br>2001:72<br>2002:73 | *(2003:74)*<br>75 | 77.2 |
| **National Average** | | **79.9 (74)** | **76.35** |
| CR: grades 1-7 (girls) | 2000:64<br>2001:63<br>2002:63 | *(2000::67.7)*<br>72 | 66.7 |
| CR: grades 1-7 (boys) | 2000:78<br>2001:76<br>2002:77 | *(2000:80.8)*<br>82 | 80.3 |
| **National Average** | | **80 (74.25)** | **73.5** |

Source: Adapted from Ministry of Education data
*NB*: Figures in italics are original ratios prior to 2004 PRSP Annual Review. In brackets are revised figures for 2003.

Despite the CRs for both girls and boys failing to meet the CR targets for 2003, the NERs beat both targets for boys and girls better still, even the revised ones (in brackets). Furthermore, it's only the CR for girls, which are below the national total or average of 80 per cent and the revised figure (calculated) of 74.25 percent. On the whole the achievement of CR of 73.5 percent against the revised 74.25 per cent is quite fair. If this slight underperformance is further seen against the progress made from the baseline figures for the years 2000 to 2002, ranging between 63 percent and 64 percent, the progress made is still impressive and could, in principle, be considered as having met the target

**Efforts Made To Improve the Ratios**

Efforts were being made by the sector through teachers, in liaison with NGOs, to encourage girl child education by counselling traditional chiefs and parents on the importance of girl education. Efforts bore fruit when some traditional local court justices commenced imposing fines on erring parents. Further, girls were encouraged to take education as their right. If these efforts are sustained, the chances are high that children, both boys and girls will be able to complete a full course of primary education. The re-entry policy for pregnant teenage mothers and special bursary provision for girls by Government, FAWEZA, CAMFED and others will help improve girl enrolment in schools.

**Literacy rate**

The national literacy rate of the age group 15-24 years old in 2003 was 70%. On the other hand 66 percent, of female in the population of the same age-group was literate while 76 percent was the case for males. Introduction of evening classes in schools helped increase literacy in the country. The literacy rate for women 15-24 years old tallied with the education completion rate of girls for grade 7 while the literacy rate for male of same age group (15-24 years old) was less than the completion rate for grade 7 by 4 percentage points indicating that more girls than boys undertook literacy classes (or non formal basic education), thus signifying that they were keener than boys in non formal education. Alternatively, it serves as a safety valve for the girls after prematurely having left formal education earlier on.

**BASIC SCHOOL LEVEL**

At the Basic school level (grades 1-9), out of the school going population of 2,558,898 in 2003, about 79 percent were absorbed at basic school level compared to 75 percent of 1,731,579 of 2002, giving an increase of 4 percentage points.

**Table4.12: Gross and Net Enrolment Ratios by Gender, Grades 1-9**

| Year | Enrolment | Male Students | Male Population | Female Students | Female Population | Total Student Enrolment | Total Population of SGA | Male Pop/n Enrolment ratio (%) | Female Population Enrolment ration (%) | Total Population Enrolment Ratio (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2003 | Gross | 1,056,140 | 1,278,843 | 974,547 | 1280054 | 2,030,687 | 2,558,897 | 82.59 | 76.13 | 79.36% |
| | Net | 943,883 | | 905,073<br>907,338 | | 1,848,956 | | 73.81 | 70.71 | 72.26 |
| 2004 | Gross | 1,082,544 | | | | 2,081,455 | 2,620,311 | | | |
| | Net | | | | | 2,538,359 | | | | |

NB: a) 2004 are estimates (at 2. 4%per annum (CSO) growth rate from 2003 actual figures as provided by Ministry of Education
b) SGA*: School Going Age

## HIGH SCHOOL LEVEL (SECONDARY SCHOOL, GRADES 10-12)

The High school level recorded an increase from 205,393 in 2002 to 210,061 in 2003. The rise in pupil enrolment at the high school level was attributed to the increase in the number of secondary schools by 5.4 percent from 335 in 2002 to 353 in 2003. (See the table below).

**Table 4.13: Gross & Net Enrolment ratios in Secondary Schools, Grades 10-12**

| Year | Enrolment | Male Students Population | Total male Population | Female students Population | Total female Population | Total Students Pop'n | Male Enrolment rate (%) | Female Enrolment rate (%) | Total Enrolment rate (%) |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | Gross | 93,692 | 622,808 | 78,776 | 649,367 | 172,468 | 15 | 12 | 14 |
| | Net | 70,716 | | 622,808 | | 134,709 | | 11 | 10 |
| 2004 | Gross | 96,034 | 638,378 | 80,745 | 665,601 | 178,780 | 15.42 | 12.43 | 13.90 |
| | Net | 72,484 | 638,378 | 65,593 | 665,610 | 138,077 | 12 | 10 | 11 |

NB: a) 2004 are estimates (at 2,4% per annum growth rate from 2003 actual figures as provided by Ministry of Education

For details on Gender Enrolment Ratios and Completions Rates, see Appendix 12 i.

**Staffing Position and Pupil Teacher Ratios**

The number of school teachers increased to 38,891 in 2003 of whom 19,817 were males and 18,945 were females. About 129 teachers were unknown in terms of their qualifications and gender. The numbers of pupils in grades 8-12 was 172,468 and that of teachers, 7,880 giving the pupil/teacher ratio of 21.89 whereas in basic education, it was 52.22. There were 9,000 vacant teaching positions of which 8,500 were in basic education and 500 in high schools

These ratios could have improved if all the estimated 9,000 vacant posts in the education sector were filled by graduate teachers from colleges in the years 2002-2003. Every year, 4,000 to 5,000 graduates leave teaching colleges. The high attrition resulting from deaths and brain drain also aggravated the high pupil /teacher ratios in schools. Due to the wage bill ceiling, the sector could not employ teachers who graduated in 2002 and 2003. Only replacements of existing workforce were done. A total of 1,400 teachers were absorbed through this replacement process in April 2004 which still was below the requirement for the sector.

**Quality of Education**

The emphasis during the period under review was on developing and implementing a basic education curriculum which was relevant, effective and in line with the basic education reforms. It was also meant to improve the teaching and learning outcomes through a school curriculum with flexible methodologies and increased thrust on relevant core skills.

In order to monitor education standards, 7,320 basic school inspections and 725 secondary school inspections were carried out. In addition, the supply of reading English text books also increased to 9,870,191 in 2003. However, the quality of education was negatively affected by the shortage of teachers resulting in the high pupil/teacher ratios.

**Equity and Efficiency**

As a way of meeting the needs and increasing education requirements of vulnerable children and orphans, Government responded favourably by providing bursaries and special education needs (SEN) to orphans and physically impaired children

**Table 4.14: Number of Orphans and Impaired Children at Basic Education level**

| | Number of orphans | Number of Vulnerable Children/ Impaired | | Total |
|---|---|---|---|---|
| | No of Orphans | physically Impaired | Mentally impaired | |
| 2002 | 235,515 | 19,761 | 3,448 | 258,724 |
| 2003 | 350,292 | 25,626 | 5,138 | 381,056 |
| 2004* | 350301 | 26,267 | 5,266 | 381,834 |

Source: Ministry of Education NB: a) 2004 are estimates (at 2.5% per annum Growth rate from 2003Actual figures not yet finalized at the reporting time

At Basic Education level, 350,292 orphans and 25,626 impaired children in 2003 were absorbed in the system compared to 235,515 orphans and 19,761 impaired children in 2002. (See table below).

At secondary school level, the numbers increased to 29,480 orphans and 2,657 physically impaired in 2003 compared with 20,437 and 1,820 in 2002 respectively.

**Table 4.15: Number of Orphans and Impaired Children at Secondary Education level**

| | Number of | Vulnerable/impaired children | | |
|---|---|---|---|---|
| Year | No of Orphans | Physically impaired | Mentally I | Total |
| 2002 | 20,437 | 1,820 | | 22,257 |
| 2003 | 29,480 | 2,657 | | 32,137 |
| *2004* | *30,217* | *2,723* | | 32,940 |

SOURCE: Ministry of Education

Source: Ministry of Education NB: a) 2004 are estimates (at 2.5% per annum Growth rate from 2003Actual figures not yet finalized at the reporting time

**Pregnancy Re-admission Policy**

The Pregnancy Re-admission policy was targeted at school girls who became pregnant whilst at school. It was meant to afford them with an opportunity to complete school. The policy resulted in 1,836 re-admissions resulting from 4,405 pregnancies registered in basic schools and 657 re-admissions from 926 pregnancies registered in high schools in 2003. The policy aimed at increasing access to education by girls, thereby raising their progression rate.

**Table 4.16: Re admission due to pregnancies**

| | Basic Education level | | High Schools Level | |
|---|---|---|---|---|
| Year | No of Pregnancies | No of Re-admissions | No of Pregnancies | No of Re-admissions |
| 2001 | 1,153 | 724 | | |
| 2002 | 3,663 | 1,322 | | |
| 2003 | 4,405 | 1,836 | 926 | 657 |
| 2004 | 4,515 | 1,882 | 949.15 | 673.43 |

Source: Ministry of Education NB: a) 2004 are estimates (at 2.5% per annum growth rate from 2003Actual figures not yet finalized at the reporting time

Other measures contributing to equity and efficiency were Bursaries and support to community schools. Community schools played a crucial role in helping communities in inculcating a sense of self-reliance in undertaking community development programmes and promote increased access to education by the poor.

### 4.2.2 Health and Nutrition

Government's overall goal in the Health sector is to improve the health status of all people in Zambia, especially the poor. To achieve this goal, the sector aims to meet the following objectives:

- To increase life expectancy of the population;
- To encourage lifestyles that support health;
- To create environments that support health;
- To achieve equity in access to health care;
- To provide assured quality health services; and
- To provide quality policy and technical guidance to service providers.

In its quest to meet the Millennium Development Goals of Reducing Child Mortality by two thirds, Improving Maternal health by three quarters and halting HIV/AIDS, Malaria and other diseases, Government committed itself to pursuing the policy environment as articulated in the National Health Policies and strategies that remained conducive and supportive to the delivery of the Health programmes. Zambia has potential to reduce the under-five mortality rate, reverse the trend of HIV/AIDS and other major diseases though much needs to be done in the area of Maternal Mortality rate and the incidence of Malaria.

In 2003, the total budget allocation for the PRP's was K 58.8 billion out of which K 34.8 billion was released. In 2004, the budget allocation for the health sector increased to K74.5 billion out of which K36 billion was disbursed by June 2004. Government continued the implementation of the following PRP programmes: the rehabilitation of health facilities, acquisition and distribution of essential drugs, Child Health Survival, Reproductive Health, Integrated Malaria Control (Roll back Malaria); and the Acquisition and Distribution of Essential Drugs.

An indication of general improvement in disbursement of budgeted figures to District level at 79 percent or K11.9 billion out of K 15 billion of the budgeted amounts by Government was also recorded as disbursed to Districts and Hospitals for 2003.

**Status on the Implementation of Programmes**

**Rehabilitation of Health and Training Facilities**

In 2003, Government allocated K10.1 billion for the rehabilitation of health facilities out of which K4.6 billion was released. Five third-level hospitals and all provincial hospitals were rehabilitated. In addition, a total of K10.0 billion was budgeted for the development of housing units for health personnel of which K1 billion was released and spent on the rehabilitation of 37 staff houses and flats.

In 2004, an amount of K2.25 billion was allocated for rehabilitation works out of which K1 billion was released by June, 2004. Rehabilitation of Nchanga North, Kakoso Urban Health Centre, Kamuchanga District Hospital and Mutundu Health Centre were undertaken while Ndola Central Hospital was partially rehabilitated. Other activities during the period included the extention of Garneton Clinic Registry and the Construction of an Out-Patient Department (OPD) at Lubengele Clinic which was on going at the end of June 2004. Furthermore, K3.25 Billion was budgeted and released for the Rehabilitation of Training facilities. However, during the period under review, rehabilitation works could not commence.

**Integrated Malaria Control Programme (Rollback Malaria)**

In 2003, a total of K5.5 billion was allocated for the Roll Back Malaria programme out of which K500 million was released. The amount was used for the purchase of 82,349 Insecticide Treated Nets (ITNs) which were distributed to the following districts: Mambwe (13,222); Nyimba (18,532); Chilubi (12,500); Kaputa (23,200); and Kalulushi (14,895). Furthermore, ITNs pilot projects were carried out in North Western Province. Furthermore, Government attempted to scale up the coverage of ITN's by combining the measles campaign with ITN distribution. A major development in the control of Malaria was a shift in Malaria treatment from chloroquine to more effective drugs.

In 2004, a total of K3.76 billion was allocated for the Roll Back Malaria programme out of which K4.08 billion was disbursed for the scaling up of Co-artem in 28 Districts. The amount released was higher than the budgeted due to the discretionary funding that the sector received. Implementation of Co-artem as a first line drug was undertaken in the targeted 28 districts. Additionally, Indoor Residue Spraying (IRS) was scaled up to cover 5 districts namely Ndola, Kitwe, Kabwe, Lusaka and Livingstone. The total number of households sprayed was 71,206 out of the targeted 75, 206 households. Furthermore, One million Insecticide Treated Nets were distributed at subsidised prices to expectant mothers and under- five children.

As a result of these interventions, Malaria incidence reduced from 122/1000 in 2003 to 114/1000 in the first quarter of 2004.

**Child Health Survival Programme**
In the second half of 2003, a total of K 2.4 billion was expended for the Child Health Survival programme out of the budgeted K4 billion. Immunisation of children against measles was thus undertaken in the targeted eight provinces. As a result of this intervention, measles cases reduced from 2.5 cases per 1000 in the fourth quarter of 2002 to 0.3 per 1000 cases in the same quarter in 2003.

In 2004, a total of K4.7 billion was budgeted out of which K392 million was disbursed. Activities undertaken included the promotion of Acid Flaccid Paralysis (AFP) surveillance, Nutrition surveillance and sensitisation on exclusive breastfeeding. Additionally, follow-ups on underweight children were undertaken on a weekly basis. The immunization coverage stood at 71 percent in the first quarter of 2004 against 76 percent in the fourth quarter in 2003.

Health centre utilisation in general by under-five age group in 2003 was 2.15 as average per capita attendance as compared to 1.84 for 2002. High utilisation was recorded in the North western province while low utilisation was recorded in the Northern Province.

**Essential Drugs**
In 2003, a total of K28.5 billion was allocated for the essential drugs programme out of which K13.4 billion was released for the purchase of essential health drugs which included Anti-Retroviral (ARVs) drugs. The ARVs catered only for 6,000 patients against the target of 10,000 patients for the selected health facilities. The ARV's were purchased and distributed to Seven provincial hospitals and Third-level hospitals, the University Teaching Hospital (UTH), Kitwe and Ndola Central.

In 2004, the Essential Drugs Kit programme was allocated K2.8 billion out of which K2.2 billion was released. The procurement of drugs was on going at the time of this report. Additionally, to ensure transparency and accountability in the storage and distribution of drugs, the medical stores contract was re-tendered.

In the same period, an amount of K5.9 billion was allocated for the purchase of ARV’s for 3000 patients living with HIV. However, K 6.4 billion was released and used for the procurement of ARV's for 12,000 people. The scaling up of Anti-Retroviral Therapy (ART) resulted in a number of sites for the provision of ARVs established in most of the districts. The scaling up programme steadily increased the number of people living with HIV/AIDS on the ART programme from 2,833 recorded in the first quarter of 2004 to 5,586 in the second quarter of 2004.

**Reproductive Health**
In 2004, K 1.17 billion was allocated out of which K98.1 million was released. Activities undertaken included the completion of the reproductive health Policy, procurement of equipment and drug supplies for essential obstetric for all districts, Maternal and Child records were reviewed and updated, PMTCT data management was integrated with Voluntary Counselling and Testing (VCT) and 3000 Women were counselled and tested. Furthermore, an Integrated Adolescent, Youth Friendly programme on reproductive health was developed. As a result of these interventions, 93 percent of expectant mothers attended antenatal care. However, 56 percent of women continued to deliver at home. In 2003, the percentage of

supervised deliveries by qualified health personnel was 39 percent while a further 16 percent were delivered by trained Traditional Birth Attendants (tTBAs). The worst performing district in this regard was Serenje, which had 23 percent of supervised deliveries at health institutions.

**Status of Selected Health Indicators**

Generally, there was improvement in most of the health indicators. This was largely due to the supportive environment coupled with the prompt provision of essential drugs. Infant Mortality Rate (IMR) and Under-five Mortality Rate (UFMR) declined, whilst Measles cases remained below 10 percent. However, Maternal Mortality rate and the incidence of Malaria remained high (See table below).

**Table : 4.17 Selected Essential Health Indicators, 2001-2004**

| Indicator | **Baseline** | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| Infant Mortality rate (per 1000 live births | 109 (1996) | 87 | 95 | 85 | 83 |
| Under Five Mortality Rate (per 1000) | 197 (1996) | 145 | 168 | 136 | 131 |
| Maternal Mortality (per 100,000) | 649 (1996) | | 729 | 729 | |
| Malaria Incidence (per 1000) | 406 (2001) | 394 | 377 | 428 | 114* |
| Malaria Fatality Under Five (1000) | 26 (1999) | 42 | 42 | 40 | |
| Low Birth Weight New Borns (percent) | 10 (1999) | | 8.9 | 7.7 | |
| Measles Incidence Under Fives (per 1000) | 5.7 (1999) | 3 | 3 | < 10 | <10 |
| Supervised Deliveries (percent) | 32(1999) | 44 | 49 | 55 | 58 |
| Tuberculosis Cure Rate (percent) | 50 (1999) | 55 | 58 | 64 | Still under Treatment |
| Life Expectancy at Birth | 46.9(1990) | 51.8 | 51.9 | 52.4 | 52.4* |

Source: Ministry of Health/Central Statistics Office , Data based on Projections
Malaria incidence for 2004 is for the first quarter

In 2003, the overall detection rate for Suspected Measles Cases (SMCs) was 7.9 cases/100000 inhabitants above the target of greater than 1.0 cases in all the nine provinces between July 2003 to February, 2004. SMCs were reported from 74.9 percent of districts in the country indicating significant performance since the establishment of case based performance since establishment of case based surveillance following a country wide mass measles catch-up immunisation campaign in June, 2003.

## Nutrition

Government's overall goal in the area of nutrition is to strengthen its institutional capacity in the co-ordination, facilitation, advocacy, provision of Information Education and Communication (IEC) in the prevention of malnutrition and promotion of appropriate diets in the life cycle of all Zambians. The implementation of PRP interventions in 2003 and 2004 were cantered on the following programmes namely;

- Expanded Programme on Immunisation (EPI)
- Child Health Week (CHW) and National Immunization Days (NIDS)
- Fortification of Sugar with Vitamin A
- Fortification of Maize Meal with Vitamin A
- Infant and Young Child Feeding; and
- Integrated Management of Childhood Illness (IMCI)

**Expanded Programme on Immunisation**

The Expanded Programme on Immunisation (EPI) commenced in the second half of 2003 and was updated in 2004 with new manuals being disseminated throughout the country. Furthermore, District staff received training in Vaccine management. As at June 2004, the EPI coverage was above 75 percent for children aged between 6 months and 5 years

**Child Health Week and National Immunization Days**

In 2003, about 2,385,000 children were immunised in the last half of the year. This exercise was carried out mainly through the Child Health Week (CHW) and during National Immunization Days (NIDs) and covered the under-five children in all districts.

In 2004, routine immunization services were undertaken and were complemented by immunization campaigns. These campaigns were undertaken to provide vitamin A supplementation and de-worming.

**Fortification of Sugar with Vitamin A**

During the last half of 2003, the following activities continued to be undertaken which included the collection and analysis of samples from households during the post Child Health Week mini surveys. Results showed that about 80 percent of the samples had vitamin A.

In 2004, enforcement of the fortification of sugar with vitamin A was intensified to ensure compliance in the sugar industries of Kafue, Nakambala and Kalungwishi.

**Fortification of Maize Meal with Vitamin A**

In 2003, fortification trials were undertaken in Chongwe and other peri-urban areas of Lusaka. The trials were successful in that communities which participated in the trials accepted fortification of maize meal with vitamin A.

By June 2004, a proposal was being finalized to forward to the Global alliance for improved food nutrition so that food fortification is scaled up at both commercial and small-scale harmer- mill level in Zambia.

**Salt Iodations**

Iodated salt in Zambia is available to 90% of the population according to the impact survey conducted by the Nutrition commission in 2000. Mandatory Legislation prohibiting importation of non iodated salt exists in Zambia and monitoring of salt in all border areas was intensified through the establishment of mini Laboratories. Fortification of salt produced locally at small scale was initiated by government in local salt mining areas and these efforts resulted in the increased consumption of iodated salt from 65.5% to 90%.

During the period under review, 97 percent of under-five children in Zambia lived in households that use salt containing iodine. Use of iodised salt was lowest in the Western region (86%) but ranged from 94-99% in the rest of the Zambia. However, the national average for all households stood at 77.4 percent. Rural households compared with urban households used more iodised salt i.e. 79.1 percent than 74.5 percent of urban dwellers (DHS 2001/2)

Vitamin ‘A’ Supplementation

By June 2004, Vitamin A supplementation had been on going for five years mainly supported by Cooperating Partners with Government providing personnel. From 2000, Vitamin A supplementation coverage increased steadily due to a large extent input from Cooperating Partners (ZHIP, UNICEF, MOST and CARE and other stakeholders). In 2000, first round coverage was 72.3 percent which increased in the second round to 78.8 percent. In 2001, the percentage of children covered with vitamin A supplementation increased further to 89.6 percent and reaching a peak the following year in 2002 to 97.7 percent. In 2003, three Vitamin A supplementation campaigns were carried out, increasing coverage by 110 percent in June, 2003. However, Vitamin A supplementation coverage decreased to 73.3 percent by June, 2004.

The decrease in Vitamin A supplementation coverage was attributed to Low sensitisation in communities due to late release and arrival of Logistics from Cooperating Partners. Other areas could not be adequately covered. In 2004, the low coverage could be attributed to the pull out of the programme initially supported by Cooperating Partners. Other factors that contributed to low level coverage included the pattern of shifting from residential areas in the rainy season to areas of cultivation in rural areas.

**Strengthening National Food and Nutritional Commission**

In 2003, Government demonstrated its support towards strengthening institutional capacity of Strengthening National Food and Nutritional Commission (NFNC) by adoption the food and nutrition policy. By June 2004 the report was awaiting adoption by Parliament. Government also developed the five year strategic plan. However, Capacity building in terms of training was yet to be embarked upon although, a Bachelors degree programme was proposed for 2005 and would be hosted by the University of Zambia. A proposal focusing on curriculum development, laboratory facilities, Library materials, transport, and accommodation was also developed.

**Infant and Young Child Feeding**

In 2004, the infant and young child-feeding programme was scaled up to at least 4 districts with the support from AED-linkages, WHO and UNICEF. Furthermore, a proposal was developed for Breast Feeding Hospital Initiative (BFHI) for consideration by Government.

**Integrated Management of Childhood Illness (IMCI)**

In 2004, Zambia began the implementation of the Integrated Management of Childhood Illness (IMCI). This programme aims at managing the Child in totality. Thirty four districts were implementing IMCI whilst 23 implemented various aspects of the community component.

### 4.2.3 Water and Sanitation

The overall objective for the water and sanitation sub-sector is to ensure that Zambia's water resources are effectively developed and managed to contribute to poverty reduction through increased access to safe water and sanitation, increased food production, and food security for low income rural and urban Zambians.

To achieve this broad objective, major programmes implemented included the water resources management, dam construction and rehabilitation, groundwater exploration and mapping, capacity building, complementary D-WASHE support programme and rural water supply and sanitation programme. In 2003, a total of K444.4 billion was allocated to the sector out of which K364 billion was released, representing 82 percent of the budget. Out of the total Expenditure, K6.9 billion was Government funded while K357 billion was from Cooperating Partners. In 2004, K698 billion was allocated, out of which K689 billion was from Cooperating Partners and K8.4 billion was from Government. A total of K6.6 billion was released by mid 2004, representing 1 percent of the budget. (See table 4.18)

**Table: 4.18 PRSP Budget performance 2003-2004, (K' million**

| )year | GRZ Budgeted | Donor Budgeted | Total | GRZ Amt Spent | Donor Amt Spent | Total | percent of budget |
|---|---|---|---|---|---|---|---|
| 2003 | 6,871 | 437,535 | 444.400 | 6,934 | 357,084 | 364,019 | 82 |
| 2004 | 8,438 | 689,162 | 697,601 | 6,372 | 186 | 6,558 | 1 |
| **Total** | **15,310** | **1,126,697** | **1,142,008,** | **13,306,** | **357,270,** | **370,577,** | **32** |

Source: Ministry of Finance and National Planning

### Implementation Status

**Water Resources Management**

The main intervention in 2003 was the implementation of the Water Resources Action Programme (WRAP). A total of K182 million was allocated for consultations and consultancies in the review of the legal and institutional framework against which K176 million was released. To this effect, the legal and institutional framework was put in place in the first half of 2004 and preliminary work on the draft bill was completed.

In 2004, Government continued with the implementation of WRAP. A total of K182 million was allocated and released while a further K5.2 billion was expected from Cooperating Partners. The drafting of the water act was in progress as government released the budgeted K182 billion by mid 2004. In addition, Government together with Cooperating Partners allocated an amount of K723 million to the Integrated Water Resources Management and the Environmental Protection Programme.

**Dam construction and Rehabilitation**

Government embarked on water resource infrastructure development programme, especially in drought prone areas. This programme involved dam construction and rehabilitation. The programme was meant to improve the water supply in rural areas in all the nine provinces. To this effect, 62 earth dams were completely rehabilitated in 2003 at a cost of K1.8 billion. A further K1.6 billion was allocated in the 2004 budget and released to rehabilitate another 50 earth dams to which works begun by mid 2004.

**Ground Water Exploration and mapping**

During the period under review, Government undertook to improve the ground water exploration and mapping in order to ensure effective development and use of ground water resources. A total of K430 million was allocated and released for the construction and rehabilitation of 30 hydrological stations and construction of 8 observation wells in 2003.

In 2004, Government continued with the programme of improving the ground water exploration and mapping and planned to rehabilitate 30 hydrological stations, establish 30 new hydrological stations and rehabilitate 6 water monitoring wells at a cost of K463 million. By mid June 2004, an amount of K153 million was released and 17 hydrological stations and 6 monitoring wells were rehabilitated by mid 2004.

**Capacity Building**

Government continued to support the planning, execution, management, operation and maintenance of rural water supply and sanitation. A total of K284 billion was spent against the budget of K362.9 billion. Of this expenditure, K4.1 billion was spent on the construction of water kiosks in commercial water utilities and training of communities to manage the water kiosks. In addition, K208 million was spent on the establishment of 11 Water kiosks on the Copperbelt.

In 2004, the Third In - Country Training Course in Community Empowerment for Water Supply and Sanitation Management was planned with the help from Cooperating Partners, who pledged K276 million. This programme was aimed at Developing Skills of Water Supply and Sanitation management through community empowerment. This programme had not commenced by mid 2004 due to the non release of funds by Cooperating Partners.

**Complementary D-WASHE Support Programme**

During the period under review, Government continued with the implementation of the improvement of water supply and sanitation programmes in Eastern, Southern and Northern Provinces. In 2003 an amount of K477 million was allocated to construct 139 water points and 1,945 pit latrines. Of this allocation, a total of K473 million was spent to construct 44 water points and 700 pit latrines.

In 2004, K825 million was allocated for the construction of 165 Water Points and 4,250 pit latrines. However, work had not yet commenced by mid 2004 because funds were yet to be released.

**Rural Water Supply and Sanitation**

During the period under review, Government embarked on the Rural Water supply and Sanitation programme to improve access to water and sanitation in rural areas. In 2003, a total of K51.5 billion was allocated for the construction of water points. The programme targeted to construct 967 water points, of which 346 water points were constructed by end of 2003. This programme was undertaken by various stakeholders. Other activities undertaken during the same period included the improvement of water supply and sanitation in drought prone areas where 271 boreholes were drilled at the cost of K18.7 billion against the target of 370 boreholes which were budgeted at K18.9 billion.

In 2004, a total of K39.6 billion was earmarked for rural water supply and sanitation of which K37.9 billion was from Cooperating Partners and K1.7 billion from Government. The programme was aimed at drilling 608 Boreholes, rehabilitating 562 boreholes and constructing 300 water points. By June 2004, 57 Boreholes were drilled and 220 water points constructed at a cost of K1 billion.

**Peri-Urban and Urban Water Supply and Sanitation**

In 2004, a total of K643 billion was pledged by Cooperating Partners for the improvement of water supply and sanitation in peri-urban and urban areas. Major activities included the Water supply and Sanitation projects in Eastern, North-western and Southern provinces with an allocation of K610 billion. Work on this project had not started by June 2004 because of the non-release of funds.

### 4.2.4 SOCIAL SAFETY NET

The Social Safety Nets are part of Government interventions in mitigating the impact of the Social economic recovery programmes such as privatisation, retrenchments as well as the effects of natural calamities such as drought on the poor. The social safety nets that were implemented include the Food Security Programme (FSP), Peri- Urban self- Help (PUSH) Public Welfare Assistant Scheme (PWAS) and the National Social Safety Net (NSSN).

**Food security pack**

The overall objective of the Food Security Pack (FSP) is to increase food productivity and household food Security thereby contributing to poverty reduction among the targeted beneficiaries. The (FSP) targeted 200,000 vulnerable but viable farmers out of which 150,000 benefited. These included female-headed household, Child headed households, households headed by the terminally ill, the aged and the disabled.

In 2003, a total of K4 billion was allocated to the programme for the purchase of farm input out of which K1.4 billion was released under the Wetland programme (June 2003- August 2003).

In 2004 a total of 86 billion was allocated to the programme for the purchase of farm inputs out of which K43 billion was released under the rain-fed programme (September 2003- June 2004). The programme targeted 150,000 beneficiaries during the 2003/2004 agriculture season. The information on beneficiaries by province and gender is given in the table below.

**Table: 4.19 FSP Beneficiaries by Gender (September 2003- June 2004)**

| Province | Female | Male | Total |
|---|---|---|---|
| Eastern | 10,340 | 9,120 | 19,460 |
| Western | 14,263 | 12,097 | 26,361 |
| Southern | 6,904 | 6,203 | 13,107 |
| Lusaka | 4,094 | 2,335 | 6,429 |
| Central | 8,430 | 2,961 | 11,391 |
| N/Western | 8,086 | 7,879 | 15,965 |
| Copperbelt | 6,866 | 4,667 | 11,534 |
| Northern | 13,710 | 13,986 | 27,696 |
| Luapula | 9,356 | 8,701 | 18,057 |
| Total | 82,049 | 67,951 | 150,000 |

Source: Ministry of Community Development and Social Services

FSP aims at promoting crop diversification to reduce the risk of crop failure and enable beneficiaries realize nutritionally balanced diets as well as to facilitate crop rotation for conservation of soil resource base. To this end, a variety of seeds and other farm inputs such as fertilizer, fishing nets and various types of small livestock were procured and distributed to the vulnerable but viable farmers during the period under review. As a result, the programme contributed to the food surplus in the country for the 2002/2003 and 2003/2004 farming seasons.

FSP also undertook training in food processing and nutrition and conservation farming. The training in food processing and nutrition was aimed at enabling beneficiaries broaden the utilization of food, add value to produce for income generation and reduce wastage. Conservation farming was the basis of production under the programme to ensure increased and sustained production (Details showing the various farm inputs and activities are shown in Appendix 3)

**Peri- Urban Self Help (PUSH)**

The overall objective of the Peri-Urban Self Help (PUSH) is to improve the standard of living of vulnerable households among disadvantaged communities with particular focus on women. Major interventions included development and rehabilitation of infrastructure including skills training using community participation approaches.

During the period under review, a total of K2 billion was allocated to the programme out of which K331 million was released. Under the programme Government planned a number of peri-urban infrastructure related activities that included road rehabilitation with particular focus on gravelling, rehabilitation of culverts and bridges as well as progress on the construction of community development Centres. All the planned activities were to apply labour based techniques as a way of building capacity of targeted vulnerable communities as well as provide temporal employment to counter the effect of high unemployment situation in the country.

**Public Welfare Assistance Scheme (PWAS)**

Government continued to implement the Public Welfare Assistance Scheme (PWAS) to assist the most vulnerable in society to fulfil their basic needs, particularly health, education, food and shelter.

During the period under review, a total of K4.5 billion was allocated for poverty reduction programmes of which K4, 300, 000 or 95 percent was released. The funds were distributed to the 72 districts in the country. PWAS targeted 200,000 households out of which 26,221 households (9503 female- headed households and 16,718 male-headed households) were assisted based on the districts that submitted reports. The assistance provided was in the form of blankets, clothes, food, school requirements for both primary and secondary schools and Health fees.

**National Social Safety Net**

The overall objective of the National Social safety Net is to design and implement social mitigation programmes, co-ordinate other safety nets and mobilize resources from a broad base to finance the programmes as they relate to displaced workers and vulnerable people in the country.

During the period under review, a total of K294 million (Donor) was allocated out of which K230 million was released. In the same period, Government released a total of K151 million to the programme.

The National Social Safety Net was designated by Government to implement the Social Mitigation Component of the Zambia Railways restructuring programme. During the period under review, the activities that were undertaken included psychosocial counselling and small Business awareness, Agriculture based training, resettlement seminars and vacation training skills.

## 4. 3 CROSSCUTTING ISSUES

### 4.3.1 Governance Sector

Government's overall goal in the Governance Sector is to promote good governance in the management of private and public affairs as a mechanism of poverty reduction. To achieve this goal, Government pursued the following key objectives, namely:

- To undertake regular and wider consultations between government and the citizenry;
- To ensure efficient, equitable and transparent management of scarce public resources; and
- To ensure guaranteed justice for all.

In the period under review, K22.5 billion was released by Government to the governance sector in various institutions against the planned K24.5 billion, while the Cooperating Partners released US $ 6.064 million. The main areas of emphasis were constitutional and judicial reforms including the rehabilitation of court infrastructure, electoral reforms and enhancement of public accountability and transparency.

**Socio-Political Governance**

**Constitutional Reforms**

Government began the process of reviewing the constitution in 2003. In this regard, a constitutional Review Commission (CRC) was set up in April 2003 whose aim was to address a number of governance issues in the constitution. As of June 2004, the Commission was still gathering submissions countrywide.

In order to undertake the Constitutional Review exercise, K 26 billion was required. Of this amount, Government budgeted and released K9 billion by June 2004 while Cooperating Partners' component of K 17 Billion was yet to be received by June 2004. In addition, the Electoral Reform Technical Committee was set in August 2003 to analyse and make recommendations regarding the legal and regulatory framework of the electoral process in the country. This Committee had broad representation of civil society, media and churches. The Committee completed and submitted its report to Government. To support this activity, Government released an amount of K3 billion.

During the period under review, Government continued to implement Parliamentary Reforms to enhance accountability, transparency and good governance. Parliamentary scrutiny of the Executive was improved by decongesting the business of the house to Committees. The ability of Parliamentary Committees to review reports was improved. In addition, live Parliamentary debates continued to be covered on FM radio up to a radius of 50 kilometres.

**Economic Governance**

**Public Expenditure Management Reforms**

Government, with the support of Cooperating Partners, continued with reforms under the Public Expenditure Management and Financial Accountability Review (PEMFAR), in order to improve public expenditure and financial management. Included in the PEMFAR programme are the Medium Term Expenditure Framework (MTEF), Integrated Financial Management Information System (IFMIS), the Activity Based Budgeting (ABB), the Financial Management System (FMS) and the Commitment Control System (CCS).

Under the Medium Term Expenditure Framework (MTEF), training of all MPSAs throughout the country was done. Government also introduced the Activity Based Budgeting (ABB) to enhance the tracking of expenditure by activity as well as the disbursement of funding according to the approved budget.

During the second half of 2004, an amount of K169 million was released against the planned amount of K 820 million from government towards the IFMIS project. In addition, donors released US$ 0.84 million against the total budget under PSCAP of US $ 3.1 million. Under the project, the FMS was retooled and contributed to the timely production of Financial Reports, while the introduction of the Commitment Control System enhanced expenditure controls. In addition, since the FMS and CCS share the same database, reporting and controlling of public funds improved. By the end of the second quarter of 2003, a total of 350 accounting staff were trained on both the FMS and CCS. Technical Requirements including the implementation schedule for the IFMIS project were drawn up in 2003; Site preparation started and 5 sites were selected for piloting. The Pre-qualification bid document was done and selection of the contractor reached negotiation stage by June 2004. The contract was expected to be signed before the end 2004.

**Democratic Governance**

Government developed the decentralization policy and approved a five (5) year implementation Action Plan. The implementation of the action plan was expected to commence in 2005. It was envisaged that this will enhance the implementation of the PRSP at lower levels. Meanwhile, between 2002 and June 2004, Government released PRP funds directly to provinces in the health and education sectors.

To strengthen district administration, Government reviewed the functions of the office of the district administrator and renamed it District Commissioner's Office. Furthermore, the academic qualifications for the Office of District Commissioner were reviewed to ensure that only degree holders were appointed to the position.

In order to ensure equal access to media, coverage for all political parties, the Independent Broadcasting Authority Act No. 17 of 2002 was enacted to regulate the broadcasting industry in Zambia.

**Transparency and Accountability**

In 2004, an amount of K400 million was released to support the operations of the Anti-Corruption Commission (ACC). A total of 1044 complaints were recorded of which 504 were authorized and 773 reports from members of the public on corrupt cases were received. In addition, the Commission developed a new strategic plan for the period 2004-2008. Other programmes undertaken included the rehabilitation of Kulima house ACC offices.

A National Governance Baseline Survey commissioned in 2002 was completed in 2003. The survey provided benchmark indicators for future review of elements of governance and the extent of corrupt practices in Zambia. As at June 2004, K20 million from Government and US $ 97,000 from Cooperating Partners was spent on the administration of the survey.

**Law Enforcement and Human Rights**

Government continued to support poverty reducing programmes in the Police and Prisons Service. In 2004, Government's total PRP allocation towards the Police and Prisons Service stood at K 7.6 billion and K 5.7 billion was released and disbursed as follows; K2.9 billion for the rehabilitation of police camps, K1.5 billion for the rehabilitation of police cells and

K1.3 billion for the grading of Police and Prison camp roads.

In order to enhance human rights, Government embarked on a State Reporting exercise on the International Convention on the Elimination of all forms of Racial Discrimination. A total of K800 million was disbursed for the exercise. In addition, K252 million was released by Government to the Human Rights Commission for Capacity Building for good governance, sensitisation meetings and training of law enforcement officers. In this regard, the Commission undertook 3 Poverty and Human Rights Seminars, 3 Prisons Inspections and Investigations and Legal Services. Furthermore, as at June 2004 Part three of the Constitution was in the process of being translated into the seven main local languages.

**Judicial Reforms**

In the period under review, the Judiciary refined its Strategic Plan to enhance effective planning and implementation of programmes. In this regard US $ 32,000 was released from Cooperating Partners while the budgeted amount of K40 million was yet to be released by Government.

During the same period Government undertook the rehabilitation of Subordinate and Local Courts. In this regard, Government released an amount of K650 million against a budgeted figure of K1.4 billion, while DANIDA released US $ 800,000. These resources were utilized on the rehabilitation of 66 local courts and 6 subordinate courts. The Judiciary also procured office equipment and furniture for judges and magistrates at a total cost of US $ 727,206.

The construction of Phase I of the Magistrate Court Complex reached advanced stage with total expenditure of US $ 2.2 million coming from NORAD. An additional amount of US$ 1.2 million was allocated and released for the procurement of furniture, fixtures and fittings of the complex under Phase I. However, the procurement of fittings was still at tender stage at the time of this report.

In the period under review, the Judiciary undertook training of Adjudicators and Support Staff, Magistrates and Judges, Secretarial Staff and Clerks. The training of Court Reporters was scheduled to take place in December 2004. A total of K 675 million was expended on the training programme against a budgeted amount of K 878 million from government, while Cooperating Partners released US $ 511,786.

Government improved access to the justice delivery system through a number of reforms and interventions. These included the establishment of Mediation as Alternative Dispute Resolution Mechanism. In this regard 5,449 cases were referred for mediation of which 1358 were successfully settled. In addition, a Committee to realise the Small Claims Court was set up at a cost of K 20 million against a budgeted amount of K61 million in 2003. The Commercial Courts set up in 2000 to speed up the delivery of justice of commercial nature continued to make progress. In this regard 2,052 cases were filed of which 1,059 were disposed of. The Juvenile Justice Systems, aimed at respecting children's rights in the administration of Justice were also implemented in Kitwe, Ndola, Livingstone and Lusaka, with assistance from Cooperating Partners amounting to US $ 216,450.

In order to enhance information dissemination and easy retrieval and processing of case records, the Judiciary undertook the computerisation of the criminal and civil registries at the Lusaka High Court Registry as well as the networking and connecting of Lusaka High Court, Central Administration and Chikwa courts. Cooperating Partners contribution towards this exercise was US $ 53,442 against the budgeted amount of US $ 123,442.

In order to facilitate the process of court circuiting, which aimed at facilitating justice in provinces with no Resident Judges, 12 vehicles were procured by Cooperating Partners in 2003 at a cost of US $ 221,000.

**4.3.2 HIV/AIDS**

During the period under review, Government's overall goal was to reduce the level of new infections and the social impact of HIV/ AIDS. This was supported by the following specific objectives:

- To reduce new HIV/IADS infections;

- To promote healthy and positive living among asymptomatic HIV positive people;
- To improve the quality of life for people living with HIV/AIDS;
- To improve the quality of life for orphans and Vulnerable children (OVCs); and
- To put in place an efficient and effective monitoring, evaluation and surveillance system.

In order to achieve these objectives, Government addressed these interventions through a multi sectoral approach. The programmes that were carried out during the period under review are HIV Prevention Campaigns, Reduction of Transmission, Prevention of Mother to Child Transmission (PMTCT), Safe Blood Transfusion, Reduction in Morbidity and Mortality and Mitigation of the Socio-Economic Impact of HIV/AIDS. Other programmes implemented were Voluntary Counselling and Testing (VCT), Anti- retroviral therapy (ART) and Home Based Care (HBC), Orphan and Vulnerable Children and HIV Work Place Programmes.

Government released a total of K4.5 billion for the period January to June 2004 as compared to K7.11 billion for the period July to December 2003. The total budgeted allocation for HIV/AIDS for the period July 2003 to June 2004 was K53.8 billion. In addition, Government also received support from Cooperating Partners through the Global Fund. Implementation was focused on the programmes outlined in the PRSP and these are reduction in HIV/AIDS/STI, mitigating the impact of HIV/AIDS on society intervention to prolong and improve life of the PWA.

These resources were used for HIV/AIDS sensitisation campaigns, procurement of drugs and condoms and coming up with HIV/AIDS work place policies. In addition, a total of K6.4 billion was released for the procurement of Anti Retroviral (ARV) drugs by June 2004 while the National AIDS Council (NAC) received K665 million for its activities for the period June 2003 to June 2004.

**Status of implementation of HIV/AIDS Prevention programmes**

**HIV Prevention Campaigns/Reduction of Transmission**

During the period under review, a number of interventions were undertaken to reduce the level of new infections in the country. Major interventions included the distribution of condoms, a multi-sectoral behavioural change, communication campaigns and production of sensitisation materials.

The HIV prevalence rate among women who attended antenatal care stood at 20 percent in 2001.The prevalence rate among the adult population stood at 16 percent. During the period under review, HIV knowledge among Zambians was very high with 98 percent and 99 percent of the male and female population respectively, aware of the pandemic.

Statistics showed that young people were increasingly delaying to start sexual intercourse. In 1998, males started sexual intercourse at 16 years while females started at 17 years. For males, the age increased to 17 in 2003 but remained the same for females at 17 years. Condom use increased among males from 28 percent in 1998 to 43 percent in 2003 and 24 percent to 34 percent among females. It was estimated that 16.3 million condoms were distributed in 2002 and the private sector sold 12.3 million condoms as at December 2003.

**Voluntary Counselling and Testing**

During the period under review, a number of voluntary counselling and testing (VCT) were conducted. These activities were conducted by various stakeholders and were funded by both Government and Cooperating Partners. The number of VCT sites showed a steady increase from 46 sites in 2001 to 172 in 2003 and 226 in 2004. The number of people, who visited these sites cumulatively, was 386,000 with 266,000 having been tested for HIV and 34 percent testing positive. It is estimated that 9 percent of the population were tested for HIV in 2003.

**Prevention of Mother to Child Transmission**

For the Prevention of Mother to Child Transmission (PMTCT) programme, sites increased from six in 1999, 64 sites in 2002 to 83 sites in 2003. Averages of 5,000 women were counselled in these centres every month. At the time of this report, PMTCT had become an integral part of maternal and child health services. An average of 72,000 women was counselled in 2003. Of this figure, 66 percent women opted to go for HIV test and 23 percent tested positive. A total of 62 percent of mothers and 2,718 babies received Nevirapine. Forty percent of children born to HIV positive mothers were infected with the virus, representing 250,000 new HIV positive babies every year. In addition, only 368 or 1 percent partners opted to be counselled and of this figure, 48 percent tested positive.

**Safe Blood Transfusion**

In an effort to reduce infection through blood transfusion, Government put in place measures to provide safe blood. These measures included increasing the number of screening centres from 33 in 1987 to 90 in 2004.

**Anti- Retroviral Therapy**

During the period under review, Government embarked on a programme to mitigate the effects of HIV/AIDS by making available medication to prevent opportunistic infections. The number of people receiving Anti- Retroviral Therapy (ART) reached 12,000 in June 2004. The figure has shown a steady rise from 2,833 in March 2004 to 5,586 in May 2004 out of the targeted 12,000 people to receive ART. Government implemented the administration of ARVs in three phases. The implementation of Phase I was at major hospitals i.e. Ndola Central Hospital and UTH while Phase II included all provincial hospitals. By June 2004, Government was implementing Phase III of the ART.

In addition, Government put in place a policy of providing free treatment for all those infected with Sexually Transmitted Infections (STIs) and tuberculosis (TB). The programme aimed at providing quality health care to HIV positive people and those infected with STIs and TB.

**Orphan and Vulnerable Children**

There was an estimated 650,000 orphans in Zambia out of which 6 percent were street kids and less than 1 percent lived in orphanages. Government established a mechanism to provide foster-parent household assistance in the form of a grant to families that provided a home to an orphan or any vulnerable child. There were an estimated 381,834 orphans receiving primary education out of 1,517,852. In addition, 13, 038 children received education support from the street children centres in Lusaka alone.

**HIV Work Place Programmes**

In the business sector, a total of 100 companies received support to establish work place programmes in the private sector. All ministries at the time of this report had developed HIV/AIDS work place programmes. The Zambia Business Collision on HIV/AIDS played a leading the role in the private sector. National AIDS Council (NAC) led Government effort to fight HIV/AIDS in ministries. For this purpose, Government allocated and disbursed to the Council a total of K665m for the period June 2003 to June 2004.

**Challenges**

Government faced a number of challenges in dealing with the issue of HIV/AIDS during the period under review. These included young people's perception of low risk, mainstreaming of HIV/AIDS programmes in strategic plans in the work place, shortage of Test Kits in VCT centres, issues of cost and cost sharing in the provision of ARVs, difficult in data capture in most indicators and the increasing number of OVC verses the depleting resources in households. The overall challenges were the implementing and scaling up of best practices, coordination of the multi sectoral response up to district level, strengthening of the monitoring and evaluation systems, political will, community and resource mobilization. The other major challenge facing government was to develop a system of monitoring and tracking resources going into HIV/AIDS programmes in the country.

### 4.3.3 ENVIRONMENT

During the period under review, the Community Environmental Management Programme (CEMP) was launched. The programme was aimed at encouraging community ownership and management of the environment through the promotion and funding of community based micro-projects for poverty reduction. The programme was implemented in six out the total targeted eight districts at a cost of K450 million disbursed to fourteen micro projects in Nchelenge, Mpika, Mufumbwe, Petauke, Kafue and Chibombo. Planned outputs ranged from construction of apiaries, bee hives, nurseries, honey-processing-shades, construction of wells and Fish ponds. Other interventions included the Environmental Protection and Natural Resource Management Project to which K252 million was allocated of which K237 million was released. In addition to the specific programmes and projects, most of the environmental concerns are addressed in the specific sectors in this report.

### 4.3.4 GENDER

Government overall goal on gender is to promote gender balance to ease the burden of poverty, especially of women, at household, community and national level. To attain this goal, the PRSP outlined the following objectives:-

- To enhance access to and control of productive resources;
- To enhance women's participation in decision-making processes; and
- To facilitate the generation and analysis of gender-disaggregated data and information.

In 2003, PRP budget for Gender in Development Division (GIDD) was K500m out of which K250 million was released.

The total Government budget allocation for gender activities amounted to K5.6 billion in 2004. The total budget allocation for gender activities under GIDD, which includes other poverty related programmes, was K2.1 billion, and by June 2004 Government had disbursed K1.2 billion. In addition, Government released K1.07 billion out of the K5.6 billion to other line Ministries to assist in the implementation of the Gender policy. Government's focus during the period under review was on improving the participation of women in decision-making, and promotion of women's economic empowerment through land ownership and strengthening monitoring and evaluation institutional framework.

In line with achieving the 1997 Southern African Development Community (SADC) Gender Declaration, Government embarked on a survey, whose aims was to establish land ownership by sex. The survey when completed will facilitate the implementation of the draft land policy, which proposes 30 percent of land be demarcated and allocated to women and other vulnerable groups to reduce discrimination practices in the Land Act, Chap. 184 of the Laws of Zambia.

The 1997 SADC Gender Declaration required that 30 percent of all decision making positions be reserved for women. In order to achieve this, Government appointed women to decision making positions and women representation grew steadily from 10 percent in 1997 to 18 percent in 2003. Government further adopted a decision that the representation of women on all Statutory Boards should strive to attain the 30 percent mark. In 2004, the women representation in Parliament was 14 percent. Generally, by the end of June 2004, progress could be seen in the appointment of women to decision-making positions as reflected in the selected positions (see table 4.20 and chart 4 below).

Government continued with the process of strengthening the institutional framework for coordination, monitoring and evaluation of the implementation of gender and development activities. During the period under review, monitoring and evaluations missions were undertaken in four provinces. During the missions, four PDCCs Gender sub-committees and sixteen DDCCs Gender Sub-committees were formed. The process of capacity building for gender sub-committees, through training in gender analytical and technical skills was also commenced.

Government also disseminated over 2000 copies of the National Gender Policy and 2000 copies of the Strategic Plan of Action for the National Gender Policy. The Policy was simplified and translated into seven local languages.

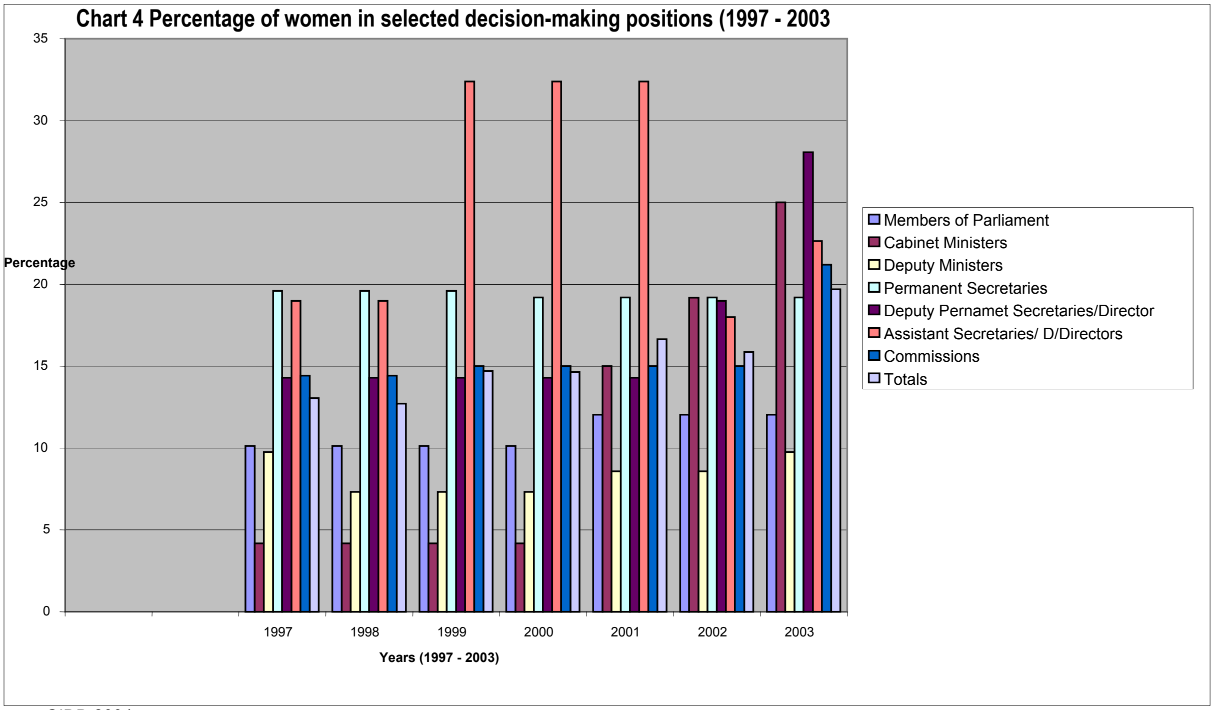
Government in partnership with ILO In-focus Programme on Women Entrepreneurs, Development and Gender Equity (WEDGE) trained over 120 women entrepreneurs in association, capacity building, marketing skills and entrepreneurship development network, during the period under review.

During the period under review, Government commenced the process of domesticating the Convention on the Elimination of all forms of discrimination Against Women (CEDAW) into the Zambian law. To this end, representations were made to the constitutional review commission to include the principles of CEDAW and other regional and international instruments into the constitution.

**Table 4.20: Decision making positions disaggregated by sex, June 2004**

| Decision-Making position | | Total | | Percentage | |
|---|---|---|---|---|---|
| | Total | Women | Men | Women | Men |
| Cabinet Ministers | 21 | 5 | 16 | 24 | 76 |
| Deputy Ministers | 41 | 4 | 37 | 10 | 90 |
| Members of Parliament | 158 | 19 | 139 | 14 | 86 |
| Secretary to Cabinet | 1 | 0 | 1 | 0 | 100 |
| Deputy Secretary to Cabinet | 1 | 0 | 1 | 0 | 100 |
| Secretary to the Treasury | 1 | 0 | 1 | 0 | 100 |
| Permanent Secretaries | 40 | 8 | 32 | 20 | 80 |
| Special Assistants to the President | 4 | 1 | 3 | 25 | 75 |
| Anti-Corruption Commission | 5 | 3 | 2 | 60 | 40 |
| Electoral Commission of Zambia | 5 | 2 | 3 | 40 | 60 |
| Director of Public Prosecutions | 1 | 1 | 0 | 100 | 0 |
| Attorney General | 1 | 0 | 1 | 0 | 100 |
| Solicitor General | 1 | 0 | 1 | 0 | 100 |
| Speaker of the National Assembly | 1 | 0 | 1 | 0 | 100 |
| Deputy Speaker of the National Assembly | 1 | 0 | 1 | 0 | 100 |
| Auditor General | 1 | 1 | 0 | 100 | 0 |
| | | | | | |
| Clerk of National Assembly | 1 | 1 | 0 | 100 | 0 |
| Deputy Permanent Secretaries | 24 | 0 | 24 | 0 | 100 |
| Directors | 100 | 23 | 77 | 23 | 77 |
| Deputy Directors | 71 | 13 | 58 | 18 | 82 |
| Assistant Directors | 177 | 37 | 140 | 21 | 79 |
| Assistant Secretaries | 35 | 11 | 24 | 16 | 84 |
| District Commissioners | 68 | 11 | 57 | 16 | 84 |
| Permanent Human Rights Commission | 1 | 1 | 0 | 100 | 0 |
| Public Service Commission | 6 | 1 | 5 | 20 | 80 |
| Teaching Service Commission | 4 | 0 | 4 | 0 | 100 |
| Police and Prisons Commission | 7 | 1 | 6 | 17 | 83 |
| Commission for Investigation | 2 | 0 | 2 | 0 | 100 |
| **TOTAL** | **779** | **143** | **636** | **18** | **82** |

Source: GIDD 2004




Source: GIDD 2004

It should be noted from the onset that the regions while retaining their status as regions, are essentially made up of sectors. The only defining factor for purposes of this report is that the funds accounted for under the regions are those received through the Provincial Administration and not through the sector ministries. This chapter, therefore, analyses the releases, expenditures and outputs per region. An attempt was also made to have an analysis at outcome level. (See appendix 23)

During the period under review, Government continued to focus on infrastructure development, land resettlement and industrial development in the regions. Infrastructure development included the rehabilitation and construction of schools, hospitals, health posts and dams. In addition, other programmes included feeder roads and rehabilitation of airports and aerodromes. Land development programme included plot demarcations, borehole drilling and provision of amenities in the resettlement areas. Industrial development focused mainly on the bee keeping income generating activities.

In 2003, the total PRP budget was K76 billion out of which K32 billion was released during 2003 representing 41 percent. In 2004, the total budget allocation for the PRPs to the provinces was K40 billion out of which K17 billion had already been released by June 2004 representing 42 percent of the total budget. With 42% of the budget released by June 2004, it could be concluded that improvements were made in terms of disbursements compared to 41 percent released in the whole of 2003.

**Table 5.1: PRP allocations per province**

| Allocations Per Year | | | | | | |
|---|---|---|---|---|---|---|
| | 2003 | | | 2004 | | |
| **Province** | **Planned GRZ Inputs** | **Actual GRZ Inputs** | **Release as % of Budget** | **Planned GRZ Inputs** | **Actual GRZ Inputs as of June 2004** | **Release as % of Budget as of June 2004** |
| Western | 8.0 | 3.1 | 39 | 3.7 | 2,.5 | 69 |
| Central | 7.8 | 3.8 | 48 | 1.4 | 1.4 | 100 |
| Copperbelt | 6.9 | 1.5 | 21 | 4.0 | 2.6 | 65 |
| Eastern | 9.4 | 3.1 | 33 | 7.0 | 1.2 | 17 |
| Luapula | 8.4 | 3.1 | 37 | 5.9 | 1.8 | 30 |
| Lusaka | 7.7 | 5.4 | 70 | 4.2 | 2.5 | 60 |
| Northern | 6.9 | 2.3 | 33 | 2.8 | 1.5 | 54 |
| North-western | 10.9 | 4.8 | 44 | 4.6 | 0.8 | 17 |
| Southern | 10.4 | 4.9 | 48 | 6.0 | 3.3 | 55 |
| **Totals** | **76.8** | **32.2** | **41** | **40.0** | **17.8** | **52** |

*Source; Ministry of Finance and National Planning 2004*

## 5.1 Central Province

In 2003, the approved PRP allocation to Central province was K7.9 billion out of which K3.8 billion was released. The PRP activities during the same period included land resettlement, provision of school desks, rehabilitation of health facilities and roads. In 2004, Government allocated and released K1.4 billion for PRP's in the province.

During the period under review, out of a total budget of K2 billion for feeder roads programme in 2003, K1.8 billion was released for the continued rehabilitation of Landless corner–Mumbwa road as well as maintenance on selected roads in the districts.

Further, Government earmarked K500 million which was released and used for the land resettlement programme. Other uses for the funds included the construction of roads in the schemes. Furthermore, Government sunk and equipped boreholes with hand pumps. Out of the targeted 990 plots, 837 farm plots were allocated to settlers in the schemes. Other amenities provided in the scheme include one clinic out of the targeted six.

In 2003, government released K700 million for the rehabilitation of district hospitals and Kabwe General Hospital. As at June 2004, works were on going.

In order to increase agricultural production and income among small-holder farmers, Government allocated K200 million and K1 billion was released. In addition, Government released a further K200 million for irrigation development.

In 2004, Government implemented the Industrial Development programme in the province. Activities undertaken included the bee-keeping project whose aim was to empower people economically. The expected output of this project was the procurement of raw honey and protective clothing, procurement of honey and bees wax processing machine, rehabilitation of storeroom, mobilization and sensitisation of bee keeping groups and the training of 420 people in bee keeping in seven districts.

### 5.2 Copperbelt Province

The total PRP budget allocation in 2003 for Copperbelt province was K6.9 billion out of which K3 billion was released. In 2004, Government allocated K4 billion to PRPs and K2.6 billion had been released by end of June.

In 2003, the main activities undertaken were bee keeping, rural development, infrastructure development and resettlement programmes. The bee-keeping activities received K1.5 billion in 2003. To this effect, the funds were used for the rehabilitation of the Mwekera Honey Processing factory and the training of 450 beekeepers (See appendix 23).

Furthermore, a total of K950 million was released for feeder roads but monitoring of these activities were yet take place by June 2004. In the resettlement programmes, activities undertaken included the drilling of 15 boreholes, rehabilitation of 28 old boreholes, rehabilitation of 3 dams and the designing and surveying of 2 dams.

In health, out of the budgeted K500 million, K400 million was released and the Ndola Central Hospital was rehabilitated using these funds.

In 2004, the PRP activities implemented in the province included those in education and health, infrastructure development, rehabilitation of feeder roads and bee keeping. Activities in education programme included the rehabilitation of school infrastructure and procurement of furniture.

In 2004, the Land resettlement programme received K500 million out of which K149.94 million was spent for drilling 4 boreholes and installation of 6 culverts at Kambilombilo (Lufwanyama) and Lukanga North (Mpongwe). Sixty plots were demarcated at Kafubu West Dam resettlement scheme where 6 kilometres and 9 kilometre of road was graded and constructed respectively.

The rehabilitation of feeder roads programme targeted rehabilitation of ten feeder roads, one in each district and the funds were released. (See appendix 23)

### 5.3 Eastern Province

The total authorised PRP budget for Eastern province in 2003 was K11.03 out of which K2.9 billion was released. In 2004, K7 billion was budgeted for and K1.2 billion had been released by June. Major interventions included provision of infrastructure in resettlement schemes.

In 2003, Government focused on rehabilitation of school infrastructure as well as procurement of desks. Desks were purchased out of which 378 were distributed to three schools. Government also rehabilitated Chipata General Hospital. In addition, Government embarked on the rehabilitation of the children's rehabilitation centre and by June 2004, works were on going.

Furthermore, funds received towards the end of 2003 were earmarked for repair of washed away bridges and culverts and other projects. However, the funds could not be utilised immediately due to the onset of the rainy season. A total of 11 dams were rehabilitated in the province for rainwater harvesting.

In 2004, Government earmarked K7 billion for education programmes, feeder road rehabilitation, infrastructure development, land resettlement, electrification of Chimtengo forestry and other related activities. Government released K1 billion for the rehabilitation of feeder roads in the province and the programme was on going at the end of June 2004. Under the disease control programme, Government allocated and released K450 million for the disease control programme. As at June 2004, Rabies drugs had been procured and the implementation of the disease control programme was on going.

Government prioritised the electrification of Chimtengo forest and the saw-mill became operational including the installation of power supply lines.

Funds released for the resettlement programmes were spent on water and sanitation, construction works and grading of roads in Maziatuba resettlement schemes. The borehole siting was done and tender procedures by June 2004 were in process to secure a contractor. The demarcations in Madzialuwa were targeted to be completed in September 2004.

### 4.4 Luapula Province

The approved budget for the PRPs for Luapula Province in 2003 was K8.4 billion out of which K3.1 billion was released. In 2004, the authorised budget for Luapula Province was K4.96 billion of which K1.8 billion was released as at June. Major interventions during the period under review included provision of school desks, rehabilitation of health infrastructure, rehabilitation of feeder roads, bee keeping and rehabilitation of Government infrastructure.

In 2003, the education sector in the province was allocated K150 million for the procurement of school desks. The desks were purchased and at the time of this report they were yet to be distributed. Government disbursed K1.1 billion for the provincial feeder roads programme in 2003. The funds were spent on repair works and construction of feeder roads. In 2003, Government focused to rehabilitate local courts at a cost of K200 million.

During the period under review, resettlement schemes received K250 million which was used to demarcate 179 plots out of the targeted 600 farm plots. In addition, 5.8 kilometre of access road was pegged and stumped and the construction of one bridge was on going.

Government rehabilitated the OPD at Mansa General Hospital from the allocated K1 billion in 2003. The works on the rehabilitation of district hospitals, which received K200 million in 2003, and K1 billion in 2004 were on going as at June 2004. The other rehabilitation programmes in Health, Roads and procurement of school requisites were at tender stage and were expected to be completed before the end of 2004.

Government also focused on Biodiversity and watershed conservation activities in all districts. The output was the protection to the headwaters of the Luapula river tributaries, ultimately leading to a continuous and even flow of clean water in the streams. Two dams were also constructed in 2004.

### 5.5 Lusaka Province

In 2003, the approved PRP budget for Lusaka province was K7.7 of which K5.4 billion was released. In 2004, the total PRP budget was K4.2 billion out of which K2.5 billion was released by end of June. The PRPs were meant for the rehabilitation of health facilities, monitoring and evaluation, infrastructure development, education, roads, forestry, Water Affairs and entrepreneurship training.

In 2003, a total of K300 million was released for the resettlement programme and was used to demarcate six hundred plots in all the schemes, namely Kasenga, Rufunsa and Yapite resettlement schemes.

In 2003, Government allocated K1.2 billion for the rehabilitation of district hospitals. The K1.2 billion was released and an additional K400 million released as supplementary funding. In 2004, K1 billion was allocated for the construction and rehabilitation of health posts.

In the infrastructure development in the province, construction works included the purchased of one office block, the rehabilitation of one official residence. At the time of this report, two local courts at Matero and Chilenje were awaiting construction. The process was at provincial tender stage. By the end of 2004, it was expected that one block of district offices will be built in Chongwe and Kafue districts. Actual outputs as at June 2004 included the finalization of building plans and the identification of plots. Government also continued to procure desks for schools in the province.

In 2004, the set targets in education were to rehabilitate school infrastructure and procure Basic School desks for 8 schools in Chongwe district, 12 schools in Lusaka urban, 5 schools in Luangwa district and 8 schools in Kafue District. In addition, Government focused on the procurement of desks for High schools in the province. It was expected that by the end of the year, 22 High schools would benefit.

In the period under review, Government continued to undertake activities in the tree planting programme in the forestry sub-sector. These activities were aimed at mitigating deforestation effects by establishing five nurseries in all districts. By June 2004, nursery capacities were built in readiness for the tree-planting season. Other activities envisaged to be undertaken in the province were one orientation workshop, area identification and site selection in all districts for bee keeping projects.

In 2004, Government undertook to rehabilitate four dams in Chongwe and the strengthening of nine hydrological stations. The actual outputs were the employment of labour to start clearing vegetation, procurement of cement and stones, payment of gauge readers, and the rehabilitation of all 9-gauge stations in the province.

### 4.7 North Western Province

The authorised PRP budget allocation for 2003 for the North Western province was K8.1 billion out of which K3.8 billion was released and spent by December 2003. In 2004, the province was allocated K4.6 billion and K802 million was released as at June. Government continued to focus on infrastructure development and resettlement programmes in the province.

In 2003, Government focused on the construction of new infrastructure, provision of school requisites, feeder roads, bee keeping and resettlement programmes. Works done included the construction of four houses, rehabilitation of seven local courts and the rehabilitation of Solwezi General Hospital.

### 4.6 Northern Province

The total PRP budget allocation for Northern Province in 2003 was K6.9 billion out of which K2.3 billion was released by end of 2003. In 2004, the total budget was K2.8 billion and K1.5 billion was disbursed by June. These allocations were meant for infrastructure development, provision of school requisites, development of resettlement schemes and bee keeping.

In 2003, a total of K1.5 billion was released for activities in the province out of the approved K2 billion. From the K450 million allocation, K150 million was released for rehabilitation works at Kasama General Hospital. In addition, the district hospitals were also rehabilitated. In the feeder roads programme, a total of 1, 331 Kilometres of feeder roads were rehabilitated, 6 bridges and 2 culverts constructed. Funds were also expended on the rehabilitation of Kawishika dam in Mporokoso, Mwandwizi dam in Mbala, de-silting of Nakonde dam and surveying for a new dam site (Refer to Appendix 23).

In 2004, K44 million of the approved K146 billion was released for pothole patching. The status of roads in the province remained more or less the same as in 2003. Part of the funds released in 2004 was spent on the Lukashya trades College for the rehabilitation of hostels, recreation hall and kitchen.

### 4.8 Southern Province

The total approved PRP budget allocation for Southern Province in 2003 was K10.4 billion out of which K4.9 billion was released. In 2004, the total PRP budget was K6 billion and K3.3 billion was released as at June.

In 2003, Government focused on procurement of desks for Basic and High Schools in the province, rehabilitation of health facilities and infrastructure and the resettlement programmes.

In 2003, K500 million was released for Resettlement activities in the Province. The funds were used for land acquisition and demarcation as well as the provision of infrastructure. In the resettlement programme, three boreholes were drilled and three wells rehabilitated at a cost of K69.9 million. A total of 5,000 hectares were targeted of which 434 hectares of land was acquired.

In 2004, Government continued with the procurements of desks at a cost of K600 million. In terms of school infrastructure development, 2 staff houses were constructed, 120 bunker beds for 2 blocks of dormitory were procured and distributed, 1x2 classroom blocks was at gable level, and another 1x2 classroom block was completed. Government also rehabilitated a number of roads under the National Feeder Roads rehabilitation programme.

## 4.9 Western Province

In 2003, Western province was allocated K8 billion, out of which K3.1 billion was released representing 39 percent of the allocation. In 2004, a total of K3.8 billion was allocated out of which K2.5 billion was disbursed as at June 2004. The funds were used on rural infrastructure development, land resettlement and the provision of amenities in the resettlement areas.

During the period under review, Government continued with the programme of infrastructure development. One office block was purchased while other Government buildings were rehabilitated. Government procured metal desks and wooden desks for distribution to schools. In the infrastructure development programme, Government rehabilitated roads in 2003 and 2004 (for details refer to appendix 23).

By end of second quarter of 2004, a total of 162 boreholes were sunk, 2 dams constructed and 2 others surveyed (See table below)

**Table 5.2 Distribution of Water Points**

| District | Number of water points |
|---|---|
| Kaoma | 75 boreholes sank and 2 dams constructed |
| Sesheke | 45 boreholes sank and 2 dams surveyed |
| Shangombo | 31 boreholes |
| Mongu | 11 boreholes |

In 2003, K500 million was approved for the provision of water in the three resettlement schemes and Government drilled 16 boreholes out of the planned 26. Furthermore, Government through the Rural Investment Fund (RIF) drilled seven boreholes in Lombelombe at a cost of K16 million. In addition, all the demarcated plots in the three settlements were allocated to settlers. In 2004, the Resettlement programme received K250 million, which was utilised to demarcate 600 plots in Kalumwange, Lombelombe and Dongwe resettlement schemes

# CHAPTER 5: INSTITUTIONAL FRAMEWORK FOR PRSP IMPLEMENTAION, MONITORING AND EVALUATION

## 5.1 Institutional framework

As proposed in the first progress report, the institutional structure for the implementation and monitoring of the PRSP is composed of membership from various stakeholders at the district level, provincial level, sectoral level and national level.

In order to build capacity for effective monitoring and evaluation of all projects and programmes countrywide, the Planning and Economic Management Department in the Ministry of Finance and National Planning had been interfacing with Sector Ministries, Provincial and District consultative structures such as the Inter Ministerial Technical Committee, District Development Coordinating Committees (DDCC) and the Provincial Development Coordinating Committees (PDCC) which operate under the Cabinet Circular Number 1 of 1995. These committees have been used to collect and compile data on all projects and programmes including poverty reducing programmes. The Sector Advisory Groups are the consultative structures formed at national level, under the same Cabinet provision.

In terms of tracking progress of implementation of Poverty reducing programmes, the planning sub-committees of the DDCCs and the M&E Secretariat of the PDCCs undertake monitoring and evaluation of projects and programmes under implementation. These committees facilitate the collection of information on output indicators in various sectors. Through such structures, Government was able to compile reports on the performance of poverty reduction programmes in all sectors. These structures feed into the Sector Advisory Groups (SAGs) at national level. During the period under review, SAGS played an advisory role to Government on matters concerning budgeting, monitoring & evaluation and reporting on PRPs.

The M&E unit in the Planning and Economic Management Department of the Ministry of Finance and National Planning facilitated nine monitoring and evaluation tours involving Inter-Ministerial Technical Committee members and Provincial M&E Secretariat members. A total of 116 poverty reduction projects were inspected. The provincial and district M&E stakeholders were oriented to the PRSP indicator set and indicators under various sectors were presented.

At district level, the District Development Coordinating Committees (DDCCs) are the consultative structures at district level and their role is to discuss, assess and scrutinize the data on tracking programme/policy implementation and development issues. The DDCCs prepare reports that are consolidated into provincial reports. At provincial level, the Provincial Development Coordinating Committees (PDCCs) are the consultative structures who discuss the consolidated district reports and subsequently forward them to Ministry of Finance and National Planning and Cabinet office.

At sectoral level, the Sector Advisory Groups (SAGs) are the consultative structures. The SAGs discuss the consolidated provincial reports and the overall sector reports. The various reports are then consolidated, presented and discussed at the National Annual Poverty Review Forum (NAPRF). The reports from the NAPRF are forwarded to cabinet.

In addition, the line ministries gather their planning and monitoring data from provinces and grant aided institutions and consolidate them for discussion with SAGs as inputs into the National forum. It is important to note that the information provided by DDCCs and PDCCs is strictly on the PRPs implementation.

## 5.2 Implementation and monitoring instruments

Government continued using various instruments of planning and monitoring the implementation of the PRSP which included the use of the standardised questionnaires, funding profiles, and the refined PRSP indicators system. In addition, Government developed expenditure projection forms, which Ministries, Provinces and Other Spending Agencies (MPSAs) use to provide cash flow projections based on their expenditure plans.

Furthermore, the weekly data monitoring meetings were enhanced to ensure that financing was within the fiscal framework.

The continued use of the questionnaires and the refined indicator system led to an improvement in the capture of data. In addition, the introduction of the expenditure projections improved the funding profiles and the PRPs were funded according to planned schedules. The profiling system however, still needs further strengthening. To this end, MPSAs were, in the review period, being trained on the preparation and use of the funding profiles through the budget committees.

Notwithstanding these developments, Government identified the need to further strengthen the capacity in the MPSAs on the full understanding, interpretation, use and integration of the implementation and monitoring instruments. To this effect, Desk officers at the Ministry of Finance and National Planning were trained on the collection of data using the refined indicator system. Government planned on extending the training to SAGs, PDCCs and DDCCs to further enhance the quality of data provided.

Furthermore, Government strengthened the system by physically moving the Poverty Monitoring and Analysis (PMA) unit from Zambia Social Investment Fund (ZAMSIF) to Planning and Economic Management Department (PEMD) at the Ministry of Finance and National Planning in January 2004. Similarly, the Monitoring and Evaluation Unit was moved from Economic and Technical Cooperation Department of the Ministry of Finance and National Planning to PEMD to ensure that planning, monitoring and evaluation were integrated.

The evaluation of the PRSP will be done through surveys such as the Living Conditions Monitoring Surveys and economic surveys through the Central Statistical Office. These surveys have not been undertaken since the implementation of the PRSP and therefore the impact of the PRSP is yet to be measured.

**Way Forward**

The monitoring and evaluation of the PRPs would be undertaken within the above stated institutional structures. The SAGs will continue to advise government on the implementation of programmes in the various sectors.

It was agreed between Government and stakeholders that there would not be a second generation of the PRSP. Government formulated a Transitional National Development Plan (which incorporated the PRSP) to run from 2002-2005. Therefore, programmes for implementation in 2005 would be drawn from the TNDP.

In 2005, Government shall embark on the formulation of a 5-year National Development Plan and a comprehensive PRSP progress Report covering; January–December 2004, would be produced by 1st quarter of 2005.

# CHAPTER 6

## LESSONS AND RECOMMENDATIONS ON THE IMPLEMENTATION OF THE PRSP

It is generally acknowledged that the poverty strategy for 2002-2004 provides a credible framework for overcoming the poverty challenge. The implementation of the poverty interventions for the period June 2003-June 2004, gives an opportunity for all stakeholders to appraise the progress that was attained in the poverty reduction effort. It is also an opportune moment to reflect on the lessons, both positive and negative, that will enhance the efforts to reduce the poverty levels in the country. Furthermore, determination on how best PRP programmes should be implemented in future can be made.

**Lessons and Recommendations**

The implementation of PRPs in the review period was characterized by a number of lessons, some of which were also identified in the first progress report.

Among the lessons learnt was the difficult associated with the reporting period, which is not consistent with the fiscal year and available targets and annual statistics. This made it difficult to make comprehensive comparisons between the planned and actual indicators.

It was observed that there is need to carry out regular evaluations to assess progress on outcome and impact indicators.

The dominant challenge that was identified by implementing agencies was the inadequate and untimely disbursement of funds. Certain activities, especially capital projects and input supply in agriculture, have to be undertaken at specific periods during the year. Delays in the releases of resources tended to negatively affect the smooth progression of such activities.

In the first PRSP Implementation Progress Report, it was noted that the PRSP is largely foreign financed. In addition, the report observed that ministries did not provide adequate information to enable analysis of the impact of such funds in poverty reduction. This assertion is still valid. In order to overcome this shortcoming, the following measures are recommended:

- The Ministry of Finance and National Planning and all relevant players should establish a mechanism for capturing donor inflows preferably through the Accountant Generals office.

- MPSAs as well as grant aided institutions must be compelled to provide accurate and timely information on performance of development programs and utilisation of PRP funds to the Ministry of Finance and National Planning.

- Donors should be encouraged to provide information to the Ministry of Finance and National Planning on the projects that they are financing throughout the country. Preferably, this information should be provided on a quarterly basis.

- Cooperating partners should be encouraged to consider direct budget support to enable government effectively track flow of resources to various PRP programs.

- In all agreements for project support, a clause should be included which compels project managers to provide information to the Ministry of Finance and National Planning on a regular basis

The implementation of PRPs over the review period also indicated that even in situations where funds were disbursed on time, implementing agencies lacked the capacity to absorb the resources. A number of factors were attributed for the underperformance. These included:

- Implementing agencies did not seem to fully appreciate the importance of the PRSP/TNDP as the guiding document in national development. In addition, they did not have a strategy to undertake the activities that were identified in the PRSP. In some cases, decisions on how the activities would be undertaken were only made once the funds reached the institution. In order to overcome this deficiency, there is need for institutions to be fully aware of the programmes in the PRSP, and how they were to be undertaken in a particular year, with a clear grasp of the sequencing for the activities. In this regard, close attention should be paid to the funding profiles that are agreed upon with the Ministry of Finance as well as ensuring that the budget is followed. There is also need to improve the information flows between the Ministry of Finance and National Planning and other MPSAs with regard to changes in the funding profile, if any.

- An important observation made during the review period was the misapplication of funds earmarked for PRPs. In addition, there was poor information flow within ministries on receipt of funds for PRPs, for example the planning departments in some cases were unaware of funds received for PRPs. In order to address this problem, the ABB was commissioned in 2004 and all the funds released in the first half of 2004 were according to activities as indicated in the budget. In order to further improve the situation, it is recommended that:

  (a) Budget releases for PRPs should be published in the media on a monthly basis;

  (b) MPSAs should improve their information management systems as well as the internal flow of information;

  (c) Desk officers at the Ministry of Finance and National Planning should play an active role in monitoring releases to ministries; and

  (d) MPSAs should utilise the quarterly expenditure report prepared by the Accountant Generals office.

- The tender procedures currently in place hamper quick implementation of programmes. The implementing agencies expressed the need for Government to consider adjusting the current thresholds upwards, to enable MPSAs carry out their programmes expeditiously. In addition, implementation of the proposed reforms on the tendering procedures under the PEMFAR programme should be speeded up.

In the review period, total expenditure on PRPs continued to be understated. For instance, Personal Emoluments on teachers and health workers are essentially poverty reduction expenditures. However, these are not classified as such in the budget. In order to overcome this problem, the Ministry of Finance National Planning prepared an Annex to the budget which captures all poverty reducing expenditure in the budget.

It was noted that there was political interference in PRP implementation during the review period. The adverse effect of political interference is that resources are spread thinly across the nation on a large number of projects. There is a recognised need to prioritise the development process, with an understanding that economic growth has spill over effects. In this regard, the MTEF process recognised the importance of involving all stakeholders, including politicians, at an early stage so that decisions on how national resources would be employed were made consultatively. Once the decisions on expenditure have been made, the process of arriving at the consensus on Government expenditure in the medium term should be upheld by all.

The preparation of this report, as well as the quarterly SAG meetings indicated that:

- There is low utilization of the PRSP Indicator system by MPSAs. This made it difficult to assess the progress that has been made by a particular sector, as the input and output indicators are not clearly articulated. In order to overcome this bottleneck, implementing agencies should clearly indicate the expected output from a given monetary outlay, as well as the expected outcome and impact of the intervention.

Government noted the weak reporting of outcomes and impacts and began the process of developing a reporting format that would accurately measure progress towards PRSP goals. There is therefore need to strengthen capacity of data collection and analysis for PRSP monitoring and planning interventions at national, provincial and district levels.

- Implementing agencies should improve on their management information systems. The accurate keeping of data will greatly enhance the ability of MPSAs to undertake poverty analysis. In this regard, resources for developing MIS should be included in the budget for PRPs.

- There is need for all agencies to provide accurate and timely information to the Ministry of Finance and National Planning to enhance its coordination role.

The use of the 5 percent allowed for PRP monitoring in the budget was not clearly understood by many institutions. In this regard, the Ministry of Finance and National Planning should provide guidance on how these funds should be utilised.

The institutional framework for the implementation of PRPs had not been clearly formulated. There seemed to be too many structures at national level involved in coordinating the development effort. In this regard, there is need for the harmonization of efforts at national level. Furthermore, Cabinet office should review the 1995 circular by redefining the terms of reference for the PDCCs to focus on addressing poverty reduction. The roles of the National Development Coordinating Committee and the national SAG should also be clearly defined.

Although the PRSP/TNDP had been recognised as the main development tools, there was inertia and a lack of commitment to undertake the programmes in the documents. For instance, the new Strategic Plans in many ministries had not focused on PRPs. There is thus urgent need for ministries and other institutions to prepare plans that focus on poverty reduction Furthermore, the performance appraisal of MPSAs should be on the basis of the outturns from poverty reduction programmes.

The contrast in fiscal discipline over the review period gave an indication of how important adherence to the approved budget was for the implementation of PRPs. The successful implementation of the programmes is directly related to the releases as well as the disbursements. In this regard, the Ministry of Finance and National Planning should enhance the discipline in subsequent years.

The other positive development during the review period was the formation of SAGs. The formation of SAGs enhanced the entire implementation process. The quarterly SAG meetings that were held during the period helped to identify areas of weaknesses in program implementation before the end of the year, which enabled a review of programmes before the end of the year. This was an improvement over the past when post-mortems on development were only done at the end of the year.

**Risks to the PRSP Strategy:**

This section which incorporates detailed importance of the Risks and possible impact on attaining PRSP/MDG goals and possible strategies to mitigate these risks was added to the second PRSP Progress Report after recommendation of the Joint Staff Assessment mission. The risks are addressed herewith:

Risk: To improve PRSP implementation, Government will face demands for additional resources for PRSP expenditure programmes. However, the elections planned for 2006 might lead to 'short-termism', which could displace the poverty reduction agenda as a priority and hence increased appropriations for PRSP expenditure might not materialise, leading to a continuation of current trends in PRSP implementation.

The cost of elections in 2006 is quite substantial and indeed will affect spending on Poverty Reduction Programmes. About 2.2 percent of the budget in 2006 will be spent on the elections. In 2005, about 1.5 percent of expenditure will be towards preparations for the elections in 2006. In the absence of additional resources, spending on other areas could obviously be affected. However, there are indications of increased budget support from the Cooperating Partners in 2005-2007. This could ease the expected pressures related to the election and still allow more resources to be channelled toward priority poverty reduction programmes. In order to secure the budget support, donor programme grants in-flows for 2005, Government and Cooperating Partners have already began the process of finalising indicators for the Performance Assessment Framework, for monitoring budget performance in the same year. Effectively, with planned additional resources, the election process will be implemented without derailing the development agenda of the PRSP and MDG goals.

In the unlikely event that Cooperating Partners support does not materialise, expenditure reduction in a number of areas will have to occur. However, with the Medium Term Expenditure Framework (MTEF) and Activity Based Budgeting (ABB) systems; a programmatic classification of the budget, in place, Government plans to maintain expenditure patterns within this framework. Government will ensure to protect core priority expenditures in Education and Health sectors as it has in the past. In which case, the poverty reduction agenda will remain a priority, as implemented within the context of the proposed Development Plan (2006-2010), to be formulated in 2005.

Risk: Important institutional risks to programme execution are posed by weaknesses in implementation capacity and financial management in line ministries and other government agencies. In particular, slow progress in executing programmes to contain the impact of the HIV/AIDS pandemic carries serious potential risks to Zambia's future.

Notwithstanding the progress made in 2003, significant shortcomings still exist in ensuring sound public expenditure management and financial accountability. Institutional capacities are lacking within line ministries, and poor absorption capacities for programme implementation and financial management has been a setback to quality, delivery, efficiency, and cost effectiveness of public services. Distinctly, Government recognises the poor and slow disbursement in implementation of Government or Cooperating Partners financed projects. Government, with assistance from the World Bank, designed and started implementing its Public Service Capacity Building Project (PSCAP) in 2001. Much of the support under PSCAP was focused on improving public expenditure management and accountability, and service delivery in the public sector.

Moreover, Cabinet has approved for submission to Parliament a revised Finance Act that strengthens financial management and accountability. The Act aims at strengthening the Accountant General's office and Financial Management System includes provisions strengthening the role of internal audit through the establishment of audit committees and defines the responsibilities of the Accountant General's department among others.

Using the Activity Based Budget classification, the Accountant General's department generated a report from the Financial Management System on actual expenditure by each ministry for the first six months of 2004. On-going reforms of line ministries under the Public Sector Reform Programme (PSRP) are aimed at improving institutional capacities.

The Integrated Financial Management Information System (IFMIS) allows for training of a cadre of accounting professionals to manage the software for efficient reporting in public expenditure management and accountability.

The decentralisation policy, once implemented will decentralise and devolve power to local authorities to enable efficient and effective action planning, implementation and budgeting, and monitoring and evaluation of programmes.

As regards HIV/ AIDS, although progress was slow initially due to slow disbursement of funds from Cooperating Partners, there has, in recent times, been an escalation in financing of HIV/AIDS programmes. In addition to the Global Fund, USAIDS, and other Cooperating Partners, workplace and community response interventions funded through the World Bank's Zambia National Response to HIV/AIDS (ZANARA) Project resulted in the scaling up of executing programmes to contain the impact of the HIV/AIDS pandemic.

The organisational structure of the National AIDS Council (NAC) has been developed and is under implementation. Processes to improve staffing in accordance with the original programme agreement have included the recruitment of four managers. A monitoring and evaluation system is currently being installed to improve the monitoring of programmes. In addition, HIV/AIDS awareness and prevention programmes have been integrated in pre-service and in-service programmes of ten key ministries; Health, Education, Agriculture, Science and Technology, Community Development and Social Services, Home Affairs, Finance and National Planning and Youth, Sport and Child Development. In tandem, all line ministries have awareness programmes integrated into their programmes.

Risk: Zambia remains vulnerable to droughts and to terms-of-trade shocks. Risks stemming from the dependency on international copper prices were partially addressed by sectoral policy to promote economic diversification, namely in agriculture, non-copper mining, manufacturing, and tourism. The recent increases in copper prices might re-ignite the hope that Zambia can rely once again on the copper sector for economic prosperity.

Indeed, Zambia's economy remains vulnerable to drought and terms-of-trade shocks. In the last two years (1999 and 2001), when drought occurred, real GDP growth was dampened, arising from the major share of Agriculture to GDP (16%) and the prevailing strong linkages between the sector and the country's economy. With declines in prices of copper, food shortages resulted, threatening food security, while the country has had to import food at enormous cost. Similar terms-of-trade shocks affected earnings and increased the import bill.

It is imperative that the Zambian economy should be diversification further in the face of fluctuating copper prices. While non-traditional exports have continued recording double-digit growth rates in the recent past, these account for over 35 percent of total exports. The Private Sector Development Initiative is one strategy intended to remove obstacles to investment in the areas key to trade expansion and growth. This initiative will take about two years to implement. Other strategies by Government include the Support to Economic Expansion and Diversification (SEED) programme, farm block creation in the tourism and agriculture sectors respectively, and the Indaba resolution, aimed at sustaining an outward looking approach from copper mining.

It should however be mentioned that Zambia is well endowed with vast mineral deposits and when the mineral resource is fully exploited, the mining sector would, in the foreseeable future remain a dominant part of the economy. Recent price increases have stimulated investment in the sector and many mineral ore deposits are being developed, in a highly competitive environment at low cost of production. Moreover, the Government has demonstrated a commitment to providing an enabling environment for the operation of small-scale mining, particularly the gemstone exchange to facilitate gemstone mining.

Risk: Weak fiscal discipline could generate significant risks to macroeconomic performance. In the short run, risks could stem from potential difficulties in fully implementing expenditure and tax reforms. In particular, pressures from civil service unions for increased wages demands for additional resources from non-priority sectors, e.g. defence, constitute substantial risk to the fiscal programme. In the medium term, risks could also stem from pension liabilities.

Admittedly, weak fiscal discipline has for a long time been the weakness of expenditure management. This is, among others, evidenced by large variations between budget and actual, to the effect that high fiscal deficit, borrowing and other constraints have led to ineffective re-ordering of public expenditures on areas of non-priority. There have been recent reforms to address these weaknesses including the Public Expenditure Management and Accountability Reforms (PEMFAR), MTEF and IFMIS. Although it will take some time before these programmes are fully implemented, the attempt to re-order public expenditure aright constitutes a positive step and is needful to ensure that (tax) reforms are implemented as planned. Related to this, is strong political will which is necessary to maintain expenditure allocations to non-priority sectors, particularly defence, within budget.

Structural measures to improve fiscal performance include a freeze on wages and temporary cessation of recruitments into the civil service for 2004. The government has on-going, negotiations with trade unions to manage the process of wage increases and ensure that such implementation is within the fiscal framework. The right-and-down-sizing processes in the Public Sector Reform Programme are additional measures aimed at ensuring positive fiscal performance in the long term. As part of the macroeconomic framework restructuring process, initiatives are in process to ensure a financially sustainable pension system. Furthermore, a Debt Sustainability Analysis framework is expected to be in place to address such risks as would arise from internal pressures on the budget.