COUNTRY SELF ASSESSMENT REPORT

Zambia
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29. Mr. Stephen Lungu, Law Association of Zambia; and,
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LUCY MUYOYETA

CHAIRPERSON NATIONAL GOVERNING COUNCIL
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SNDP  Sixth National Development Plan
SOE  State Owned Enterprise
SOP  Separation of Powers
SPDP  Strategic Plan and Development Programme
STIs  Sexually Transmitted Infection
SWAP  Sector Wide Approach
TAZAMA  Tanzania Zambia Mafuta
TAZARA  Tanzania-Zambia Railway Authority
TB  Tuberculosis
TCLC  Tripartite Consultative Labour Council
TDCF  Tourism Development Credit Facility
TEVET  Technical Education, Vocational and Entrepreneurship Training
TEVETA  Technical Educational, Vocational and Entrepreneurship Training Authority
TFC  Task Force on Corruption
TIPP  Forestry Development Credit Facility
TIZ  Transparency International Zambia
TNDP  Transitional National Development Plan
ToH  Triangle of Hope
TRIs  Technical Research Institutions
UCZ  United Church of Zambia
UNCTAD  United Nations Conference on Trade and Development
UNDP  United Nations Development Programme
UNECA  United Nations Economic Commission for Africa
UNHCR  UN High Commissioner for Refugees
UNIP  United National Independence Party
UNZA  University of Zambia
UPND  United Party for National Development
UPP  United Progressive Party
VCT  Voluntary Counselling and Testing
VSU  Victim Support Unit
WASHE  Water, Sanitation and Hygiene Education
WB  World Bank
WHIP  Wider Harmonisation – in – Practice
WLLWG  Wider Labour Law Working Group
WRAP  Water Resources Action Programme
WSS  Water Supply and Sanitation
WTO  World Trade Organization
ZABS  Zambia Bureau of Standards
ZACCI  Zambia Chamber of Commerce and Industry
ZACSMB  Zambia Chambers of Small and Medium Business Association
ZAFFICO  Zambia Forest and Forestry Industry Corporation
ZAFO  Zambia Federation of Organizations for the Disabled
ZAMEFA  Zambia Metal Fabricators
ZAMP  Zambia Agricultural Marketing Processing & Infrastructure Project
ZAMPOST  Zambia Postal Services Corporation
ZAMTEL  Zambia Telecommunications Company Limited
ZANACO  Zambia National Commercial Bank Plc
ZAPD  Zambia Agency for People with Disability
ZAWA  Zambia Wildlife Agency
ZBF  Zambia Business Forum
ZCAS  Zambia Centre for Accountancy Studies
ZCC  Zambia Competition Commission
ZCCM  Zambia Consolidated Copper Mines
ZCCM-IH  Zambia Consolidated Copper Mines-Investment Holdings
ZCSD  Zambia Council for Social Development
ZCTU  Zambia Congress of Trade Unions
ZDA  Zambia Development Agency
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Name</th>
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<tbody>
<tr>
<td>ZDA</td>
<td>Zambia Development Agency</td>
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<tr>
<td>ZDAD</td>
<td>Zambia Development Assistance Data Base</td>
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<tr>
<td>ZDHS</td>
<td>Zambia Demographic and Health Survey</td>
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<tr>
<td>ZESCO</td>
<td>Zambia Electricity Supply Corporation</td>
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<tr>
<td>ZFC</td>
<td>Zambia Forest Commission</td>
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<tr>
<td>ZFE</td>
<td>Zambia Federation of Employers</td>
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<tr>
<td>ZIC</td>
<td>Zambia Investment Centre</td>
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<td>ZICA</td>
<td>Zambia Institute of Chartered Accountants</td>
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<td>ZIMCO</td>
<td>Zambia Industrial and Mining Corporation</td>
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<td>ZLDC</td>
<td>Zambia Law Development Commission</td>
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<td>ZNAN</td>
<td>Zambia National AIDS Network</td>
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<td>ZNBC</td>
<td>Zambia National Broadcasting Corporation</td>
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<td>ZNTB</td>
<td>Zambia National Tender Board</td>
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<tr>
<td>ZP</td>
<td>Zambia Police</td>
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<td>ZPA</td>
<td>Zambia Privatisation Agency</td>
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<td>ZPPA</td>
<td>Zambia Public Procurement Authority</td>
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<td>ZRA</td>
<td>Zambia Revenue Authority</td>
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<tr>
<td>ZTB</td>
<td>Zambia Tourism Board</td>
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<tr>
<td>ZUJ</td>
<td>Zambia Union of Journalists</td>
</tr>
<tr>
<td>ZULAWU</td>
<td>Zambia United Local Authorities Workers Union</td>
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**GLOSSARY OF TERMS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Accession</td>
<td>formally subscribe to a treaty or agreement by formal consent</td>
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<tr>
<td>Adoption</td>
<td>acceptance; making part of domestic law</td>
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<tr>
<td>Business Ethics</td>
<td>the “principles, norms and standards that guide an organisation’s conduct of its activities, internal relations and interactions with external stakeholders” (King II Report)</td>
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<tr>
<td>Compliance</td>
<td>action in accordance with rules</td>
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<tr>
<td>Convertible Shares</td>
<td>a class of shares of a company which can be converted from one class to another e. g. from ordinary to preference shares</td>
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<tr>
<td>Corporate Governance</td>
<td>“a system by which corporations are directed, controlled and held to account” (APRM Master Questionnaire)</td>
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<td>Corporate Social Responsibility</td>
<td>responsive interaction between a corporation and the community in which it operates</td>
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<tr>
<td>Corporation</td>
<td>any entity that conducts commercial activity in an incorporated form</td>
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<td>Corruption</td>
<td>“the soliciting, accepting, obtaining, giving, promising or offering, of gratification by way of a bribe or other personal temptation of inducement, or the misuse or abuse of a public office for private advantage or benefit” (Anti-Corruption Commission Act, No. 42 of 1996)</td>
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<tr>
<td>Criteria</td>
<td>standards by which something can be judged or decided, issues to be addressed and reference points for targets to be established</td>
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<tr>
<td>Domestication</td>
<td>the process of making international law part of domestic law through parliament</td>
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<tr>
<td>Good Governance</td>
<td>“creating well-functioning and accountable institutions-political, judicial and administrative-which citizens regard as legitimate, in which they participate in decisions that affect their daily lives and by which they are empowered” (Kofi Annan)</td>
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<tr>
<td>Incorporation</td>
<td>form into or constitute as a legal corporation</td>
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<tr>
<td>Indicators</td>
<td>means of determining whether or not the criteria have been met, used for assessing and monitoring progress in key areas of governance</td>
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<tr>
<td>Infrastructure</td>
<td>the stock of fixed capital equipment in a country, including factories, roads, school, etc., considered as a determinant of economic growth</td>
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<tr>
<td>Key Objectives</td>
<td>the main goals adopted by Heads of State and Government in order to enhance the quality of governance in corporations in Africa</td>
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<td>Term</td>
<td>Definition</td>
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<tr>
<td>Money Laundering</td>
<td>the process of disguising or concealing the true nature or source of funds or property derived from criminal activities</td>
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<tr>
<td>Ordinary Shares</td>
<td>a class of shares in a company which entitle one to get a dividend when the company makes profit, with no special rights attached</td>
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<tr>
<td>Preference Shares</td>
<td>a class of shares which confers certain entitlements and rights on a shareholder, e.g. to earn an interest on their shares or to convert the shares into stock</td>
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<tr>
<td>Principles</td>
<td>a fundamental or general truth or law that underlies something</td>
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<tr>
<td>Ratification</td>
<td>accept or confirm an agreement, a treaty or international law in accordance with internal procedures</td>
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<tr>
<td>Regulator</td>
<td>an organisation or institution which controls or directs by means of rules and restrictions</td>
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<tr>
<td>Shareholders</td>
<td>owner of shares in a business undertaking</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>individuals or groups, other than shareholders, who have a legitimate interest in, or influence over, the operations of an organisation. Such groups include employees, unions, customers, suppliers, regulators and local communities</td>
</tr>
<tr>
<td>Standards and Codes</td>
<td>a set of agreed principles, rules or laws governing the behaviour of organisations.</td>
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EXECUTIVE SUMMARY

The African Peer Review Mechanism (APRM), which is widely heralded as the jewel in the crown of the New Partnership for Africa’s Development (NEPAD), is an innovative and audacious initiative on governance in Africa. The instrument is voluntarily acceded to by member states of the African Union (AU) for self-evaluation. Assessment under the APRM is conducted within the framework of commonly agreed values, codes and standards as contained in the Declaration on Democracy, Political, Economic and Corporate Governance. At the core of the APRM is the deepening of democratic practices, the strengthening of achievements, dissemination of best practices and the rectification of underlying deficiencies in governance and socio-economic development processes, among AU member states. This Report gives a background to the genesis and evolution of the APRM process, its structure and organisation in Zambia and concludes with a brief presentation of what has happened following the country’s accession to the APRM.

Zambia acceded to the African Peer Review Mechanism (APRM) on 22 January, 2006, through the late Republican President H.E. Dr Levy P. Mwanawasa, SC, at the African Union (AU) Summit held in Khartoum, Sudan. However, in the initial stages, the implementation of the APRM in Zambia was slow owing to, among other factors, the death of President Mwanawasa and difficulties in mobilizing resources. Despite these challenges, Zambia has engaged well on the APRM activities.

The country hosted the Country Support Mission (CSM) for the APRM from 23 – 25 February, 2009. The CSM was led by Dr. Graca Machel, a member of the APRM Panel of Eminent Persons for Zambia. The Mission comprised representatives from strategic APRM partners and officials from the APRM Continental Secretariat and was in the country to assess Zambia’s preparedness to undergo the peer review process.

Following the CSM and signing of the Memorandum of Understanding (MoU) between the Government and the APR Panel of Eminent Persons, a number of activities were undertaken which culminated in the establishment of the National Governing Council (NGC) and the National APRM Secretariat. The establishment of these structures has resulted in the implementation of the Country Self-Assessment (CSA) involving the Government, civil society, private sector and ordinary people, whose voices are reflected in this Report.

The Report is structured in Six Chapters. Chapter One gives a presentation on the APRM process in Zambia. This is followed by Chapter Two which presents brief background information on the country’s political and economic evolution since political independence in 1964. Chapter Three assesses the extent to which Zambia has adopted international standards and codes as well as attain the APRM objectives in the area of Democracy and Political Governance. Chapter Four reviews the extent to which the country has implemented the standards and codes and the objectives in the Economic Governance and Management thematic area. Chapter Five assesses corporate governance and provides a review of the extent of implementation of the standards and codes listed in the APRM questionnaire and the attainment of APRM corporate objectives. Chapter Six evaluates socio-economic development in Zambia and assesses the extent of implementation of standards and codes as well as the attainment of the six APRM objectives.
The findings, challenges and recommendations are summarized below.

1.0. DEMOCRACY AND GOOD POLITICAL GOVERNANCE

1.0.1. Africa’s development vision – the New Partnership for Africa’s Development – recognises that successful continental political and economic advancement requires peace and democracy. This is because sustainable human development and poverty eradication are impossible under conditions of autocratic governance. This is the reason that one of the pillars of the APRM is commitment by African states towards democracy and good political governance.

1.1. Standards and Codes

1.1.1. Zambia has a good record in complying with democracy and good political governance principles, standards and codes. The country has acceded to a number of regional instruments. However, challenges still remain. Although Zambia has actively signed and/or ratified various international and regional treaties and conventions, ratification is more advanced for regional instruments than for the international ones. The main reason cited for slow ratification and inadequate compliance include an absence of capacity in institutions charged with compliance and the failure to review and enact laws that would make compliance obligatory. Although steps have been taken to meet these challenges, compliance is still low and more needs to be done. Further, there is need to strengthen the Ministry of Foreign Affairs to enhance its depository, ratification and reporting roles.

1.2. Prevention and Reduction of Intra and Inter-State Conflicts

(a) On-going or recent Conflicts

1.2.1. There are no recent or ongoing conflicts in Zambia. The country has enjoyed relative peace since its political independence in 1964 characterised by the absence of irreconcilable social, ethnic or religious differences among various groups within Zambian society and hardly any incidents of violence are reported. However, there are potential sources of conflicts that may impact on Zambia’s peace, stability and security. Potential internal sources of conflict include organised crime; economic inequality and wealth distribution; ethnic, religious and other diversities; and, refugees and internally displaced persons. Zambia has been host to refugees, asylum seekers, and other persons of concern from neighbouring countries. The potential area of conflicts that relate to the presence of refugees in Zambia is attributed to some isolated incidences of apparent xenophobic behaviour of the local people. Other potential areas of conflict include access to land and ownership; the on-going Constitution-making process; corruption; and, elections.

(b) Mechanisms for Preventing, Reducing and Managing Conflicts

1.2.2. The principal actors in preventing, reducing and managing conflict in Zambia are the Judiciary, Zambia Defence Force, Ministry of Home Affairs and the Zambia Security Intelligence Service (ZSIS). These
institutions are effective although they face operational challenges relating to inadequate funding and skilled human resources. At regional level, Zambia has continued to play an important role in seeking solutions to conflicts in Southern Africa. The country has also signed a number of the Southern African Development Community (SADC) protocols. The challenge is to enhance cooperation with neighbouring countries through Permanent Joint Commissions.

1.3. Constitutional Democracy

1.3.1. Zambia is a constitutional democracy. In a constitutional democracy, the written Constitution enshrines the principles of democracy. It establishes, defines and confines the various organs of state. In accordance with Article 1 (3) of the Constitution, the Constitution is the supreme law of Zambia and if any other law is inconsistent with the Constitution that other law shall, to the extent of the inconsistency, be void. The supremacy of the Constitution ensures that the rule of law is observed.

1.3.2. There are a number of institutions that have been established under the Constitution and various Acts of Parliament to enforce the rule of law. These include:

(i) The Judicature -Article 91(1) of the Constitution, Supreme Court Act Cap 29, High Court of Zambia Cap 27;
(ii) The Zambia Police Force -Article 103 of the Constitution, Zambia Police Act Cap 107;
(iii) Human Rights Commission – Article 125 of the Constitution, Human Rights Act, Cap 48;
(iv) Police Public Complaints Authority – Zambia Police Act, Cap 107, Part XA;
(v) Victim Support Unit - Zambia Police Act, Cap 107, Part IX – Section 53;
(vi) Drug Enforcement Commission – Narcotic Drugs and Psychotropic Substances Act, Cap 96;
(vii) Investigator General – Article 90 of the Constitution;
(viii) Auditor General – Article 121 of the Constitution, Public Audit Act, Cap 378;
(ix) Electoral Commission of Zambia – Article 75 of the Constitution;
(x) Judicial Complaints Authority-Judicial (Code of Conduct) Act No. 13 of 1999 and amended under Act No 13 of 2006; and,
(xi) Anti-Corruption Commission- Anti-Corruption Act No.42.

1.3.3. The effectiveness of the Courts, the Anti-Corruption Commission and the Drug Enforcement Commission can be seen from the recent investigations, prosecutions and convictions of senior Government Officials in cases dealing with corruption, abuse of office and money laundering. Despite these successes, these institutions face a number of operational challenges.

(a) The Political System

1.3.4. There is fair participation of citizens in the political system in Zambia. Legal provisions that relate, in one way or another, to political association include the Constitution, the Societies Act Chapter 119, and the Electoral Act No. 12 of 2006. However, the absence of a framework for regulation of political parties appears to be a contributing factor to the weaknesses that exist in the institutional and organisational structures of political parties in Zambia.
1.3.5. Despite their weaknesses, political parties are free to contest elections in Zambia. The country has, since independence, been using the plurality “First-Past-The-Post” (FPTP) system in all elections. The FPTP system entails that a candidate with the largest number of votes in an election wins the election irrespective of whether the number of votes received constitutes less than 50% (majority) of all voters who participated in voting.

1.3.6. In Zambia, the effectiveness of the electoral process in delivering results is generally adjudged to be free and fair, and depends to, a large extent, on the efficiency of the Electoral Commission (ECZ) of Zambia. According to the State of Governance Report 2008, nearly two in every three people were of the opinion that the ECZ conducts election in accordance with the law. However, the principal problem is seen as the unrepresentative nature of elections organized on the FPTP electoral system. The problem is compounded by five main elements that typify the FPTP, namely: low voter turnout; vote wastage; level of political competition; electoral malpractices; and electoral disputes/conflicts. This has resulted in electoral petitions.

(b) Decentralisation

1.3.7. The model of decentralisation that has been practiced in Zambia since independence is that of deconcentration or delegation. In November 2002, the National Decentralisation Policy was adopted in reaction to the fact that the system of deconcentration was not very effective in ensuring broad based participation. There are several legislative provisions in place for decentralisation in Zambia. These relate mostly to the administration of Local Government. Legal and institutional frameworks that exist support only structures for decentralisation through deconcentration and devolution of Central Governments functions and powers. However, the effectiveness of these systems is fraught with many challenges.

(c) Civil-military Relations

1.3.8. Security services in Zambia comprise the Zambia Defence forces, the Zambia Police Service and the Zambia Security Intelligence Service. These are established under Articles 100, 106 and 108 of the Constitution. As in any democratic political order, the defence and security forces in Zambia are, to an extent, subjected to scrutiny and control of civil authorities. The Constitution under Article 100(2) expressly subordinates the Zambia Defence Force to the civil authorities established there under. However, there are certain short comings in the extent to which these Parliamentary Committees oversee the operation of the security services.

1.4. Promotion and Protection of Rights

1.4.1. The domestic human rights regime in Zambia is centred on Part III of the Constitution entitled “Protection of the Fundamental Rights and Freedoms of the Individual”, also referred to as the National Bill of Human Rights. This Part has been a feature of every Constitution of Zambia since 1964. In Zambia, the human rights that are protected are Civil rights; Political rights; and, Economic,
Social and Cultural Rights (ESCRs). However, the country implements some of the ESCRs mainly through the Directive Principles of State Policy, Part IX of the Constitution, which may be observed only in so far as State resources permit. Further, the enjoyment of the rights and freedoms guaranteed in the Constitution are subject to limitations that are necessary for the maintenance of public order, public security, public safety, public health or public morality, as well as for ensuring the protection of the rights and freedoms of others. Article 23(1) of the Constitution prohibits the enactment of a law that makes any provision that is discriminatory either of itself or in its effect.

(a) There are various institutions which have been established for purposes of protecting and promoting individual and collective political rights. They include:

(i) The High Court;
(ii) The Human Rights Commission;
(iii) The Electoral Commission of Zambia; and,

(b) Other institutions which, through their operations, indirectly impact on individual and collective Political Rights include:

(i) The Police Public Complaints Authority;
(ii) The Directorate of Legal Aid;
(iii) The Anti Corruption Commission;
(iv) The Police Force; and,
(v) Civil Society Organisations.

(c) Policy measures that have been put in place to promote human rights include:

(i) The Fifth National Development Plan;
(ii) National Employment and Labour Market Policy;
(iii) Public Welfare Assistance Scheme;
(iv) National Policy on Education;
(v) National Health Policies and Strategies National Agriculture Policy; and,
(vi) National Housing Policy.

There are, however, certain shortcomings that hamper the implementation of these legal provisions and affect the effectiveness of the relevant institutions.

1.5. Upholding the Separation of Power

1.5.1. In a constitutional democracy, the principle of Separation of Powers (SOP) is essential in ensuring equitable distribution of power and effective checks and balances between the three organs of the state which, in turn, enhances good governance and accountability. Zambia is a constitutional democracy with three organs of the state, namely, the executive, the legislature and the judiciary. The powers and functions of each of these three organs of the state are set out in the Constitution and
other laws of the country. Although there are several constitutional and legislative provisions which give effect to the doctrine, separation of powers is not explicitly enshrined in the constitution of the Republic of Zambia.

1.5.2. Part IV of the Constitution comprising Articles 33 – 61 provides for the composition, powers and functions of the executive arm of the state. Part V of the Constitution comprising Articles 62 – 90 provides for the composition, powers and functions of the legislative organ of the state. In addition to the constitutional provisions found in Part V of the Constitution, several other constitutional provisions exist on the functions and powers of the legislature. The Constitutional provisions are supplemented by the provisions of the National Assembly (Powers and Privileges) Act and the provisions of Standing Orders. The independence of the Judiciary is specifically provided for in Article 91 of the Constitution.

1.5.3. The existence of these constitutional provisions does not necessarily suggest that the effectiveness of the separation of powers and mechanisms for checks and balances in Zambia are not questionable. Moreover, the current Constitution has no specific provision on how conflicts arising between the different branches of government may be resolved. However, a proposal has since been made in the draft Constitution that a Constitutional Court, which shall have jurisdiction, among other things, to determine disputes between state organs or state institutions at national or local level concerning their powers or functions, be established.

1.6. Accountable, Efficient and Effective Public Office Holders

1.6.1. Over the last few years, the Government has, together with the support of Co-operating Partners (CPs), initiated and undertaken a number of reforms in the area of public administration, the legislative system and fiscal authorities aimed at improving the organisational structures. The main objective of the Public Service Reform Programme (PSRP) is to enhance the delivery of services for Zambian citizens and to create an institutional environment for reducing poverty.

(a) The PSRP has three major objectives:

(i) To make the Zambian Public Service leaner so that the costs of running it can be made more manageable, hence enhancing public service management for purposes of improving the delivery and quality of public services;
(ii) To improve Human Resource Management through performance related incentives for a smaller and better remunerated work force; and,
(iii) Decentralise and devolve administrative power away from Central Ministries in Lusaka to the field stations/ and local government structures.

(b) The following are some of the pieces of the legislation that have been revised in order to strengthen the capacity of the public service institutions to enable them carry out their mandates more effectively in the provision of public services:

(i) Zambia Public Procurement Authority (ZPPA) Act;
1.6.2. In addition to the above pieces of legislation, the code of ethics for the public sector was adopted. There are also sector specific codes for the Zambia Police Service.

1.6.3. In 2000, GRZ buttressed these efforts through designing and beginning to implement the Public Service Capacity Building Project (PSCAP) whose main objective was to build management capacity among middle level civil servants as part of a long term management succession planning strategy. The PSCAP was supported by the International Development Agency (IDA) of the World Bank and the Department for International Development (DFID) of the United Kingdom.

1.6.4. The Government, through its resolve to implement the PSRP, has so far scored a number of achievements including: completing the restructuring of all central government ministries; designing and implementing a computerised Payroll Management and Establishment Control System (PMEC) which has redressed the problem of ghost workers and ghost allowances; designing and adopting the Medium Term Expenditure Framework (MTEF) whose implementation has been underway for over three years; enhancing the commitment control system; strengthening of procurement and auditing functions; developing, adopting and beginning to implement the Medium Term Pay Reform Strategy; and improving a number of work-processes through computerisation.

1.6.5. Decentralisation is one of the three components of the PSRP. The Decentralisation Component seeks to make progress on the National Decentralisation Policy which was adopted by Government on 18th November 2002 and launched on 20th August, 2004. The Government approved the Decentralisation Policy in 2002 whose main objective is to devolve authority for managing public affairs to lower government administrative structures. Decentralisation will involve the devolution of responsibilities from the central government to local government authorities. It is expected that this will lead to increased participation of local people in the management of public affairs.

1.6.6. The United Nations has recognized the efforts that the Zambian Public Service is making in promoting efficiency and effectiveness in the delivery of public services. The Economic and Social Affairs Division of the United Nations (UN), through its publication entitled “Good Practices and Innovations in Public Governance”, has recognized Zambia as one of the countries that has made significant strides in improving public service delivery.

1.7. Fighting Corruption in the Political Sphere

1.7.1. In Zambia, corruption still remains a major concern in the private and public sectors. As a result, the country has, for a long time, scored lowly on corruption assessments. In 2009, however, the Corruption Perception Index (CPI) score for Zambia improved slightly to 3.0 from a score of 2.8 in 2008.
1.8. **Framework for fighting Corruption**

1.8.1. In an attempt to fight corruption, GRZ has put in place a comprehensive policy and legal and institutional framework. In terms of policy measures, Zambia has signed and acceded to the United Nations Convention against Corruption, signed and acceded to the AU Conventions for the Prevention and Combating of Corruption and has signed and ratified the SADC Protocol Against Corruption.

1.8.2. Notwithstanding this, most aspects of international best practices contained in some of the instruments which Zambia has either ratified or acceded to have not yet been addressed adequately in the country’s current legislation. These include, *inter-alia*:

   (i) **Harmonization of the definition of a public officer in the various laws**;
   
   (ii) **Promotion of professionalism of the public service through enhanced systems of recruitment, hiring, retention and promotion and retirement of public servants that are based on merit, transparency and objective criteria in line with Article 7 of the UN Convention**; and,

   (iii) **Need to enhance transparency in the funding of candidature for elected public officers and funding of political parties in line with Article 7 of the UN Convention**.

1.8.3. However, GRZ has taken measures to enhance protection of whistle blowers and witnesses and Protection of Citizens against false reports in line with Article 32 of the UN Convention. An Act has been enacted on whistle blower and witness protection.

1.9. **Promotion and Protection of the Rights of Women**

1.9.1. The Zambian Government has signed and ratified a number of international and regional human rights instruments that protect and promote women’s rights. These include:

   
   (ii) **The SADC Protocol on Gender and Development**; and, 
   

1.9.2. Zambia is also bound by the following instruments on women:

   (i) **World Social Summit for Social Development**, Copenhagen (1995);
   
   (ii) **Vienna Declaration on Women’s Human Rights** (1993);
   
   (iii) **Declaration on the Elimination of Violence Against Women** (1993);
   
   (iv) **UN Declaration on the Elimination of Violence Against Women** (1994);
(v) UN Security Council Resolution 1325 on Women, Peace and Security (2000); Dakar Declaration, adopted by the African Platform for Action at the 5th Regional Conference on Women in Dakar (1994);
(vi) Beijing Platform for Action, adopted at the 4th World Conference on Women in Beijing (1995);
(vii) SADC Declaration on Gender and Development, and its addendum on the Prevention and Eradication of Violence Against Women (1997) and Children (1998); and,

1.9.3. In addition, Zambia is a party to key International Labour Organisation conventions that aim to protect the status of women in employment. These include:

(i) ILO Convention 100, promoting the principle of equal remuneration for men and women for equal work of equal values;
(ii) ILO Convention 103, providing maternity protection to women and includes granting of compulsory leave and medical benefits; and
(iii) ILO Convention 105 concerning the abolition of forced labour. The convention states that a country ratifying this convention undertakes to declare and pursue a national policy designed to promote equality of opportunity and treatment in respect of employment and occupation, and endeavoring to eliminate any discrimination.

1.9.4. At country level, Zambia adopted the National Gender Policy in March 2000 and launched the Strategic Plan of Action (SPA) on Gender in 2004. At the provincial and district level, gender sub-committees were established in 2005 as part of the process of strengthening the institutional framework of the National Gender Strategic Plan of Action.

1.9.5. Despite some challenges, there have been recorded improvements with regard to the rights of women and gender mainstreaming in Zambia. The number of women appointed to key positions in the public sector has been increasing. Apart from GIDD, a number of other institutions have been established to protect and promote women’s rights. Some of them include the Zambia Women Parliamentary Caucus (ZWPC), the Gender Forum, the Human Rights Commission (HRC) and Victim Support Unit (VSU) under the Zambia Police Service.

1.10. Promotion and Protection of the Rights of Children and Young Persons

1.10.1. Zambia is currently fairing considerably well in relation to its response to the overall improvement of children and young persons. This is mainly due to the following: Firstly, the country has put in place appropriate legal provisions to protect children against abuse and exploitation. Secondly, a comparative proportion of national budgetary allocations made towards basic needs (especially health and education), which ultimately children and young persons are relatively higher than in than in the recent past.

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1.10.2. Zambia is a party to the major international conventions dealing with the rights of children and young persons. These include:

(i) The United Nations Convention on the Rights of the Child (CRC) which was signed by Zambia in September 1990 and was ratified on 6 December 1991;
(ii) The Convention on the Worst Forms of Child Labour, which was ratified by Zambia in 2001;
(iii) The ILO Convention on the Elimination of All forms of Child Abuse;
(iv) The Convention Concerning Minimum Age for Admission to Employment (ILO, 138) which was ratified by Zambia in 1976; and,

1.10.3. Zambia is also a party to the following international instruments that protect human rights in general:

(i) The International Covenant on Economic, Social and Cultural Rights which was acceded to in 1984, with a reservation relating to primary education;
(ii) The International Covenant on Civil and Political Rights, which was acceded to in 1984 with no reservations;
(iii) The Convention on the Elimination of All Forms of Racial Discrimination, which was ratified in 1985 with no reservations; and,
(iv) The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, which was ratified by Zambia in 1998.

1.10.4. The rights of a child are enshrined in Part III of the Zambian constitution as follows:

(i) Article 11 provides for the protection of the fundamental rights and freedoms of an individual;
(ii) Article 12 provides for the protection of the right to life. (Article 12 (1) expressly prohibits a person from depriving an unborn child of life by termination of pregnancy except in accordance with the conditions explicitly stated in an Act of Parliament;
(iii) Article 6 (1) upholds the need to preserve a child’s nationality and identity;
(iv) Article 24 establishes the need to protect young persons against exploitation; and,
(v) Article 125 establishes the Human Rights Commission, whose functions include investigation of human rights abuses against children.

1.10.5. In addition, the provisions relating to children in conflict with the law are contained in the Juveniles Act, the Penal Code, and the Criminal Procedure Code. Further, the Intestate Succession Act, the Widows and Orphans Pensions Act, the Affiliation and Maintenance of children Act, the Adoption Act and the Employment of Young Person and Children Act deal with civil matters related to children. The Employment of Young Persons and Children Act prohibits children from being employed in any type of work which, by its nature or the circumstances in which it is carried out, constitutes a worst form of labour. The Employment of Young Persons and Children’s (Amendment) Act No. 10 of 2004 was enacted to implement the International Labour Organisation Convention on the Minimum Age and the International Labour Organisation Convention on the Worst Forms of Child Labour.
1.10.6. In an attempt to supplement legislation, Zambia has also adopted the National Plan of Action to eradicate Child Labour, National Youth Policy and the National Child Policy, and has created the VSU, Child Justice Forum, the Ministry of Sport, Youth and Child Development, the Ministry of Community Development and Social Services, the Ministry of Labour and Social Security and the Ministry of Education.


1.10.8. The above laws and regulations are complemented by the existence of policies and national level frameworks that guide the promotion of children’s rights. These policies include the National Youth Policy and National Child Policy of 2006. National level frameworks include such plans as the National Plan of Action, the National Aids Council Strategic Plan, the Ministry of Education HIV/AIDS Strategic Plans and the Medium Term Plan for the National Steering Committee on Orphans and Vulnerable Children.

1.10.9. Despite these improvements, Zambia has an increasing number of children who are orphans spread out in both rural and urban areas as a consequence of the high prevalence of HIV/AIDS. Some children are, therefore, disadvantaged in accessing basic needs that are necessary for their growth and wellbeing. The rising cases of defilement and children living on the street are evidence that there are some challenges in protecting these children.

1.11. Promotion and Protection of the Rights of Vulnerable Groups, IDPs, Refugees, and Disabled Persons

1.11.1. Zambia has implemented a number of mechanisms to promote and protect the rights of vulnerable groups, including refugees, displaced persons and disabled persons. Some of the interventions are informed and inspired by the countries signature and ratification of international covenants, instruments and principles. Some of these include:

(i) The African Charter on Human and People’s Rights (1981);
(ii) The International Covenant on Civil and Political Rights;
(iii) The International Covenant on Economic, Social and Cultural Rights;
(iv) The International Convention on the Elimination of All Forms of Racial Discrimination;
(v) The Convention against Torture and other Cruel, Inhuman and Degrading Treatment or Punishment;
(vii) The Convention on the Rights of Persons with Disabilities (and its Optional Protocol);
(viii) The OAU Convention Governing the Specific Aspects of Refugee Problems in Africa (1969);
(ix) The UN Convention Relating to the Status of Refugees (1951);
1.11.2. In addition to the above international standards, GRZ, under the Ministry of Community Development and Social Services, developed the National Welfare Policy, National Ageing Policy and the National Disability Policy. The Ministry of Community Development and Social Services is, therefore, key in providing and facilitating social to vulnerable members of society. Within the context of social protection, the ministry implements and facilitates the provision of social welfare and community development.

2.0. **ECONOMIC GOVERNANCE AND MANAGEMENT**

2.0.1 The significance of the economic governance and management pillar derives from the recognition by African Heads of State and Governance that good economic governance, including transparency in financial management, is an essential pre-requisite for promoting socio-economic development and reducing poverty. Against this backdrop, the present Zambian Government has pursued a market-based, private sector-led economic growth strategy geared towards poverty eradication and improved living conditions for all Zambians.

2.1 **Standards and Codes**

2.1.1 Zambia has made significant progress in implementing best practices in a number of areas of economic management. The aim has been to improve monetary and fiscal transparency, Bank supervision, the budget process and corporate governance.

2.2 **Transparency in Monetary and Financial Affairs**

2.2.1 The country has made progress in clarifying the roles, responsibilities and objectives of the Central Bank for monetary policy. The openness of the process for formulating and reporting monetary policy decisions has been enhanced through the weekly and monthly meetings of the Monetary Policy Committee (MPC). Communication of the formulation and implementation of monetary policy to the public is done through various reports, which include the audited accounts of the Bank of Zambia (BoZ).

2.3 **Effective Banking Supervision**

2.3.1 BoZ has adopted and implemented some supervisory guidelines issued by the Basel Committee on Banking Supervision. For instance, the Bank of Zambia adopted the Capital Accord issued by the Basel Committee in 1988 through promulgation of Statutory Instrument No. 184 of 1995 – the Banking and Financial Services (Capital Adequacy) Regulations, 1995. The Statutory Instrument stipulates the minimum capital requirements for banks and financial institutions that they have to comply with. In addition, Zambia is a member of various regional bodies.
2.4 Fiscal Transparency

2.4.1 The roles and responsibilities of the fiscal authority are clearly set out in the Constitution. Specifically, the MoFNP is the lead agency for implementing the code of good practices on fiscal transparency. The public has access to several sources of information on fiscal issues, including annual budget documentation, year-end Financial Statements and the Auditor-General’s reports.

2.5 Debt Management

2.5.1 Managing the country’s debt is the responsibility of the MoFNP. Specifically, by law, the MoFNP is responsible for managing the debt contraction and management process. The Loans and Guarantees Act gives authority to the Minister to borrow domestically and from abroad.

2.6 Treaties

2.6.1 Zambia has signed, acceded to or ratified the three main protocols against corruption. Although the agency created to fight corruption has participated in a number of regional events and has a lot to share with other countries, Zambia has not been meeting its State Party obligations under the United Nations Convention against Corruption.

2.7 Macroeconomic Policies for Sustainable Development

2.7.1 After decades of socialist experimentation and economic decay, Zambia has turned the corner post – 2000. Following sweeping and painful free-market reforms during the 1990s, the economy has been re-oriented. This is evident in the following selected key macroeconomic indicators.

2.8 Economic Indicators

(a) Inflation

2.8.1 Over the past five years the rate of inflation has generally trended downwards, with end-year inflation registering single digit levels since 2006. However, Zambia faces challenges in containing inflation at low levels, in particular, single digit levels, as a result of demand and supply-side factors. The notable demand side factor is the exchange rate movements. The supply-side factors are reflected in food inflation. Another challenge relates to the methodology used in the measurement of inflation. Currently, the weights given to various items in the basket in computing the inflation rate do not reflect the relative importance attached to them by the stakeholders.
(b) **Real GDP per Capita**

2.8.2 Over the past five years, with real gross domestic product (GDP) growth of not less than 5 percent, growth in GDP per capita has also been strong, averaging about 6.0 percent over the past few years. Despite, this has not translated into significant declines in poverty.

(c) **Fiscal Deficit**

2.8.3 The medium term objective of the Government, as stated in the FNDP, is to contain the overall deficit (including grants) to within 2.0% of GDP. During the period 2004 to 2008, the overall fiscal deficit has averaged 1.98 percent of GDP. Overall, however, the deficit has been contained within the limits set by the Government.

(d) **Budget Allocation to Social Sectors**

2.8.4 The allocation of resources to the social sectors during the period 2005 to 2008 increased to 48.2 percent in 2008 from 23.8 percent in 2005. The increase was in line with the Government Policy of investing in Education and Health.

(e) **Debt**

2.8.5 Zambia has made significant progress in managing the debt. Since 2007, domestic debt has been below 20 percent of GDP and foreign debt has been below 15 percent of GDP. The moderate debt burden is reflected in low debt servicing. Since 2006, less than 5.0% of government revenue goes to debt servicing. The reduction in foreign debt has been largely on account of debt relief obtained in 2006 under the enhanced HIPC Initiative and the MDRI debt cancellation. However, there are challenges to keeping domestic debt at sustainable levels due to arrears and compensation.

2.9 **The Macroeconomic Framework**

2.9.1 Zambia’s development has been anchored on the long-term vision of becoming a prosperous middle-income country by the year 2030. This Vision, which was developed after country-wide consultations, is operationalised through a series of five year national development plans, the first of which was the Fifth National Development Plan (2006-2010). Preparation of the Sixth National Development Plan is currently underway. However, the process of preparing the macroeconomic framework, although consultative, does have significant flaws. More often than not, the framework at national development plan level is different from the MTEF and the national budget. Moreover, some ministries, provinces and other spending agencies, for a variety of reasons, do not strictly adhere to the programmes agreed in the national development plan. As a result, the attainment of the goals and targets in the macroeconomic framework over the past few years has faced a number of challenges. However, the Zambian Government has made an attempt to tackle these challenges through, among other measures, promoting economic reforms.
2.10 **Macroeconomic Projections**

2.10.1 Making macroeconomic projections in Zambia largely relies on the IMF’s Financial Programming and Policies package and the macroeconomic model developed at the MoFNP in 2008. However, there is no independent body that analyses the Government’s macroeconomic outlook. This could be due to capacity constraints amongst non-state actors. Comments made are more of strong opinions on projections than well informed assessments. Despite this lack of broad consensus, inflation and GDP forecast errors are within acceptable margins.

2.11 **Sectoral Policies**

2.11.1 Government has put emphasis on agriculture, infrastructure and improving health and educators sectors. Recognizing agricultural as a priority sector is commended as the majority of the poor live in rural areas and depend on agriculture. Improving the existing infrastructure and construction of new infrastructure such as roads, electricity, irrigation and dams is also critical to reducing poverty. So is a healthy and educated population.

2.12 **Implementation of Sound, Transparent and Predictable Economic Policies**

2.12.1 As noted elsewhere, the Government has over the last few years initiated and undertaken a number of reforms in the area of public administration, the legislative system and fiscal authorities aimed at improving the organisational structures. This is intended to ensure sound public finance management.

2.12.2 **Public Administration**

2.12.3 The institutions involved in public administration are the executive arm of Government whose activities are coordinated by Cabinet Office. In terms of policy formulation, ministries prepare draft policy proposals and advise through Cabinet Memorandum whose contents are a result of wide stakeholder consultations.

2.13 **Public Service Reform Programme**

2.13.1 As previously noted, the Government has initiated the PSRP whose main objective of the PSRP is to enhance the delivery of services for Zambian citizens and to create an institutional environment for reducing poverty. The Government also approved the Decentralisation Policy in 2002 to devolve authority for managing public affairs to lower government administrative structures.

2.13.2 Whilst the PSRP has included the introduction of an annual appraisal system that links performance to an employee’s input, its overall impact has not met its intended objective. Most employees view the exercise as academic whilst no sanctions exist for officers that do not comply with the annual
assessment. It has further been observed that not all MPSAs have been restructured, resulting in some institutions operating at less than full capacity.

2.14 Legislative System

2.14.1 In order to enhance the oversight role of Parliament, the Government has initiated reforms which have included the broadcasting of parliamentary debate, creation of constituency offices and employment of support staff for MPs, opening up of and publishing of the schedule of meetings of the Portfolio Committees to the general public and the modernisation of Parliamentary infrastructure. During consideration of proposals approved by Cabinet, Parliament, through the relevant Portfolio Committee, may invite stakeholders to comment on the draft bill. If Parliament is satisfied with the outcome of the work of the Committee in scrutinising and examining the proposed bill, it is enacted into law.

2.15 Fiscal Authorities

2.15.1 The minister responsible for finance is charged with the responsibility of mobilising and managing financial resources. Once the Budget is approved by Parliament, authority is given to the Minister of Finance to raise and expend the resources as proposed and approved. ZRA is an agent of the Ministry of Finance responsible for collecting tax revenue, while non-tax revenues are collected by other delegated Government agencies. To improve the effectiveness of fiscal policy, the Government is undertaking a number of reforms including Public Expenditure Management and Financial Accountability (PEMFA). There are, however, still significant capacity constraints, particularly in the line ministries, in provincial and district administrations, which result in failure to implement some of the reforms. Lack of familiarity with new concepts can also adversely affect Government’s ability to meet its public finance management reform.

2.16 Sound Public Finance Management

2.16.1 The medium term fiscal framework is implemented through the MTEF, introduced in 2004, as a measure to address weaknesses in the budgetary and planning processes. The MTEF translates the Government policy objectives over a three-year horizon into financial resource allocations. In addition, it details the fiscal framework within which the policy objectives will be met and in turn, provide the ceilings under which Ministries, Provinces, and Spending Agencies (MPSAs) prepare their budgets. In this regard, all spending agencies use the Activity Based Budgeting (ABB) procedures to link their budgets to service delivery and other targets. As a result of the ABB, members of Parliament and the public have more detailed information on the various aspects of the budget.

2.17 Domestic Revenue

2.17.1 In the period 2005-2009, budget performance could be characterised as satisfactory amid challenges associated with budget execution. Tax revenue performance continued to be strong on account of higher collections under income tax, excise duty and trade taxes despite the effects of the global crisis
in 2008. Non-tax revenue performance has also improved over the years due to enhanced enforcements and increased accountability by most government ministries.

2.18 Expenditure

2.18.1 Total expenditures in the period 2005-2009 averaged 92.1 percent, representing an average underperformance of 7.9% owing to a large shortfall in releases for capital programmes, a short budget implementation period and persistent delays in procurement processes. Whilst budget performance on aggregate has improved, variances across individual budget heads continue to be significant. In addition, supplementary budgets presented to Parliament on an annual basis undermine the credibility of the budget process.

2.18.2 As a share of GDP, domestic revenues have averaged 17.7 percent, declining from 19.0 percent in 2008 to 15.7 percent in 2009. Expenditures have been heavily skewed towards current expenditures. It is envisaged that the liquidation of arrears will create fiscal space for capital expenditures to increase in the outer years.

2.19 Accounting for Government Revenue and Expenditure

2.19.1 The Ministry of Finance and National Planning is charged with the responsibility of compiling the financial report. The Public Finance Act provides for the Office of the Accountant General (which is responsible for the compilation and management of Government accounts), the custody and safety of public money and public stores under the supervision of the Secretary to the Treasury. The Office of the Accountant General prepares the financial report which details revenues and expenditures for MPSAs. The financial report is utilised by the Office of the Auditor General to scrutinize the utilisation of public funds by MPSAs. The Auditor General’s report is then submitted to the President, who must submit it to the speaker of the National Assembly. The speaker delegates scrutiny of the report to the Public Accounts Committee (PAC) which has powers to summon controlling officers to account for any discrepancies in the use of public resources.

2.20 Public Monitoring

2.20.1 Government revenues are collected by the Zambia Revenue Authority and a number of MPSAs (non-tax revenue). However, there is no regular and established mechanism for monitoring both tax revenue and non-taxes by the Treasury. With regard to expenditure, there have been attempts to establish a formal mechanism for expenditure tracking. On the spot monitoring is coordinated by the Ministry of Finance and National Planning. However, this is done on an ad hoc basis.

(a) Reporting to the Public

2.20.2 The Government prepares a consolidated financial statement annually, which includes full information on revenues and expenditures. It should be noted that assets and liabilities are only partially captured due to the Government’s cash accounting system.

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(b) **Public Oversight over Fiscal Operations**

2.20.3 Information on Government’s fiscal operations is now much more available, especially in key documents, such as the Auditors General’s office. In addition, due to the recent Parliamentary reforms, members of the public may be allowed to attend sittings of Portfolio and General Purposes Committees of Parliament.

2.21 **Challenges**

2.21.1 There are some of the challenges encountered in adopting and implementing a Predictable Medium Term fiscal framework in Zambia:

(i) Operational constraints in the Office of the Auditor General;
(ii) Incompleteness of financial statements;
(iii) No legal provision for the MTEF process;
(iv) Lack of credibility of Forecasts;
(v) Slow Implementation of Reform Efforts; and,
(vi) Fighting Corruption and Money Laundering.

2.21.2 Despite these challenges, there has been significant progress in promoting sound public finance management in Zambia.

2.22 **Corruption and Money Laundering**

2.22.1 **Corruption**

(A) GRZ has taken the following policy measures to fight corruption in the economic sphere:

(i) Launch of the National Capacity Building Programme for Good Governance (NCBPGG) in 2002;
(ii) Launch of the National Movement Against Corruption (NMAC) in March 2002;
(iii) Launch of The National Anti Corruption Policy (NACP) in March 2009; and,
(iv) The Fifth National Development Plan (FNDP, 2006-2010) dedicated a Chapter to Governance issues, including programmes and activities aimed at fighting and preventing corruption.

(B) In terms of legal and institutional arrangement, GRZ has established the following:

(i) The Anti-Corruption Commission;
(ii) The Office of the Auditor General (AG);
(iii) Director of Public Prosecutions, Parliament; and,
(iv) Zambia Police – Fraud Unit Department.
(C) Non-State Actors

2.22.2 The non-state actors are all those individuals and organisations that are not part of government structures, but are interested in the management of public affairs. They include civil society organisations, private sector entities and their associations, faith-based organisations and community-based organisations. These organisations are playing an important role in the fight against corruption in Zambia.

(D) Legal Provisions in Public Procurement

2.22.3 Zambia enacted the Zambia Public Procurement Act of 2008 which provides for the establishment of the Zambia Public Procurement Authority. As a regulatory agency, ZPPA will play an oversight role on all procurement entities that use public resources to procure goods and services (unlike its predecessor the Zambia National Tender Board that was actively involved in the procurement of goods, civil works and services).

(E) Challenges

2.22.4 Key challenges to the fight against corruption include:

(i) Difficulties with Definition of Corruption;
(ii) Absence of Whistle Blower and Witness Protection law;
(iii) Limited Coverage of Codes of Conduct;
(iv) Resistance to Governance Reform Efforts; and,
(v) Dilemma with Corrupt Decision-Makers.

2.22.5 Despite these challenges, there has been some improvement in the policy and institutional framework for fighting corruption in Zambia.

2.22.6 Money Laundering

2.22.7 Zambia has made some significant progress in combating money laundering and the financing of terrorism. This is evidenced by the enactment of various pieces of legislation on money laundering, the financing of terrorism, corruption, criminalising of many predicate offences, and enhancing of the integrity of the judicial system and law enforcement.

2.22.8 Specifically, GRZ has set the tone for the development of an anti-money laundering culture through the following policy measures:

(i) The enactment of the Narcotic Drugs and Psychotropic Substances Act, 1993;
(ii) The enactment of the Prohibition and Prevention of Money Laundering Act, 2001;
(iii) The enactment of the Anti-Terrorism Act, 2007; and,
The issuances of Anti-Money Laundering Directives by the supervisory authorities to regulated institutions.

2.22.9 Further, tBoZ adopted the Basel Committee on Banking Supervision and the 1988 Statement of Principles on the Prevention of the criminal use of the banking system for the purpose of money laundering by issuing the Know Your Customer and Foreign Currency Cash Transactions Directives in 1998.

2.22.10 The Government has also undertaken a number of institutional and administrative measures to combat money laundering which include establishment of the following:

(i) The Drug Enforcement Commission;
(ii) The Anti-Money Laundering Authority (AMLA) and the Anti-money Laundering Investigations Unit (AMLIU) were created in 2001 under the Prohibition and Prevention of Money Laundering Act, 2001;
(iii) A National Anti-Money Laundering Task Force chaired by the Permanent Secretary in the Ministry of Finance and National Planning; and,
(iv) In June, 2009, the President of the Republic of Zambia directed that an independent Financial Intelligence Unit (FIU) be established. It is expected that preparation for a functional FIU will be completed during 2010.

2.22.11 Other measures taken include addressing issues of integrity in the judiciary and law enforcement agencies through the enactment of the Judicial Code of Conduct Act No. 13 of 1999; the establishment of the Judicial Complaints Authority by Act No. 13 of 2006; the establishment of the Police Public Complaints Authority by the Zambia Police Amendment Act No. 14 of 1999; the establishment of the Office of the Investigator General (the ombudsman) by Act No 21 of 1991; and the establishment of Integrity Committees within the Judiciary and Law Enforcement Agencies pursuant to the National Corruption Prevention Policy.

2.22.12 Despite these measures, the following are some of the challenges that constrain the fight against money laundering:

(i) Inadequate legislative framework;
(ii) Low level of suspicious transaction reporting;
(iii) The cash-based economy;
(iv) Weak law enforcement and prosecution capabilities;
(v) The majority of supervisory authorities have not issued anti-money laundering regulations or directives;
(vi) Absence of anti-money laundering regulation in key professions and Businesses;
(vii) Cross-border transportation of cash; and,
(viii) Alternative Remittance Systems.
In spite of these challenges, Zambia is determined to fight corruption and will continue to strengthen the anti-corruption policy and legal framework.

Acceleration of Regional Integration

Zambia recognises the significance of regional integration in spurring her economic growth and development as well as fostering wealth creation and poverty reduction. Accordingly, the country has joined some regional economic groupings. Zambia is a member of the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

However, Zambia faces a number of challenges arising from her dual Membership in both COMESA and SADC. The key challenges include:

(i) Duplication of policies in both COMESA and SADC (e.g. rules of origin, customs documentation etc which tend to frustrate business people);
(ii) Customs ethics and integrity as traders would do all it takes to ensure that the pay minimal duties;
(iii) Inadequate capacity to enforce and enforce standards; and,
(iv) Alteration of the resources and incentives - this is with respect to reduction of revenue due to lower rates or even a complete removal of customs duty. Where there has been a significant trade diversion, this loss of revenue may be permanent.

Despite these challenges, Zambia is determined to contribute towards deepening the process of regional economic integration with neighbouring countries and maximise its economic and social gains from the process.

CORPORATE GOVERNANCE

Corporate governance has two meanings. The first refers to the systems and processes by which organizations are directed and controlled. The second refers to a field of economics which studies the issues arising from the separation of ownership and control of organizations. The definition used by this Report is located within the conceptual framework provided by the first definition. This is the definition that is also used by the APRM Base Document.

Good Corporate Governance has eight distinguishing characteristics or principles: discipline, transparency, independence, accountability, integrity, fairness, social responsibility, accountability, efficiency and effectiveness. These principles are a prerequisite for the integrity and credibility of market institutions.

In general, awareness on Corporate Governance is still in its infancy in Zambia. This is understandable given that corporate governance remains a fairly new concept, as most of the other international standards and codes relating to this theme were adopted only in the late 1990s and early 2000s.
3.1. Standards and Codes

3.1.1. Zambia has put in place a number of local legislative, policy and institutional frameworks in order to regulate corporate affairs/governance in the country as substitute or additional to international standards and codes which the Government has adopted and/or ratified. However, it would appear that the relevant government organisations have not kept a proper record of dates of ratification of the standards and codes. There also appears to be no follow-up mechanism dedicated to ensuring the ratification of, and compliance, with international standards and codes.

3.1.2. The country has an adequate legal, regulatory and institutional framework (both local legislation and international conventions, standards and codes) which, if judiciously implemented, would ensure good corporate governance in both private and public corporations. This is important because government and regulators have a key role to play in promoting good corporate governance. Whilst owners and managers of corporations are an important factor in promoting good corporate governance, laws, government policies and regulatory and enforcement institutions contribute immensely to whether or not companies feel obliged to conduct business properly. The impetus for most companies to develop internal corporate governance systems and procedures have been laws and regulations which demand certain conduct and punish misconduct by corporations. Therefore, an effective and efficient legal and regulatory framework is indispensable to good corporate governance.

3.1.3. Compliance with both international standards and codes and local legislation is generally low. This is partly due to lack of capacity in the institutions charged with the responsibility of ensuring compliance and partly due to lack of full appreciation of these instruments among all the players. Further, the poor service delivery of the civil service poses another challenge as it is primarily government institutions whose responsibility it is to monitor compliance. Hopefully, the introduction of customer service charters in government institutions will ameliorate this problem.

3.1.4. Zambia has also experienced a number of challenges in complying with the adopted and ratified standards and codes. However, a number of steps have been taken to overcome these challenges. There is, nonetheless, a need to update many of the laws governing corporate behaviour to bring them in line with the liberalised economy and tenets of good corporate governance. Commendably, this is currently underway; for example, the Tripartite Consultative Labour Council is revising labour laws and the Anti-Corruption Act is being revised. But this process should expedited.

3.2. Effective Regulatory Framework for promotion of Economic Activities

3.2.1. In order to effectively regulate and facilitate economic activity in the country, GRZ has put in place a legal framework for all business enterprises. These regulations vary according to the status of the enterprise. Additional legislation has been put in place tailored to govern the operations of specific industries such as mining, aviation, health, tourism, agriculture, pharmaceuticals, transport, ICT, etc. However, the existing regulatory framework is not up-to-date with current regulatory standards. Moreover, enforcement is weak and enforcement institutions are poorly resourced and not well coordinated. A recurrent concern during the field research and public hearing was criticism of the
preferential treatment given to some foreign investors. It was pointed out by stakeholders that the practice introduces double standards and is discriminatory against local entrepreneurs.

3.3. **Enabling Environment and Effective Regulatory Framework for Economic Activities**

3.3.1. The regulatory framework for economic activities in Zambia comprises three types:

(i) The Judiciary;
(ii) Self regulators (i.e. Professional Associations); and,
(iii) Statutory regulators.

3.3.2. In addition, there is the Small Claims Courts which has been introduced to handle minor claims to decongest the courts.

3.3.3. In the case the financial system, there are three regulators, namely, the Securities and Exchange Commission (SEC), the Bank of Zambia (BoZ), and the Pensions and Insurance Authority (PIA). SEC is responsible for the regulation of the securities and capital markets (long-term financial instruments), BoZ oversees the banking and other money markets (short term financial instruments), while the PIA is responsible for pensions and insurance business (life and non-life and retirement funds financial products).

3.3.4. Some of these laws have not been reviewed and updated for many years. There is, therefore, urgent need to review the existing laws and ensure that they are co-ordinated and brought in line with the tenets and best practices of corporate governance international codes and standards.

3.3.5. It should also be noted that business activity is affected positively or negatively by both external and internal factors. In this regard, the state of infrastructure and availability and reliability of energy supply play a major role in attracting and promoting business activity in the country. In Zambia, the state of physical infrastructure such as roads, rail, air, ports and harbours is poor and that of energy e.g. electricity is unreliable. These challenges should be addressed.

3.4. **Good Citizenship and Promotion of Good Business Ethics**

3.4.1. According to the Ministry of Labour and Social Security, the following are the labour laws that have been put in place to guide corporations with regard to employees’ rights:

(i) Employment Act, Cap 288;
(ii) Industrial and Labour Relations Act, Cap 269;
(iii) Employment (Special Provisions) Act, Cap 270;
(iv) National Pensions Scheme Authority Act, Number 40 of 1996;
(v) Factories Act, Cap 441;
(vi) The Employment of Young Persons and Children’s Act, Cap 274;
(vii) Minimum Wages and Conditions of Employment Act, Cap 276; and,
3.4.2. The labour laws are generally clear, coherent and adequate. A review process through the Tripartite Consultative Labour Council (TCLC) is underway to bring the labour laws in conformity with current business demands and the current cost of doing business. There is, however, a need for sensitisation programmes to raise awareness of labour laws to members and a number of employers that are currently not members of Zambia Federation of Employers.

3.4.3. Corporate social responsibility is one of the tenets of good corporate governance. There is evidence that corporations – particularly large corporations such as ZAIN Zambia Plc, MTN Zambia, Konkola Copper Mines Plc, Zambian Breweries Plc and Mopani Copper Mines – are involved with communities in which they operate, especially in social, recreational, health and education programmes but economic empowerment programmes are very few. Responsible corporate citizenship requires that organisations show an interest in the welfare of the communities in which they operate and endeavour to improve the quality of life of the communities as well as consider the interest of society by taking responsibility for the impact of the companies’ activities on employees, customers, suppliers, communities and the environment.

3.4.4. However, corporations do not generally consult or involve the community, including civil society, when developing or undertaking social responsibility programmes. Consequently, there is little flow of information to the general public on activities undertaken. This probably explains the general public’s cynicism towards the corporations.

3.4.5. The Environmental Council of Zambia (ECZ) submitted that the level of compliance by corporations with the Environmental Protection and Pollution Control Act is high. However, an examination of the statistics provided by the ECZ shows that a large number of corporations are responsible for pollution and environmental degradation throughout the country. This apparent contradiction may be attributed to the fact that the task of monitoring compliance is beyond the resources and institutions of government.

3.5. Treatment of Stakeholders

3.5.1. The corporate governance legal framework in Zambia protects the rights of shareholders and ensures their equitable treatment. Adequate mechanisms for redress are also in place as attested by the Securities and Exchange Commission. However, there is little knowledge by the shareholders as individuals of their rights and mechanisms for redress if their rights are infringed upon.

3.5.2. The corporations generally recognise the rights of stakeholders other than shareholders, namely: employees, suppliers and customers. The rights of these stakeholders are provided for in the local legislation and policies. However, stakeholders, especially suppliers and customers, have little knowledge of these rights and mechanisms for redress when their rights are infringed upon. As a consequence, corporations may take advantage of such ignorance.

(viii) Workers Compensation Act, Number 10 of 1999.
3.6. **Accountability of Corporations, Directors and Officers**

3.6.1. A good corporate governance framework requires that timely and accurate disclosure on all material matters is made. However, there is low compliance by corporations in this regard. This can be attributed to the challenges that the Patents and Companies Registration Office (PACRO) faces, such as insufficient manpower and budget constraints, to effectively enforce compliance.

3.6.2. Although public-listed companies have good boards, this is not the case with private firms and small and medium scale enterprises. The latter tend to have informal arrangements, with boards composed of friends and relatives. This is clearly a departure from the tenets of good corporate governance, which require appointment of board members on merit.

3.6.3. Some of the companies in the sample reported that they were satisfied with the performance of their boards. However, the corporations did not provide sufficient information on the composition of their boards, the criteria for appointment to the boards, and mechanisms for evaluating board performance.

4.0 **SOCIO-ECONOMIC DEVELOPMENT**

4.0.1 Sustained socio-economic development within the APRM framework implies the continuous improvement in the well-being and in the standard of living of the people. It is premised on the principle that, in the context of accelerated economic growth, poverty can be effectively tackled through the promotion of democracy, good governance, peace and security; the development of human and material resources; gender equality; openness to international trade and investment; allocation of appropriate resources to the social sector; as well as building strong partnerships between the Government, the private sector and civil society.

4.1. **Standards and Codes**

4.1.1. Zambia has made commendable progress in signing, ratifying and depositing key standards and codes. Of those under the APRM, the country has signed and ratified over 70% and 60%, respectively. However, there are other important codes which the country has not ratified such as such as the African Charter for Popular Participation in Development (1990) and the optional protocol to CEDAW. Despite this, there are recognised efforts by GRZ to align the domestic legal structures in accordance with certain international requirements. There are legal, policy and institutional frameworks that have put in place to address these challenges in key sectors of the economy in line with the promotion of international standards and codes. The financial cost and procedures of domestication largely influence the time it takes to domesticate treaties.

4.2. **Promoting Self-Reliance and Building Capacity for Self-Sustaining Development**

4.2.1. The Government has prioritized participation and consultation of different stakeholders in the design, adoption, and implementation of national development programmes. This is done at different levels: community, district and provincial. Although Government’s efforts are commendable, there is a need
to improve local participation because the consultation and involvement of the stakeholders is considered not to be consistent. There are also disparities in the degree of policy responsiveness by respective sectors as reflected in established legal, policy and institutional frameworks for different sectors. However, there are a number of common challenges which affect the promotion of self-reliance, such as human and skills deficiencies, inadequate budget funding, poor data management, outdated policies, dilapidated infrastructure and poor M&E systems.

4.3. **Accelerating Socio-economic objectives to achieve Sustainable Development and Poverty Eradication**

4.3.1. There are structures in all the sectors that have been established to contribute to facilitate poverty eradication. Other reforms have been instituted through which the different sectors operate to complement in poverty eradication. What has been missing, however, is funding, planning, IMS - prioritizing, and coordination. Other problems are high business and transaction costs and non-diversification. For some time now, GRZ has recognised these challenges and there a number of factors being considered to redress them. These include promotion of the Public-Private Partnership Initiative, reducing the costs of doing business and introduction of investment policies that include a focus on importing capital equipment. Removal of taxes in key sectors such as agriculture and energy are other initiatives intended to encourage and accelerate socio-economic development. Reduction of certain development.

4.4. **Strengthening Policies, Delivery Mechanisms and Outputs in key Social Development Areas**

4.4.1. In terms of strengthening of policies, delivery mechanisms and outcomes in key social areas, including education and combating of HIV/AIDS and other communicable diseases, the country has made commendable strides. There is a National AIDS Council and provincial and district task forces and committees. User fees have been abolished in rural areas to increase access to basic health care. The number of people accessing ARVs has also increased and immunization rates in Zambia are among the highest in the region.

4.5. **Ensuring affordable access to Water, Energy, Finance (Including Micro-Finance) and Markets and ICT to all Citizens especially the Poor**

4.5.1. There is general appreciation of the role of GRZ in the provision of water and sanitation. However, there are some challenges in the provision of other services which include housing, financial, energy, ICT and land. This is due to poor funding of the respective sectors. Other challenges include poor coordination and data management systems. However, government has put in place the necessary institutions and policies to address these challenges.

4.6. **Ascertaining progress towards Gender Equality particularly Equal Access to Education for Girls at all levels**
4.6.1. Zambia has performed fairly well in signing and ratifying the relevant standards and codes as well as putting in place an enabling legal and policy framework for promoting gender equality and women’s empowerment. Similarly, there has been significant improvement in political participation of women in Zambia’s governance. This is evident in both central and local government political structures.

4.6.2. Government views gender equality as an intrinsic human and democratic right. In this regard, the focus has been on increasing enrolment numbers for the girl-child at primary school level and curbing the worrying trend of increased pregnancies in secondary schools. Government also reserves 30% of bursaries at University level for females and has lowered their cut-off point throughout the education stream.

4.6.3. Other gender friendly programmes in the workplace and training institutions are underpinned by the National Gender Policy and its Ministry. While meeting SADC and AU targets is important, Zambia has focused on remodelling legal, educational and cultural hindrances so that gender equality is not about numbers or targets alone but cultural and socio-economic survival.

4.7. Encouraging Broad-Based Participation in Development

4.7.1. In Zambia, broad-based participation is being encouraged and effected through the establishment of different structures at different levels, starting at community level through to national level where all stakeholders from national to community level are involved and both the top-bottom approach and the bottom-up approaches are used. Although a number of legal, policy and institutional steps have been taken to ensure broad based participation in the development process by all stakeholders (including civil society, private sector, media, rural communities, women groups, minorities and marginalized groups), there are a number of challenges which need to be addressed. The process of enactment of bills into laws takes too long. Some Acts are outdated and, therefore, not consistent with the current developments in the respective sectors, as the situation is for media. The operationalisation of the Decentralisation Policy for national development programme planning, implementation, monitoring and evaluation and budgeting assumes the involvement of Residents Development Committees (RDCs) and Area Development Committees (ADCs) at community level under the MLGH, yet these institutions are not legally observed.

4.7.2. Overall, broad-based participation by stakeholders needs to be formalized. It is inconsistent in some sectors and undermined by inadequate budget allocations, infrastructure and policies aligned to private foreign investors than local communities. In recognition of this and other sector imbalances, policy reviews and strategies to increase budget allocation and participation in budget planning are underway.
CHAPTER ONE

THE AFRICA PEER REVIEW MECHANISM PROCESS IN ZAMBIA

1.0. Introduction

1.0.1. The African Peer Review Mechanism (APRM), which is widely heralded as the jewel in the crown of the New Partnership for Africa's Development (NEPAD), is an innovative and audacious initiative on governance in Africa. The instrument is voluntarily acceded to by member states of the African Union (AU) for self-evaluation. Assessment under the APRM is conducted within the framework of commonly agreed values, codes and standards as contained in the Declaration on Democracy, Political, Economic and Corporate Governance. At the core of the APRM is the deepening of democratic practices, the strengthening of achievements, dissemination of best practices and the rectification of underlying deficiencies in governance and socio-economic development processes, among AU member states. This chapter gives a background to the genesis and evolution of the APRM process, its structure and organisation and concludes with a brief presentation of what has happened in Zambia following the country's accession to the APRM.

1.1. Genesis and Objectives of the APRM

1.1.1. In an effort to put Africa back on the path of self-sustaining development, the plan for renewal was encapsulated in NEPAD, which the AU adopted at its Summit in Abuja, Nigeria in October 2001. As the development framework of the AU, NEPAD constitutes a synthesis of two proposed development frameworks, the Millennium Partnership for the African Recovery Programme (MAP) and the OMEGA plan for Africa.

1.1.2. The primary objectives of NEPAD are:

(i) To accelerate the eradication of poverty in Africa and inequality between Africa and the developed world;

(ii) To place African countries, both individually and collectively, on a path of sustainable growth and development

(iii) To halt the marginalisation of Africa in the globalisation process; and,

(iv) To accelerate the empowerment of women.

1.1.3. At the core of these objectives is the need for good governance on the African continent as a pre requisite for human security and political stability, high economic growth, sustainable development, and accelerated sub-regional and continental economic integration. In recognition of this, the Heads of State and Government Implementation Committee (HSGIC) of the AU also proposed that NEPAD countries should subject themselves to a voluntary self-assessment process intended to review progress in the achievement of mutually agreed targets and compliance with mutually agreed standards. The creation of the institutional framework for the review process was taken a step further at the Inaugural Assembly of the AU in Durban South Africa, in June 2002, when the Heads of State and Government of AU countries issued a Base Document on the African Peer Review Mechanism (APRM) to provide for the appointment of the Panel of Eminent Persons, the setting up of an APRM Secretariat and supporting services from NEPAD, strategic partners and special consultants and advisors.
1.1.4. The Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa’s Development (NEPAD), held in March 2003 in Abuja, Nigeria, adopted the Memorandum of Understanding (MoU) on the African Peer Review Mechanism (APRM). Members of the Panel were appointed in May 2003 and commenced work after an inaugural meeting in Cape Town in June 2003.

1.1.5. The APRM is unique both in its scope and breadth, with the review process extending to all levels of government, parliament and the judiciary as well as the private sector and civil society organisations. The APRM also covers simultaneous evaluation in four distinct pillars: Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development. Given the wide scope earmarked for the review process, it undoubtedly marks a paradigm shift in Africa and a watershed and a sea change in attitude towards governance by prompting and instilling a culture of sustainable democracy, revitalizing institutions for political, economic and corporate governance and revalidation of Africa and international values for good governance. If put on the international agenda a new way of conducting peer review, promoting the internalisation of the basic values of democratisation and good governance and extending to all layers of society.

1.2. APRM Mandate, Objectives and Principles

1.2.1. The APRM is unprecedented both in scope and mandate. It assesses a country’s performance in four substantive thematic areas:

(i) Democracy and Good Political Governance;
(ii) Economic Governance and Management;
(iii) Corporate Governance; and,
(iv) Socio-Economic Development.

1.2.2. The key objectives of the APRM, as prioritised in the NEPAD Framework Document and the Declaration, are as follows:

1.2.3 Democracy and Good Political Governance Objectives

1.2.4 Preventing and reducing intra- and inter-country conflicts;

(i) Fostering constitutional democracy, i.e. periodic political competition and opportunity for choice, the rule of law, a Bill of Rights and the supremacy of the Constitution are firmly established in the Constitution;

(ii) Promoting and protecting economic, social, cultural, civil and political rights as enshrined in all African and international human rights instruments;

(iii) Upholding the separation of powers, including protecting the independence of the judiciary and of an effective parliament; and,

(iv) Ensuring accountable and efficient public officeholders and civil servants through:

a) Fighting corruption in the political sphere;

b) Promoting and protecting the rights of women;

c) Promoting and protecting the rights of children and young persons; and,

d) Promoting and protecting the rights of vulnerable groups, including displaced persons and refugees.
1.2.5 Economic Governance and Management Objectives

(i) Promoting macroeconomic policies that support sustainable development;
(ii) Implementing transparent, predictable and credible state economic policies;
(iii) Promoting sound public finance management;
(iv) Fighting corruption and money laundering; and,
(v) Accelerating regional integration by participating in the harmonisation of monetary, trade and investment policies among the participating states.

1.2.6 Corporate Governance Objectives

(i) Providing an enabling environment and effective regulatory framework for economic activities;
(ii) Ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability;
(iii) Promoting the adoption of codes of good business ethics in achieving the objectives of the organisation;
(iv) Ensuring that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner; and,
(v) Making provision for the accountability of corporations and directors.

1.2.7 Socio-Economic Development Objectives

(i) Promoting self-reliance in development and building capacity for self-sustaining development;
(ii) Accelerating socio-economic development to achieve sustainable development and the eradication of poverty;
(iii) Strengthening policies, delivery mechanisms and outputs in key social development areas (including education for all and combating HIV, AIDS and other communicable diseases); Ensuring affordable access to water, energy, finance (including microfinance), markets, and information and communication technology (ICT) to all citizens, especially the rural poor;
(iv) Ensuring progress towards gender equality, particularly equal access to education for girls at all levels; and,
(v) Encouraging broad-based participation in development by all stakeholders at all levels.

1.2.8 A number of essential factors and principles underpin the effectiveness of the APRM objectives. These include:

(i) National ownership and leadership by the participating country;
(ii) Inclusiveness and broad-based participation;
(iii) Accountability;
(iv) Technical competence;
(v) Credibility; and,
(vi) Freedom from manipulation.

1.2.9 To ensure that these principles are operationalised, rules and procedures have been developed to guide all stakeholders in the conduct of the review process. These include the APRM Base Documents; the “Guidelines for Countries to Prepare for and to Participate in the APRM” (Country Guidelines); and, the standard questionnaire for APRM assessment that is sent to all countries.
1.2.10 The APRM is open to all member states of the AU. Accession to the Mechanism entails a country undertaking to submit to periodic peer reviews and facilitating such reviews. It also includes committing to the implementation of the National Programme of Action (NPOA) arising from the review and the operationalisation of the agreed parameters for good governance across the four thematic areas.

1.3 The APRM Institutional Framework

1.3.6 The APRM has a clearly established institutional structure both at the continental and national levels. The overall responsibility of managing the APRM is vested in the Committee of Participating Heads of State and Government of the Member States of the APRM (APRM Forum). The task of conducting the country assessments was delegated to a *Panel of Eminent Persons* appointed by the Heads of States to oversee the conduct of the APRM process and ensure its integrity at country level.

1.3.7 The APR Panel consists of seven eminent persons of ‘high moral stature and demonstrated commitment to the ideals of Pan Africanism who, moreover, have ‘expertise in the areas of political governance, macroeconomic management, public financial management and corporate governance’. Its composition also reflects a regional, gender and cultural balance. Panel members are nominated by the participating countries, shortlisted by a Committee of Ministers, and are appointed by the APR Forum to serve for up to four years.

1.3.8 The Panel of Eminent Persons is accountable to the *APRM Forum* – a sub-committee of the AU Heads of State and Government participating in the APRM. Reports prepared by the Panel must be submitted to the Forum for the conduct of the actual peer review.

1.3.9 The APRM has also entered into special support agreements with three African-based partner institutions designated by the Forum as APRM Strategic Partners at its inaugural Summit in 2004 in Kigali, Rwanda. These are the Africa Development Bank (AfDB), United Nations Economic Commission for Africa (UNECA), and the United Nations Development Programme (UNDP). Figure 1.1 presents the institutional structure of the APRM both at the continental and national levels.

*Figure 1.1: APRM Institutional Structure*

![Institutional Structure Diagram]

*Source: APRM Secretariat, 2009.*
1.3.10 At the national level, a National Commission (NC) or National Governing Council (NGC) with broad stakeholder representation should ideally be in place to oversee the conduct of the self-assessment, interact with the country review mission team and ensure the implementation of the NPOA emanating from the assessment exercise. Typically, the emerging trend at the national level involves appointing a Focal Point and Governing Council supported by a Secretariat as well as Technical Research Institutes. While uniformity may not be easy to achieve based on specific country contexts, national ownership and broad-based stakeholder representation are key features required for these institutions at the national level.

1.4 APRM Stages

1.4.6 The APRM consists of five inter-related stages as elaborated in the Base documents, adopted by the Heads of States and Participating Governments of the APRM: Stage one is the preparatory stage which comprises the establishment of national structures, sending out of the APRM questionnaire, the undertaking of the country’s self-assessment and preparation of a preliminary National Programme of Action, and the submission of these to the APR Secretariat.

1.4.7 In Stage two, the Country Review Team visits the country to undertake wide consultations with stakeholders in the light of the findings of the Country Self-Assessment and the Background Report prepared by the APRM Secretariat. Stage three involves the drafting of the report by the Country Review Team, while Stage Four entails the approval of the Country Review Team’s report by the APR Panel. Stage Five (the final stage) is the Peer Review by the APR Forum of Heads of State and Government participating countries and the subsequent publication of the country’s report and tabling it before continental and regional fora.

1.5 The APRM Process in Zambia

1.5.6 Zambia acceded to the African Peer Review Mechanism (APRM) on 22nd January, 2006 through the late Republican President H.E. Dr Levy P. Mwanawasa, SC at the African Union (AU) Summit held in Khartoum, Sudan. However, in the initial stages, as discussed later, the implementation of the APRM in Zambia was slow.

1.6 Country Support Mission

1.6.6 Zambia hosted the Country Support Mission (CSM) for the African Peer Review Mechanism (APRM) from 23rd to the 25th of February 2009. The CSM was led by Dr. Graca Machel, Member of the APRM Panel of Eminent Persons for Zambia. The Mission comprised representatives from strategic APRM partners and officials from the APRM Continental Secretariat. The mission was in the country to assess Zambia’s preparedness to undergo the peer review process.

1.7 Memorandum of Understanding

1.7.1 The CSM concluded on 25th February, 2009, with the signing of the Memorandum of Understanding between the APR Continental Secretariat and the Government of Zambia to kick-start the process in Zambia. The MoU specifies commitments, undertakings and obligations to participating Member States. The Outline of the MoU on Technical Assessments and the Country Review Visit provides a template for the drafting of the MoU and the finalisation of the specific rights, commitments and obligations a participating country will make to the APRM and vice versa.
1.8 APRM Institutions and Structures

1.8.1 At national level, the APRM process comprises the following structures:

1.8.2 The APRM National Focal Point

1.8.3 When Zambia acceded to the APRM, the Ministry of Foreign Affairs (MoFA) was designated as the Focal Point Institution, with Ambassador Patrick Sinyinza designated as the Focal Point Person. The National Focal Point is the national mechanism set up by a country to serve as the liaison between national structures and continental ones, such as the APR Secretariat and the APR Panel.

1.8.4 In March, 2007, following a visit from the continental APRM Secretariat in South Africa, the Focal Point was transferred to the Ministry of Justice (MoJ) as the Focal Point Institution, with the Minister of Justice, Hon. George Kunda, SC, as the new APRM Focal Point Person. The first task of the Ministry of Justice was to obtain Cabinet approval for the launch and implementation of the APRM process in Zambia. The Minister of Justice launched the APRM process in Zambia on 8th July 2007.

1.8.5 Following the launch of the APRM, a number of activities were undertaken, including:

(i) Organising of a consultative meeting at the Mulungushi International Conference Centre (MICC) in Lusaka in August, 2007. The meeting brought delegates from all the country’s nine provinces. An important outcome of this brainstorming session was the adoption of a National APRM Roadmap;

(ii) Hosting Dr Graca’ Machel, a member of the APR Panel responsible for Zambia – September 2007 and February 2009;

(iii) Participating in the 8th Summit of the Participating Heads of State and Government of the APRM in Addis Ababa, Ethiopia – January 2008; and,

(iv) Establishing national APRM structures.

1.8.6 The National Governing Council

1.8.7 Following the launch of the APRM, a 47-member NGC was appointed (Annex 1.1). The NGC is charged with implementing the APRM process in the country through the following activities:

(i) Conducting broad-based and all-inclusive consultation with key stakeholders in the public and private sectors, by engaging Technical Research Institutes

(ii) Preparing the Country Self-Assessment Report and the Programme of Action;

(iii) Carrying out awareness campaigns on the APRM process; and,

(iv) Together with the Focal Point, host the Country Review Team.

1.8.8 Government has since reorganized the NGC and reduced membership from 47 to 30, following the recommendations of the Country Support Mission that the NGC was too large and needed to be revised as per Annex 1.2.

1.8.9 The National APRM Secretariat

1.8.10 The appointment of the NGC led to the formation of the National APRM Secretariat. The Governance Unit in the Ministry of Justice was transformed into the national APRM Secretariat. The Secretariat is headed by a National Coordinator, Mrs. Maria Kawaiembe, and comprises seven staff specialised in various aspects of governance. It assists the NGC in carrying out its work.
The Technical Research Institutions

Like all countries that accede to the APRM, Zambia is required to prepare a Country Self-Assessment Report and a National Plan/Programme of Action on governance. To facilitate the process, the National Governing Council contracted three Technical Research Institutions (TRIs) and an individual consultant to collect material for the Country Self-Assessment Report.

These consultants are:

(i) Abdon Yezi who was given the Democracy and Good Political Governance (DPG) thematic area;
(ii) Institute for Economic and Social Research (INESOR) which was assigned the Economic Governance and Management (EGM) theme;
(iii) PMDC Consultancy Services which was assigned the Corporate Governance thematic area; and,
(iv) The Steadman Group which handled the Socio-economic Development theme.

The three TRIs and the individual consultant were selected on the basis of their perceived understanding of, and competencies in, the four APRM thematic areas.

Country-wide Sensitisation

To raise awareness about the APRM, the NGC prepared a Communication Strategy and launched a country-wide sensitisation campaign.

Communication Strategy

In 2009, the National Governing Council prepared a communication strategy whose theme is “Making the APRM Process Visible.” This is a multi-media campaign plan to sensitise the nation on the APRM initiative and the steps involved in the self-assessment process. The strategy utilises a variety of tools and means of engagement to create the necessary mass awareness suitable for the APRM process in Zambia. The strategy is designed to empower Zambians with information that they can use to engage in the APRM process. In December, 2009, Media 365 was engaged to implement the NGC’s sensitisation strategy.

Sensitisation Campaign

A combination of the following activities was undertaken as part of the sensitisation campaign:

(a) Provincial awareness workshops

The NGC conducted provincial awareness workshops for the general public. The workshops were held in Kitwe, Mansa, Solwezi, Kasama, Livingstone, Kabwe, and Chipata. The workshops were undertaken from 9th to 18th March, 2009.

(b) Media working breakfast workshops

The NGC held two media working breakfast workshops in Livingstone on 25th April, 2009 and in Lusaka on 30th April, 2009. The purpose of the workshops was to sensitise members of the media on the APRM process. Participants included news editors and journalists as they are instrumental in spearheading media awareness programmes.
(c) Workshop for members of the Defence Forces

1.9.8 The workshop was held to sensitize the members of Defence Forces on the APRM given their critical role in upholding peace in the country. The workshop was attended by 60 senior and middle ranking officers.

(d) Workshop for Church leaders

1.9.9 A workshop was jointly organised by the NGC, Economics Association of Zambia and United Church of Zambia for church leaders. This was in recognition of the fact that the church in Zambia has become a central feature in the democratic process of the country. The workshop was attended by 79 church leaders from 4 districts.

(e) Workshop for the Youth Leaders

1.9.10 The NCC organised a workshop for leaders of youth NGOs.

(f) Workshops for the Economics Association of Zambia

1.9.11 The NGC held three workshops for the Economics Association of Zambia (ECZ); in Lusaka, Kitwe and Livingstone. The EAZ is a 500-member strong organisation with national outreach.

(g) Publications in the print media

1.9.12 The NGC further published a number of articles in the local print media

(h) Phone-in discussions on radio and television

1.9.13 The NGC also carried out phone-in-discussions on the radio and television. The programmes were meant to engage the general public on the APRM process.

1.10 Methodology of the APRM Process in Zambia

1.10.1 The NGC steered the Country Self-Assessment (CSA) process by engaging the public sector, civil society, private sector entities and the public at large as stipulated in the APRM Guidelines. The CSA process went through three processes: Pre-Assessment, the Assessment and Post Assessment.

1.10.2 Pre-Assessment Phase

(a) Awareness promotion

1.10.3. This phase involved creating awareness of the APRM CSA to enhance participation by all, identification of stakeholders, mobilisation of TRIs, and domestication of the questionnaire. The sensitization campaign preceded the research to ensure Zambians were aware of the APRM before the research began and continued throughout the research and report validation phases. As previously noted, various appropriate media were used to reach out to stakeholders through strategic interest group meetings, workshops, television, radio, publicity materials, newspapers and public presentations. These stakeholder groups included Government, Civil society, Private Sector, academia, religious institutions, and various interest groups, among others.
1.10.4. Through the sensitization strategy, the NGC was able to engage the media, both electronic and print, to support in sensitizing and popularising the process within the general public as well as participating in the APRM process as a key stakeholder. All communication was done in English, Zambia’s official language.

1.10.5. Each member of the Council ensured that their interest group were reached by the messages. The National Focal Point was instrumental in enabling the Commission undertake its work.

(b) **Domestication of the APRM Questionnaire**

1.10.6. The NGC held various consultative meetings with the TPIs and the individual consultant to domesticate the questionnaire and tailor it to the Zambian context. Care was duly taken to adhere to the original Questionnaire and not alter content but to add local specific issues. Each consultant developed their own research instrument based on the objectives and questions in the thematic area. The NGC and the TPIs made a serious attempt to translate some key concepts into local languages for easy of data collection.

1.10.7. **Assessment Phase**

1.10.8. The country self-assessment process focused on the four APRM themes, namely, Democracy and Political Governance; Economic Governance and Management; Corporate Governance and Socio-economic Development.

(a) **Sample**

1.10.9. An estimated 5000 respondents participated in the country self-assessment studies conducted by the four TPIs. The target population was limited to the 15 – 99 age category in order to capture various strata of the population, including the youth. The TPIs used different sampling techniques to select their respondents. In general, the sample size used by each TPI was determined based on the number of households as per the 2000 Population and Housing Census. A standard statistical formula for calculating optimum sample size was used. Below is a summary of the sample size used by each TPI.

(I) **Democracy and Good Political Governance thematic area:** The TPI relied on a sample size of 1,350 respondents to carry out the survey. In addition, the TPI organised 135 focus group discussions and 50 expert interviews. It also interviewed 810 respondents from public institutions.

(II) **Economic Governance and Management thematic area:** The TPI interviewed over 2000 respondents who were carefully selected from public institutions, private sector institutions and professional bodies representing diverse interests in economic governance and management.

(III) **Socio-Economic Development thematic area:** The sampling frame used by the TPI was developed from the 2000 census data. The sample size was 1,200 households in selected areas of five provinces.

(IV) **Corporate governance thematic area:** The targeted sample size was 960 but only 823 actually received questionnaires for the survey. Further, out of the 823 who received the questionnaires, only 529 were interviewed or completed the questionnaires.
(b) **Research Instruments**

1.10.10. The three TPIs and the individual consultant each designed their own instruments. Based on the APRM questionnaire, four APRM research instruments were commonly used, namely, Desk Research, Expert Panel Interviews, Focus Group Discussions and a National Sample Survey.

(c) **Desk Research**

1.10.11. Secondary information was collected by TPIs and the Consultant from various documents including government reports, research reports, previous assessments and journal articles. The data collected was content analyzed according to themes as provided in the APRM questionnaire.

(d) **Qualitative Research**

1.10.12. The qualitative component gathered information using two instruments, namely, Expert Interviews and Focus Group discussions. Due attention was paid to Zambia’s unique historical perspective that shaped each thematic area, the Standards and Codes section in each thematic area and the Cross Cutting issues as outlined in the APRM Questionnaire.

(i) **Expert Interviews**

1.10.13. Experts with specialised background and extensive knowledge and understanding of the issues raised by the questionnaire were identified and interviewed, both at national and sub-national levels. Respondents were selected from the identified districts reflecting regional balance. A set of interview questions were generated by each TIP based on agreed guidelines to enhance reliability of responses and to facilitate production of data of comparable quality. The interview guidelines took into account criteria such as age, gender, level of education, being active in public affairs and being respected by members of the society, regional representation (including rural-urban), socio-economic groups, and religious faiths. The data collected were analyzed and pertinent issues incorporated in the report. Efforts were made to ensure that women were appropriately represented.

(ii) **Focus Group Discussions**

1.10.14. Each thematic area identified a set of core governance issues which were discussed with focus groups across the country. Focus Group Discussions (FGDs) were structured to capture the voices of the chronically poor, peasants, and minority groups, among others. During the FGDs, individual responses were coded by each particular item and relating to the subject matter and theme in the interview guide and schedule. The major issues of concern related to the itemized subjects and the corresponding answer categories were classified. These were eventually incorporated within the report capturing the voices of the people.

(e) **Sample Surveys**

1.10.15. This was the main source of data for the CSAR. Each TPI conducted a survey on a particular thematic area in selected districts of the country. Data obtained was quantitatively analysed using the social sciences statistical package (SPSS). The results were used to corroborate information from desk research, expert interviews, public hearings and memoranda from interest groups. Perceptions of the general population on issues of Governance were quantified in this sample survey and have informed the preparation of the Country Assessment Report and the Programme of Action.
1.11. **Post – Assessment Phase**

1.11.1. As per the APRM guidelines, the CSAR and POA were validated by national stakeholders. A summary of the issues arising in the CSAR for validation was produced and advertised in the both print and electronic media and also sent to participants to enhance participation. The Commission held five one day workshops, one at the National level and four in the regions, each with four thematic area breakaway sessions to ensure adequate feedback. In these workshops a cross section of stakeholders, including CSOs, Government and Private Sector, were involved to participate ensure broad ownership of the CSAR.

1.12. **Challenges faced in Establishing and Implementing the APRM Process in Zambia**

1.12.1. The challenges faced in establishing and implementing the APRM Process in Zambia were:

(i) *Delay in mobilising resources impacted on the time frame for sensitisation, contracting TRIs and subsequently commencement of the field research as the preparations for the National Budget had been concluded; National Elections in 2006 slowed down momentum;*

(ii) *The illness and subsequent death of President Levy Mwanawasa also slowed down momentum;*

(iii) *There was limited interest in the APRM process in the beginning because it was a new concept and people felt it was complex, but as the assessment progressed people realised it was an important exercise;*

(iv) *Many respondents were not knowledgeable about some Governance issues, especially issues of Corporate Governance;*

(v) *Translation of some technical issues (e.g. money laundering) into local languages during interviews was difficult for both interviewers and respondents;*

(vi) *Some questions triggered similar responses in more than one thematic area; and would also be found under cross-cutting section issues, e.g. “Corruption”;*

(vii) *Some of the public constituencies did not have any of their governance interface-issues reflected directly in the questionnaire, e.g. the Media, the Civil Society, Small Medium Enterprises (SMEs). Nonetheless, participation in the APRM was sought from these groups;*

(viii) *The surveys and preparation of thematic reports process took a longer period than was expected, thus delaying the completion of the CSAR; and,*

(ix) *Mr. Abdon Yezi and INESOR failed to produce quality reports and their contracts were subsequently cancelled. This entailed engaging new consultants which further delayed the completion of the self-assessment process.*

1.12.2. Despite these challenges, Zambia has engaged well on the APRM activities.

1.13. **Structure of the Report**

1.13.1. The rest of the report is structured in five chapters. Chapter Two presents brief background information on Zambia’s political and economic evolution since political independence in 1964. This is followed by Chapter Three which assesses the extent to which the country has adopted international standards and codes as well as attain the APRM objectives in the area of Democracy and Political Governance. Chapter Four reviews the extent to which Zambia has implemented the standards and codes and the objectives in the Economic Governance and Management thematic area. Chapter Five assesses corporate governance in the country and provides a review of the extent of implementation of the standards and codes listed in the APRM questionnaire and the attainment of APRM corporate objectives. Chapter Six evaluates socio-economic development in Zambia and assesses the extent of implementation of standards and codes as well as the attainment of the six APRM objectives.
CHAPTER TWO

HISTORICAL BACKGROUND

2.0 Overview

2.0.1 Zambia is making serious efforts to put in place institutional mechanisms to deepen the democratisation process and advance the good governance agenda, especially since 1991 when multi-party politics was re-introduced. The historical context within which these efforts are being made has to be understood and appreciated. This is important for purposes of highlighting the main factors and processes that have shaped the evolution of the democratisation process and the good governance agenda in contemporary Zambia. In the following sections, we provide a brief historical, geographical, demographic and socio-economic background to Zambia.

2.1 Historical Background

2.1.1 Since the history of Zambia has been analysed in detail in accounts such as Fagan (1969) and Meebelo (1971), this section only gives a brief account of this. Until the late nineteenth century, the territory that is now known as ‘Zambia’ was economically characterised by small-scale, traditional farming and, to a lesser extent, cattle herding. Historical accounts suggest that local and long-distance trade networks linked neighbouring ethnic groups to each other, to the East African coast, and from there to other continents (Seleti, 1992). Todd and Shaw (1980) suggest that there was no tradition of urban dwelling, such as existed in West Africa.

2.1.2 The region was then penetrated and administered by Cecil Rhodes’ British South African Company (BSA) from 1891 until its take over as a ‘protectorate’ by the United Kingdom in 1924. The BSA Company sought minerals and cheap labour for the mines and factories it had established in South Africa and Southern Rhodesia (now Zimbabwe). In 1902, the company discovered lead and zinc deposits at Broken Hill (now Kabwe) which provided the commercial incentive to construct a railway connecting the Katanga copper mines in the then Belgian Congo, through Broken Hill, to the existing line from Salisbury (now Harare) to South Africa. During the 1920s and 1930s, advances in mining promoted economic development and, as mining activities increased, workers for the first time began to congregate in urban areas. There was also immigration of people from different parts of Europe and Asia. Commercial farming by expatriates was encouraged in order to ensure a regular supply of food for the expanding mining towns (Seleti, 1992).

2.1.3 The dramatic expansion of the mining industry during the colonial period was accompanied by the development of industrial projects designed to service the mines, especially hydro-electric power, construction, transport, steel and metal products, and cement (Todd and Shaw, 1980; Mulenga, 2000). However, the general manufacturing sector was inadequately developed, since both the colonial regime and private companies preferred to operate in Southern Rhodesia (Seidman, 1974; Fincham, 1980). This bias towards Southern Rhodesia increased after the establishment of the Central African Federation in 1953. As the struggle for political independence intensified, the Federation ended in 1963 and, the following year on 24th October, Zambia gained political independence.

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1 This means that in Zambia, towns (as structurally and functionally complex and heterogeneous large-scale concentrations of human habitation) only came into being during the colonial period.

2 During the federation period, Northern Rhodesia annually lost 10 million pounds from copper mining (see Todd and Shaw, 1980).
2.1.4 Geographical Location

2.1.5 Zambia is a landlocked country which lies approximately between latitudes 8 and 16 degrees south and Longitudes 22 and 36 degrees east, covering a total surface area of 752,614 square kilometres (sq. km) (of which 740,724 sq. km is land and 11,890 sq. km water). It occupies the northern part of the southern African plateau and is surrounded by eight countries: the Democratic Republic of Congo in the North, Tanzania and Malawi in the north-east and East, Mozambique in the south-east, Zimbabwe, Botswana and Namibia in the South and south-west, respectively, and Angola in the West.

2.1.6 Administration

2.1.7 Independent Zambia has retained the strongly centralised administrative structure of the colonial era and the division into provinces and districts – the latter with their respective ‘commissioners’. The country is divided into nine provinces: Central, Copperbelt, Eastern, Luapula, Lusaka, Northern, North-Western, Southern and Western. The provinces are further sub-divided into 73 districts (or counties). A Republican President is both head of state and head of government, and appoints deputy ministers to head provinces. Local administration falls under the Ministry of Local Government and Housing (MLGH). Cities and larger towns have their own city or municipal council, with a mayor (or chairperson for smaller towns) and councillors. However, local administration is headed, in line with the British system, by a civil servant, the town clerk. The legislative branch consists of a 150-seat national assembly.

2.1.8 Urbanisation

2.1.9 During the past three decades, Zambia has witnessed unprecedented urban growth (Hansen, 1997; Mulenga, 2000) and is, according to the World Bank (2002a), the third most highly urbanised country in sub-Saharan Africa (SSA). The 1990 census put the figure of those living in urban areas at over 42 percent of the country’s total population – from 24 percent in 1965. However, the proportion of the urban population has declined steadily since 1990 and is currently estimated at 39 percent (CSO, 2005).

2.1.10 The dramatic spread of urban areas in post-colonial Zambia is extremely unevenly distributed, mostly concentrated in the Copperbelt region and Lusaka. Estimates from the 2004 Living Conditions and Monitoring Survey (LCMS IV) indicate that more than 60 percent of the urban population in Zambia live along the line of rail from Livingstone in the south to the northern Copperbelt (copper mining) region. Lusaka, the largest city and capital, has a population of an estimated two million people, while the main Copperbelt cities of Ndola and Kitwe have over 400,000 people each. A further one third of the urban population live in the provincial capitals of Chipata, Kabwe, Kasama, Livingstone, Mansa, Mongu and Solwezi.

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3 The position of ‘District Commissioner’, abolished and replaced with ‘District Governor’ under former President Kenneth Kaunda, was re-introduced by second Republican President, Frederick Chiluba, as ‘District Administrator’, and has reverted to its original name of ‘District Commissioner’ under the late President, Levy Mwanawasa.
4 There is still some confusion as to who legitimately heads the district between elected council officials such as mayors and council chairpersons and District Commissioners appointed by the Republican President.
5 The corresponding figure for 1963 was 20.5 percent (0.7 million) of urban dwellers out of a population of 3.4 million (Mandela, 1991). Comparative figures for the urban population in other African countries are: Ghana (37 percent); Nigeria (28 percent); Burundi (7.0 percent); Ethiopia (16 percent); Malawi (12 percent); Kenya (16 percent); Zimbabwe (24 percent); Congo DRC (34 percent); Lesotho (6 percent); and Botswana (19 percent).
2.1.12 According to the 2000 population census (CSO, 2004a), Zambia’s population is made up almost entirely (99.5 percent) of members of the Bantu ethnic and linguistic group (it was 98.7 percent in the 1990 census). The country’s major ethnic groups are Bemba, Tonga, Ngoni, Kaonde, Lozi, Lunda, and Luvale. The non-African population of Zambia comprises mainly post-world war two European immigrants (mostly from Britain, South Africa, and to a smaller extent, Eastern Europe) who settled in the country during the colonial period. People of Indian descent and other minority groups constitute another 0.2 percent of the population. English is the official language, and approximately 73 African languages and dialects are spoken - the major ones being Nyanja, Bemba, Tonga, Lozi, Kaonde, Lunda, and Luvale.

2.1.13 Following the attainment of independence in 1964, Zambia’s European population declined, particularly in the aftermath of the economic reforms and nationalisation programmes undertaken between 1968 and 1970 (Mulenga, 2000). Most of the local population follow traditional African beliefs, although, according to the 2000 population census, between 50-75 percent of Zambia’s population describe themselves as ‘Christian’ (equally divided between Protestants and Catholics).

(a) Population Size and Growth

2.1.14 Zambia’s population has risen rapidly over time, from 3.5 million in 1963 to an estimated 5.7 million in 1980 and 7.8 million in 1990 and 10.3 million in 2000. In 2008, the population of Zambia was estimated at 12.4 million. This was an increase from 11.4 million in 2005, representing an 8.8 percent increase. In 2000, about 66 percent of the population resided in rural areas while 34 percent were in urban areas. Most of the population was concentrated along the major line of rail stretching from the Southern Province, through Lusaka and Central Provinces and up to the Copperbelt. But the rate at which the population has been growing is declining. For instance, the annual population growth rate for the inter-censal period 1969-1980 was 3.1 percent. This fell to 2.7 percent between 1980 -1990 and to 2.4 percent between 1990 and 2000. Nonetheless, it is still one of the highest in the world. One of the main reasons for this is a high fertility rate. Despite a declining trend in recent years, the total fertility rate (TFR) - that is the number of children per woman is still high – it was 7.4 in 1969; 7.2 in 1980; 6.7 in 1990; 6.5 in 1992; 6.1 in 1996; and 6.0 in 2000 (UNDP, 1998; CSO, 2005).\(^6\)

2.1.15 Increases in mortality rates, especially during the 1990s, have contributed to a declining trend in life expectancy at birth. From 52 years in 1980, the life expectancy at birth declined to 46.9 years in 1990 and is estimated to have fallen further to 43.5 percent in 1996 (UNDP, 1998) and an estimated 37 years in 2004.\(^7\) According to the 2000 Census, the ravaging effects of HIV/AIDS, coupled with the declining socio-economic situation, is the major contributor to a rising mortality rate in Zambia.

(b) A Youthful Population (age and sex distribution)

2.1.16 A major demographic feature of Zambia’s population is that it is predominantly youthful. According to the 2000 census (CSO, 2004a), an estimated 68 percent of the population was below the age of 25 years. Those aged between 15 – 24 years accounted for 20.8 percent (or 2.2 million) of the population – up from 20.1 percent (or 1.7 million) in 1990 and 18.8 percent (or 1.2 million) in 1980. Children aged 15 years and below accounted for an estimated 47.2 percent of the population.

\(^6\) A variety of socio-cultural factors contribute to the high fertility rate (see UNDP, 1998). These include: a low mean age at first marriage (18 years); low educational levels (especially among females); low contraceptive use; and, the general low socio-economic status of women in society. Mulenga (2000) cites rapid improvements in health care, hygiene and nutrition, especially during the early years of independence, and political stability as other factors that contributed to rapid population growth.

\(^7\) However, Zambia’s ‘true’ life expectancy remains a controversial subject between the UNDP and the Central Statistical Office, with the latter maintaining that it is 50 years.
2.1.17 This bottom-heavy demographic structure means that birth rates in Zambia will remain high for some time to come even if the fertility rate declines. The population has a built-in momentum to increase for some time even when the birth rate has dropped. Thus, even with a reduced population growth rate, the proportion of the young in Zambia’s population will continue to be large relative to other age groups. According to UN (2004) revised population estimates, Zambia’s youth population is projected to grow to 22.7 percent of the population in 2015 before starting to decline by 2020. But in absolute terms, the population of the youth will rise to 3.1 million by 2015 and 3.3 million by 2020. This figure, which will continue to rise beyond 2020, will continue to exert tremendous pressure for entry into the labour force among young people due to a rise in the recruitment ratio (Mandela, 1991).

2.1.18 Political History

2.1.19 There is a strong correlation between the development of the copper mining industry and the political history of the territory that later became known as ‘Northern Rhodesia’. As previously noted, the discovery of mineral deposits by Cecil Rhodes’ BSA company is what led to the colonisation of this territory.

2.1.20 The exploitation of the mineral reserves required a large labour force and the ‘natives’ from all over the territory were drawn to the Copperbelt region. While the migratory system of the past tended to disperse people, the Copperbelt concentrated them so that a permanent population of African miners, working in a modern, technically advanced industry soon took root.

2.1.21 As much as colonial authorities promoted ‘tribalism’ in their system of direct rule through the chiefs, the Copperbelt broke it down, creating a unity of interest that was eventually to be expressed in the emergency of pre-independence nationalist politics. The racist policies of the mining companies were, therefore, critical to the emergence of nationalism among African workers. The management of the mines and all skilled jobs were in the hands of Whites, many of them from South Africa and imbued with racialism. An occupational colour bar prevented Africans rising above manual or menial labour, but strengthened their unity of purpose. This led to the formation of welfare societies by Africans.

2.1.22 In 1935, the African workers staged a strike against unfair taxes. This was followed by a pay strike in 1940 which resulted in the deaths of 13 miners. In 1948, the first African Mineworkers Union was formed. In 1955, there was a work stoppage over pay conditions that lasted 58 days - ending with victory for the miners. The mining companies now started seriously, if slowly, to move Africans into management.

2.1.23 On the broadly political front, African nationalist feeling had been growing since the 1939-45 world war, in which many Africans fought for the Allies in Burma. By the end of the 1940’s, the Northern Rhodesia African Nationalist Congress, led by Harry Nkumbula, had been formed out of various Welfare Associations initiated by the ‘mission graduates’ of the pre-war decades (Macola, 2009).

2.1.24 The Federation of Rhodesia and Nyasaland

2.1.25 The nationalist movement was given impetus in the early 1950’s when the Colonial Office agreed to have Northern Rhodesia joined in a federation with Nyasaland (Malawi), a British ‘protectorate’, and Southern Rhodesia (Zimbabwe). Southern Rhodesia, under White settler rule, was bankrupt, and saw Northern Rhodesia, with its copper wealth as, to quote one of its political figures, a ‘milch cow’.

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8 The major cause of this is the large proportion of young people of child bearing age in the population.
Opposition to the Federation in Northern Rhodesia, in which few Whites and Asians were prominent, was not strong enough to prevent its imposition in 1953. During its ten years of existence, as Northern Rhodesians had anticipated, hundreds of millions of pounds were siphoned off to Southern Rhodesia. The White settlers there built up an impressive economic structure, while the ‘milch cow’ remained without a single decent tarred highway, let alone a university or even an adequate school system or health service.

In the mid-fifties, the failed campaign against Federation became a struggle for full independence. When battle-weary Nkumbula seemed inadequate to the task, his ANC split. Younger and more dynamic nationalists formed, first, the Zambia African National Congress (which was banned and its leaders banned) and, then, in 1958, the African National Independence Party (ANIP) was formed before it was renamed the United National Independence Party (UNIP). When Kenneth David Kaunda, a charismatic activist who had been a school teacher, came out of detention, he was given the leadership of the new party. UNIP engaged in a continuous and largely peaceful campaign called Cha Cha Cha for independence. However, there was a violent uprising in the north of the country which was put down by the Federal Army.

By 1960 the British Government, in the famous ‘There is a wind of change blowing through Africa’ speech by the Prime Minister Harold Macmillan, had acknowledged that the days of colonial (or minority) rule on the continent were coming to an end. Northern Rhodesia was the centre of much of the turmoil and crisis that characterized the federation in its last years. At the core of the controversy were insistent African demands for greater participation in government and European fears of losing political control.

The premier of the White-dominated Federation, Roy Welensky, threatened to declare unilateral independence from Britain, but was baulked. When Zambia trade unions, that now included powerful miners, threw their weight behind UNIP, the nationalist momentum became unstoppable. Intense and often violent rivalry between Kaunda’s UNIP and Nkumbula’s ANC was eventually neutralised in a transitional coalition government.

Independence

A two-stage election held in October and December 1962 resulted in an African majority in the legislative council and an uneasy coalition between the two African nationalist parties. The council passed resolutions calling for Northern Rhodesia’s secession from the federation and demanding full internal self-government under a new constitution and a new national assembly based on a broader, more democratic franchise. On 31 December 1963, the federation was dissolved.

In January the following year Zambia’s first universal adult suffrage elections were held and though the ANC performed well in a few substantial areas, UNIP won convincingly, with Kaunda becoming Prime Minister. Then, at midnight on 24th October 1964, Zambia became an independent republic with Kenneth Kaunda as President.

For a short period, the country enjoyed plural politics under conditions of a multi-party political system between 1964 and 1972. Kaunda adopted an ideology of African socialism, close to that of Julius Nyerere in Tanzania, called ‘Humanism’. As discussed later, economic policies focused on central planning and nationalisation, and a system of one party rule was put in place.

However, the attainment of independence was not without problems as the country was beset with internal and external problems. Internally, from January to September, 1964, a religious sect led by the late Alice Lenshina led an uprising against the new government and ordered its followers not to recognise the National Flag, National Anthem or give respect to government authorities who were not
infallible (Gordon, 2009). There was also an interplay of interparty and intraparty conflicts that characterised the political leadership (Macola, 2009).

2.1.35 In the 1968 multi-party elections, Kaunda was re-elected as President, running unopposed. But the political situation in the country was tense. The 1968 elections were characterised by regional violence. The country was ravened by deep divisions with the ANC under Harry Mwaanga Nkumbula winning Southern and Western provinces. In 1971, Simon Kapwepwe, a former Republican Vice President, broke away from UNIP and formed the United Progressive Party (UPP) and went on to win a parliamentary by-election (Larmer, 2009). This threatened the support UNIP enjoyed in the Northern and Copperbelt regions.

2.1.36 Externally, Zambia was surrounded by hostile colonial racist states. Military incursions by these states across the country’s boarders were common (DeRoche, 2009). This posed a serious security threat to the newly independent country which was completely dependent on the then Rhodesia for energy and trade.

2.1.37 The UNIP Government took the internal and external threats seriously and tabled before Parliament laws related to emergency powers which passed Emergency Powers Act 108 no. 43 of 1964 and the Public Security Act 112, respectively. This new legislation was intended to empower the President to declare a state of emergency without consulting parliament.

2.1.38 Drawing inspiration from Tanzania where President Mwalimu Julius Nyerere who, in an attempt to fight tribalism, regionalism, religious differences and factionalism, abolished chiefdoms, multiparty democracy and formed a one-party State, Kaunda opted to go the same way.

2.1.39 On 3rd March 1972, President Kaunda, using the Inquiries Act, set up a Constitution Review Commission (CRC). He appointed his Vice-President, Mainza Chona, to lead the commission as Chairman. This followed the banning on 4th February, 1972, of the UPP under the pretext that the party was an instrument of Rhodesia, South Africa and Portuguese governments. The ANC leader, Harry Mwaanga Nkumbula and his party, fiercely opposed the CRC but in vain.

2.1.40 After four months of public hearings, Chona submitted his report to Kaunda in October 1972. On 1st January 1973, the one party state was inaugurated and the Constitution enacted into law later that year. Kaunda also promoted reconciliation talks that resulted in the Choma Declaration in June 1973. The declaration helped abolish the ANC and some of its senior members (except Nkumbula) joined Kaunda’s government. The one-party-state Constitution outlawed all political parties except UNIP, and banned any formation or attempts to form of any other political party(s) and political organisations.

2.1.41 The Constitution framed a system called ‘one-party participatory democracy’, which, in practice, meant that UNIP became the sole political factor in the country. It provided for a strong president and a unicameral National Assembly. National policy was formulated by the Central Committee of UNIP. The cabinet executed the central committee’s policy. In legislative elections, only candidates running for UNIP were allowed to participate. Even though inter-party competition was out of question, the contest for seats within UNIP was energetic. In the presidential elections, the only candidate allowed to run was the one elected as president of UNIP at the party’s general conference. In this way Kaunda was re-elected unopposed with a yes or no vote in 1973, 1978, 1983 and 1988.

2.1.42 Proponents of Kaunda’s policies indicate that the “difficult” steps taken by to ban political parties and remove political competition were “necessary” to discourage tribalism, promote peace in the country and concentrate on “fighting” the external and Africa’s enemy in South Africa, Rhodesia, Angola and Mozambique. However, the ‘one party participatory democracy’, which gave UNIP sole power, soon fossilised into an autocracy maintained by police-state methods.
2.1.43 Despite the powers he drew from the state of emergency declared in 1964 that banned assemblies and allowed him to declare curfews and detain persons without trial, President Kaunda still ruled with heightened insecurity in the 27 years that UNIP led Zambia. In 1980, a group of Zambian businessmen, lawyers, military officers and a High Court judge, with the assistance of Congolese nationals, plotted to overthrow Kaunda by unlawful means. However, the Government thwarted the coup attempt.

2.1.44 Although during his early years great strides were made in the areas of education, health and infrastructure, his attempts to ‘decolonise the economy by nationalising it completely, produced only inefficiency, corruption and a disastrous decline. In 1990, an obviously collapsing economy, together with political frustration, led to serious food riots and an attempted military coup d’état that had people dancing in the streets. When the disorders could be halted with only firearms, opposition to the regime became so deep and widespread and the demand for change so urgent that Kaunda had to concede to political change.

2.1.45 The Re-introduction of Multi-party Democracy

2.1.46 Zambia is famous for having set the pace that provided a model for a peaceful transition from one-party to multi-party electoral democracy in Africa when, in 1991, the incumbent government was peacefully replaced by a new one led by the Movement for Multi-party Democracy (MMD) more than two years ahead of its legitimate term of office, through a transparent, free and fair election. This followed the abolishment of the one-party state. Kaunda and UNIP were defeated eighty per cent to twenty per cent by the newly formed MMD – a broad coalition of different interest groups.

2.1.47 The MMD’s Frederick Chiluba, a trade unionist, who had been locked up by Kaunda, became Zambia’s second president. He promised democratic, transparent and accountable governance, but inherited an empty treasury, a foreign debt of seven billion US dollars and a country in a worse state than it had been when it won its independence in 1964.

2.1.48 The return to multiparty politics following the constitutional amendment of 1990 that ended UNIP’s monopoly of political power greatly liberalised the political system. Although the political liberalisation led to the formation of a large number of political parties, only a few parties have contested elections and participated in parliament. There are presently over 33 registered political parties in the country but only few can be said to be serious contenders for power, namely: the MMD, PF, UPND, UNIP and FDD. In general, the atmosphere for forming political parties is liberal and all that is required of any group of people who wish to form a political party is to meet the basic requirements of the Societies Act regarding the formation of a society.

2.1.49 In terms of the organisation of state institutions, Zambia has a republican form of government whereby the president is both the head of state and head of government. A unicameral legislative body, the National Assembly, performs the legislative functions. Although Zambia has some elements of both presidential and parliamentary systems, it is predominantly a presidential one, with the president enjoying an enormous amount of power in relation to the legislative body and the judiciary. He is directly elected and his tenure of office is not dependent on his party winning a majority in the National Assembly, as is the case with parliamentary systems.

2.1.50 The political liberalisation that resulted from a return to multi-partism has greatly increased the role of civil society in Zambia’s politics, and since 1990 civil society has played a significant part in the promotion of democratic governance in the country. A number of local civil society organisations (CSOs) have been involved in monitoring the elections. Among these are organisations such as the Forum for Democracy and Development (FODEP).
2.1.51 Some CSOs have also been involved in promoting democratic governance and culture between elections. One important organisation in this respect was the Oasis Forum which played a pivotal role in democracy advocacy and was the main opposition against attempts by the ruling MMD and former President Chiluba to amend the constitution to allow him to run for a third term of office. The labour movement, in their own right, in particular the ZCTU, has played a critical and influential role in Zambian politics, dating back to the days of the nationalist struggle.

2.1.52 Despite political liberalisation, the MMD has continued to be Zambia’s ruling and dominant political party for close to two decades. The first MMD administration lasted up to January 2002, under the leadership of President Frederick J.T. Chiluba. In the October 31 elections held in 1991, as noted above, Chiluba resoundingly beat then sitting President, Kenneth Kaunda, with 81% of the vote. Chiluba was re-elected in 1996.

2.1.53 In the 2001 elections, the MMD’s candidate for the presidential elections, Levy Mwanawasa, received 29.1% of the vote and was declared the victor by a narrow margin. In 2006, Mwanawasa was re-elected with 43.0% of the vote. Following the death of President Mwanawasa in August 2008, a presidential by-election was held in October of the same year in which the ruling party’s candidate, Mr. Rupiah Banda, narrowly beat the Patriotic Front (PF)’s Michael Sata. The next elections will be held in 2011.

2.1.54 Although the elections have been generally free, there has been a widespread feeling that the elections in Zambia have been unfair. Evidence of this general perception is that the results of both the 1996 and 2001 presidential elections have been challenged.

2.1.55 In 2001, the results of 39 parliamentary seats were challenged in court, most of them against the candidates of the ruling party. Reports from the international observer groups and local monitoring groups on both the 1996 and 2001 elections raised serious concerns about the fairness of those elections. This has raised concerns about the country’s electoral system and the need for a good constitution.

2.2 The Electoral System and Process

2.2.1 Much of the central attention in discussions of democracy on Zambia has revolved around process-related issues of “freeness” and “fairness” of the elections. Formative factors of ‘structural’ or ‘methodological’ nature such as the electoral system have received little attention.

2.2.2 Through all the years of its colonial and independence period, Zambia has been using the plurality First-Past-The-Post” (FPTP) system in all elections. The FPTP system entails that a candidate with the largest number of votes in an election wins the election irrespective of whether the number of votes received constitutes less than 50% (majority) of all voters who participated in voting.

2.2.3 This system was first used for colonial and native elections in Northern Rhodesia and the Federation of Rhodesia. It was also used for the 1964 and 1968 multi-party elections held under Zambia’s First-Republic, and continued through the one-party system of the Second-Republic from 1972 to 1991.

2.2.4 The system was carried over to Zambia’s Third Republic of 1991. Throughout the negotiations during the 1991 between the MMD government and international mediators, the issue of the electoral system was hardly touched upon and no proposal was offered to change to a different electoral system. Even during the run-up to the 1996 elections, the question of electoral system remained dormant, with many political parties concentrating their efforts on constitutional amendments regarding eligibility to stand for presidency and the inadequacies of the voters’ registration process.
2.2.5 The principal problem in Zambia is seen as the unrepresentative nature of elections organized on a First-Past-The-Post (FPTP) electoral system. The problem is compounded by five main elements that typify FPTP, namely: low voter turnout; vote wastage; level of political competition; electoral malpractices; and electoral disputes/conflicts.

2.2.6 It has been observed that many political parties fail to receive parliamentary composition commensurate with their popularity. This feature has raised questions about the representative nature of Zambia’s ‘multi-party’ politics. Thus, Zambia’s parliament has for the most part of the third republic remained more like a one-party parliament as a result of ruling-party dominance.

2.2.7 The other feature of the problem is low voter-participation. The problem is aggravated by the incidence of missing voters – (i.e. eligible voters not included on the voters’ roll). Electoral bribery and corruption is yet another part of the problem. Under the FPTP, election outcomes are categorical: one either wins or loses everything. As such, politicians and candidates easily resort to electoral malpractices such as corruption, bribery and other undue means of wooing voters as a way of exploiting every possible means to secure election victory at all costs.

2.2.8 Until now, the issue of the electoral system has not received attention of key stakeholders. As discussed in Chapter Three, it is only recently that Zambia has started to take stock and raise questions about the suitability of the electoral system to the current political environment and how it affects the quality of representative democracy.

2.2.9 The Quest for a Good Constitution

2.2.10 Zambia, like many African countries, has experienced constitutional instability since independence. This instability is primarily reflected in the many Constitutions (four) that the country has had in the last 44 years of independence with the fifth one currently under review. These are the Independence Constitution of 1964, the One-Party Constitution of 1973, the Reintroduction of Multiparty System Constitution of 1991; the 1996 Constitution; and, the 2006 Mung’omba Commission. As noted in Chapter Three, the country is currently going through yet another constitutional review process.

2.3 Economic History

2.3.1 At independence in 1964, Zambia inherited what is generally described as a ‘lopsided economy’ highly dependent on one export commodity – copper (see Seidman, 1974; Mandela, 1991; Mwanza, 1972; Mulenga, 2000). At the time, the foreign-dominated copper industry accounted for about 40% of GDP; 71% of government revenue; and, 92% of foreign exchange earnings, while employing about 18% of the labour force (Todd and Shaw, 1980). Manufacturing contributed less than 7.0% of GDP, about half as much as in other countries with comparable income per capita (Seidman, 1974). Tobacco and beverages were the dominant industries. In addition, Zambia found itself with very few indigenous staff to run enterprises and government, including an inadequate education system (Fincham, 1980; Todd and Shaw, 1980; Mandela, 1991; Mulenga, 2000).

2.3.2 Economic Policy

2.3.3 In an attempt to redress these imbalances, the former UNIP government adopted a strategy of state-led development pursued in much of Africa during the 1960s and 1970s. During this period, the government implemented a policy of import-substitution industrialisation (ISI) in which the state entered into joint ventures with foreign corporations to establish new industries (Fundanga and
By the end of the 1970s, there was virtually complete control of the economy by the state under a hierarchy of state holding companies, at the apex of which was the Zambia Industrial and Mining Corporation (ZIMCO). Table 3.1 below summarises the policy regimes that have existed in Zambia’s economic management since 1965.

Table 2.1: Policy Regimes and the Performance of Overall and Manufacturing GDP

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<thead>
<tr>
<th>Period</th>
<th>General Policy Direction</th>
<th>Average Growth in Manufacturing GDP (%)</th>
<th>Average Growth in Total GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-1974</td>
<td>Inauguration of the Import Substitution Policy</td>
<td>7.91</td>
<td>4.37</td>
</tr>
<tr>
<td>1975-1982</td>
<td>Increased Administrative Controls</td>
<td>0.80</td>
<td>0.34</td>
</tr>
<tr>
<td>1983-1990</td>
<td>Initial Application of Reforms</td>
<td>5.57</td>
<td>1.02</td>
</tr>
<tr>
<td>1991-1999</td>
<td>Consistent Application of Reforms</td>
<td>1.30</td>
<td>-0.1</td>
</tr>
</tbody>
</table>


2.3.4 Table 2.1 identifies four main policy direction periods and highlights the performance of the economy as a whole and that of the manufacturing sector in particular. As shown in Table 2.1, the economy’s real Gross Domestic Product (GDP) growth rate averaged 4.4 percent between 1965 and 1974, with a GDP per capita close to US 1200. As a result, in the 1960s and early 1970s, Zambia was regarded as one of the richest countries in Tropical Africa (Seidman, 1974; Wulf, 1988; Mulenga, 2000; Muuka, 1997). In 1975, the World Bank classified Zambia as a ‘middle income’ country with a per capita income of US$900 – much richer than South Korea (Annex 2.1).

2.3.5 The strong economic performance in Zambia coincided with a favourable external environment characterised by high mineral rents. The government utilised the high mineral revenues to make heavy investment in social and economic infrastructure, especially in roads, schools, hospitals, electricity, and telecommunications (Todd and Shaw, 1980; Chiwele, 2000; Kani, 2000; Mulenga, 2000). Although this investment was important, it bred aspects which were to make the economy vulnerable, especially to external shocks (see Seidman, 1974; White, 1997; Chiwele, 2000; Kani, 2000).

2.3.6 Economic Decline

2.3.7 By the mid-1970s, the flaws in Zambia’s strategy of state ownership had started to show (Mandela, 1991; Fundanga and Mwaba, 1997; Chiwele, 2000; Craig, 2000; Kani, 2000; Mulenga, 2000). The onset of the 1973 oil crisis, coupled with the collapse of the copper price, adversely affected the fiscal position of the government. In response, the government resorted to external borrowing in order to maintain current consumption levels (Mandela, 1991; Mulenga, 2000). This was based on the erroneous assumption that copper prices would rise again (Mwanza, 1992).

2.3.8 Amidst the growing debt crisis (which rose from US$0.8 billion in the early 1970s to over $7.2 billion by 1991 as shown in Table 2.2) and worsening fiscal performance, capacity utilisation in the state-owned enterprises (SOEs), which were mainly dependent on government subsidies and imported inputs, declined to around or less than 30 percent (Craig, 2000; Mulenga, 2000; Hamasaka, 2002).

9 Between 1966 and 1972, the government, through the Mulungushi and Matero Reforms, enacted a programme of nationalisation which saw the state acquire a controlling interest in many of the most important private sector businesses, including the mines.

10 Following Zambia’s attainment of the ‘HIPC Completion Point’ in 2005, the country has qualified for 100 percent debt forgiveness under the enhanced Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative. It is anticipated that by July 2006, Zambia’s debt will be reduced to only $500 million.
Siedman (1974) provides a detailed account of the pitfalls of Zambia’s distorted growth of import-substitution industrialisation, which did not stimulate local production.

Table 2.2: Zambia’s External Debt 1991 – 1997 (in US$ million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bilateral</td>
<td>3,249</td>
<td>3,266</td>
<td>2,848</td>
<td>2,657</td>
<td>2,739</td>
<td>2,872</td>
<td>3,208</td>
</tr>
<tr>
<td>Multilateral</td>
<td>1,454</td>
<td>1,464</td>
<td>1,394</td>
<td>1,898</td>
<td>2,076</td>
<td>2,073</td>
<td>2,114</td>
</tr>
<tr>
<td>IMF</td>
<td>1,668</td>
<td>1,217</td>
<td>1,217</td>
<td>1,217</td>
<td>1,181</td>
<td>1,180</td>
<td>1,180</td>
</tr>
<tr>
<td>Commercial</td>
<td>165</td>
<td>330</td>
<td>118</td>
<td>118</td>
<td>92</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Short term</td>
<td>813</td>
<td>796</td>
<td>445</td>
<td>445</td>
<td>303</td>
<td>446</td>
<td>642</td>
</tr>
<tr>
<td>Total Debt Stock</td>
<td>7,348</td>
<td>7,137</td>
<td>6,023</td>
<td>6,336</td>
<td>6,391</td>
<td>6,571</td>
<td>7,144</td>
</tr>
</tbody>
</table>


2.3.9 Zambia’s economic problems assumed crisis proportions in 1982 when trade credits to the country were suspended (Moser and Holland, 1997). Between 1973 and 1984, GDP in real terms declined at an average rate of 1.5 percent per year. During the same period, GDP per capita in real terms declined by a total of 35 percent (Imboela, 1997). As a consequence, post-independence gains in per capita income, life expectancy, education, and health were stalled or reversed between 1975 and 1990 (Moser and Holland, 1997). This is reflected in Zambia’s continued decline on the Human Development Index (HDI) ranking since 1990.

2.3.10 Economic Liberalisation

2.3.11 Despite the economic decline, the government only took half-hearted measures to reform the economy. Table 2.1 above shows that the initial government response to the deterioration in a range of economic indicators was to move further towards administrative controls. Although this period saw a gradual return to IMF and World Bank-inspired pro-market economic policies and reforms, it was not until 1992, following a change of government in which UNIP was defeated by the reformist MMD in the 1991 elections, that a more consistent market-oriented economic policy was introduced.

(a) Formal Employment

2.3.12 Assessment of the impact of the deteriorating economic trends on the urban employment situation in Zambia is, however, difficult because of a variety of conceptual and definitional problems, which reduce the usefulness of the limited data available. Due to these problems, it is not possible to work...

---

11 This decline was characterised by severe shortages of goods, shortages of foreign currency, a high inflation rate, a deterioration in the balance of payments position, mounting external debt, an uncompetitive industry in the export markets, under-capitalisation of the copper mining industry and high population growth rates. In addition, the government failed to develop a strong and dynamic industrial base supported in a complementary way by the agricultural sector.

12 Zambia’s performance on the HDI ranking has continued to fall as reflected in the following trends: 1975 (0.468); 1980 (0.475); 1985 (0.484); 1990 (0.462); 1995 (0.424); 2000 (0.409); and, 2003 (0.394).

13 such as the current account, public finance, foreign reserves, and inflation.

14 Since 1992, the MMD government has undertaken what many observers describe as a ‘radical’ economic reform programme (Fundanga and Mwaba, 1997; White, 1997; Chiwele, 2000; Kani, 2000; Kenny 2000; Pangaea, 2000; Kayizzi Mugyera, 2001). A critical element of these reforms was to roll-back the role of the state in economic management. The government’s main tool for enhancing private sector participation in the economy has involved economic liberalization, deregulation, and privatisation. It was hoped that the promotion of a private sector-driven economy would lead to an increase in investments, job creation and poverty reduction.

15 First, there is no rural-urban breakdown of the labour force statistics. Secondly, the definition of ‘labour force’ changed several times between 1980 and 1990. Thirdly, there are, as noted in Chapter One, conceptual and measurement problems associated with ‘employment’ and ‘unemployment’. Fourthly, employment statistics are based on infrequent census data, which are not supported by regular labour force surveys to improve the accuracy of projections for the ten-year intercensal periods. For example, a labour force survey was only undertaken in 1986. Finally, employment statistics are not disaggregated by age.
out the average growth rate of the labour force for the 1980-90 period. It is also difficult to assess rural and urban labour market trends, even though the macro-economic reforms, which were intensified after 1990, have had different impacts on rural and urban households. Nevertheless, all the available estimates (with slight variations) show that formal employment in Zambia has, since 1964, contracted to just about 10 percent of the labour force (see Table 2.3).

**Table 2.3: Formal Employment and Labour Force Trends in Zambia**

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total labour force (millions)</td>
<td>3.3</td>
<td>3.5</td>
<td>3.7</td>
<td>3.8</td>
<td>3.9</td>
<td>4.4</td>
<td>4.41</td>
<td>4.6</td>
</tr>
<tr>
<td>Formal sector employment (thousands)</td>
<td>546</td>
<td>526</td>
<td>496</td>
<td>485</td>
<td>479</td>
<td>475</td>
<td>467</td>
<td>478</td>
</tr>
<tr>
<td>Formal sector employment as % of total labour force</td>
<td>17</td>
<td>16</td>
<td>15</td>
<td>13</td>
<td>12</td>
<td>11</td>
<td>10.5</td>
<td>10.4</td>
</tr>
</tbody>
</table>

**Source:** ZCTU, 2001.

2.3.13 Table 2.3 shows that the generation of jobs in the formal economy has not kept pace with growth in the labour force. Although there was a slight increase in formal employment in 1999, it was still insignificant compared to the growth in the labour force. In recent years, the decline in formal employment in Zambia has been mainly attributed to economic restructuring, especially privatisation.

**(b) Privatisation**

2.3.14 In the early 1990s, the Zambian government embarked on one of the fastest rates of privatisation in Africa, winning donor community praise (Craig, 2000; 2001; Kayizzi-Mugerwa, 2001). However, the privatisation programme has been subject to a number of conflicting evaluations. For some analysts, it is a ‘model’ of success which stands out as an example to other developing countries (World Bank, 1996; 2000b; Bennell, 1997; Fundanga and Mwaba, 1997; Campbell-White and Bhatia, 1998; Pangaea, 2000). For others, it is a ‘deeply flawed’ experience which allowed for the corrupt acquisition of assets by those linked to the ruling party (Craig, 2000; 2001; Kenny, 2000; Kayizzi-Mugerwa, 2001; Posthumus, 2000; van de Walle, 2001; SARPN, 2000).

2.3.15 There is also a lack of consensus on the impact of privatisation on employment. Supporters of privatisation argue that there is a tendency to confuse the impact of SOE reform and broader economic liberalisation with the ‘real’ effects of privatisation. They claim that the direct impact of privatisation on job losses has been minimal (Fundanga and Mwaba, 1997: ZPA, 2000; 2001; Hamasaka, 2002). Indeed, Fundanga and Mwaba (1997) assert that some job losses reflect the transitory costs of moving on to a more efficient system.

2.3.16 However, critics argue that the impact of privatisation cannot be separated from that of economic liberalisation in general (Bayliss, 1997; 2000). It is estimated that 60 thousand jobs have been lost since 1991 as a result of liberalisation and privatisation policies. The available data show that between 1992 and 1994, employment in Zambia declined by a massive figure of 47,900, while the number of registered redundancies was 18,712 (Table 2.4).

**Table 2.4: Formal Sector Employment and Registered Redundancies, Zambia 1989-1994**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>540,500</td>
<td>543,300</td>
<td>544,200</td>
<td>549,900</td>
<td>520,000</td>
<td>502,000</td>
</tr>
<tr>
<td>Registered Redundancies</td>
<td>1,474</td>
<td>2,765</td>
<td>3,503</td>
<td>6,220</td>
<td>4,873</td>
<td>7,613</td>
</tr>
</tbody>
</table>

**Source:** Seshamani and Kaunga, 1999.
In total, 70,000 formal sector jobs were lost between 1992 and 2001. The decline in employment varies according to sectors, with services and retail showing some growth. However, it is argued that the growth in retail and service sector jobs has not been enough to compensate for the job losses in other sectors of the economy (Seshamani and Kaunga, 1999; Mulenga, 2000). Moreover, foreign investment in Zambia is too low to compensate for job losses (Kenny, 2000).

The failure to create many formal employment opportunities in Zambia has been accompanied by a decline in the quality of employment in this sector. The Zambia Congress of Trade Unions (ZCTU) (2001) reports that, although nominal wages have increased over the years, corresponding real wage levels have actually declined during the same period (see Table 2.5).

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Average Nominal Earnings</td>
<td>150,230</td>
<td>184,281</td>
<td>233,687</td>
<td>245,265</td>
<td>5.0</td>
</tr>
<tr>
<td>Central Government</td>
<td>134,154</td>
<td>154,850</td>
<td>194,377</td>
<td>205,265</td>
<td>5.6</td>
</tr>
<tr>
<td>Local Government</td>
<td>152,326</td>
<td>124,536</td>
<td>189,792</td>
<td>197,681</td>
<td>4.2</td>
</tr>
<tr>
<td>Parastatals</td>
<td>291,176</td>
<td>341,564</td>
<td>467,001</td>
<td>501,612</td>
<td>7.4</td>
</tr>
<tr>
<td>Private Sector firms</td>
<td>103,264</td>
<td>141,780</td>
<td>187,661</td>
<td>206,771</td>
<td>10.2</td>
</tr>
<tr>
<td>Real Earnings</td>
<td>625.4</td>
<td>616.5</td>
<td>616.6</td>
<td>513.4</td>
<td>-16.4</td>
</tr>
<tr>
<td>Central Government</td>
<td>566.5</td>
<td>524.0</td>
<td>515.9</td>
<td>429.7</td>
<td>-16.7</td>
</tr>
<tr>
<td>Local Government</td>
<td>643.3</td>
<td>421.4</td>
<td>503.7</td>
<td>413.8</td>
<td>-17.8</td>
</tr>
<tr>
<td>Parastatals</td>
<td>1,229.6</td>
<td>1,155.9</td>
<td>1,239.4</td>
<td>1,050.1</td>
<td>-15.3</td>
</tr>
<tr>
<td>Private Sector firms</td>
<td>436.1</td>
<td>479.8</td>
<td>498.0</td>
<td>432.8</td>
<td>-13.1</td>
</tr>
</tbody>
</table>


This has led the critics to argue that, despite economic reforms, the economy remained virtually stagnant during the 1990s (see Table 2.6 below). Between 1991 – 1998, average growth was negative, with annual growth rates being positive in only three out of the eight years. Per capita income declined from US$ 405 in 1990 to $358 in 1993 and $250 in 1996 (in 1987 US$). The revenue base of the government also fell from 30 percent of GDP in the 1960’s to less than 20 percent in the 1990s, resulting in cuts in public expenditure on education, health and other services (Moser and Holland, 1997). In 1992, Zambia was re-classified as a low-income economy by the World Bank.

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</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Income at Constant $</td>
<td>405</td>
<td>364</td>
<td>358</td>
<td>291</td>
<td>278</td>
<td>250</td>
<td>308</td>
</tr>
<tr>
<td>GDP Growth Rate (%)</td>
<td>0.0</td>
<td>-1.7</td>
<td>6.8</td>
<td>-8.6</td>
<td>-4.3</td>
<td>6.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Inflation Rate (%)</td>
<td>93</td>
<td>192</td>
<td>138</td>
<td>35</td>
<td>46</td>
<td>35</td>
<td>18.6</td>
</tr>
<tr>
<td>Budget Deficit (% GDP)</td>
<td>6.1</td>
<td>3.5</td>
<td>2.5</td>
<td>-</td>
<td>-</td>
<td>-1.0</td>
<td>-1.2</td>
</tr>
<tr>
<td>Current Account Balance (mn $)</td>
<td>-447.7</td>
<td>-154.6</td>
<td>-96.8</td>
<td>-159.3</td>
<td>-156.3</td>
<td>-199.9</td>
<td>-235.1</td>
</tr>
<tr>
<td>Export earnings (mn $)</td>
<td>1,077</td>
<td>1124</td>
<td>990</td>
<td>1066.6</td>
<td>1185.9</td>
<td>993.4</td>
<td>1151.1</td>
</tr>
<tr>
<td>Imports (mn $)</td>
<td>801</td>
<td>1351</td>
<td>1018.5</td>
<td>1002.5</td>
<td>1083.7</td>
<td>1055.4</td>
<td>1191.2</td>
</tr>
<tr>
<td>Government Revenue (mn $)</td>
<td>643</td>
<td>659</td>
<td>588</td>
<td>742</td>
<td>534</td>
<td>394</td>
<td>778.5</td>
</tr>
<tr>
<td>Government Expenditure (mn $)</td>
<td>1,905</td>
<td>948</td>
<td>830</td>
<td>543</td>
<td>1,105</td>
<td>906</td>
<td>728.2</td>
</tr>
<tr>
<td>External Debt Service Ratio (%) GDP</td>
<td>47.3</td>
<td>29</td>
<td>34</td>
<td>32</td>
<td>29</td>
<td>32</td>
<td>19</td>
</tr>
</tbody>
</table>


Critics argue that privatisation has mainly benefited foreigners at the expense of local people (Bennell, 1997; Craig, 2001).
The Poverty Situation

2.3.20 The economic decline in Zambia before 2000 was reflected in the widespread poverty situation in the country. Although there is no official poverty line in Zambia, the Central Statistical Office (CSO) defines ‘poverty’ as the amount of monthly income required to purchase basic food to meet the minimum caloric requirement for a family of six. Based on this measure, the percentage of the population living in poverty in 1991 stood at 69.7 percent.\(^{17}\) We, however, use this measure due to lack of alternative poverty data based on more comprehensive measures.

2.3.21 A series of national surveys under the Social Dimension of Adjustment (SDA) Priority Surveys of 1991 (PS I) and 1993 (PS II) and the Living Conditions Monitoring Surveys of 1996 (LCMS I) and 1998 (LCMS II) in particular provide trends in the various dimensions of poverty in Zambia in the 1990s. These data sets show that, in general, poverty levels in most of the critical dimensions increased during the last decade (see Table 2.7).

Table 2.7: Overall and Extreme Poverty in Zambia, in Rural and Urban Areas, 1991 – 1998

<table>
<thead>
<tr>
<th>Year</th>
<th>Zambia</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall poverty</td>
<td>Extreme poverty</td>
<td>Overall poverty</td>
</tr>
<tr>
<td>1991</td>
<td>69.7</td>
<td>58.2</td>
<td>88.0</td>
</tr>
<tr>
<td>1993</td>
<td>73.8</td>
<td>60.6</td>
<td>92.2</td>
</tr>
<tr>
<td>1996</td>
<td>69.2</td>
<td>53.2</td>
<td>82.8</td>
</tr>
<tr>
<td>1998</td>
<td>72.9</td>
<td>57.9</td>
<td>83.1</td>
</tr>
</tbody>
</table>


2.3.22 Table 2.7 shows that between 1991 and 1998, there was an increase in overall poverty and a very marginal decline in extreme poverty. Although rural poverty continues to be more prevalent, deeper and severe, urban poverty was rising fast and by 1998 had risen to 56 percent from 46 percent in 1996 and 4 percent in 1975.\(^{18}\) Significantly, poverty levels in Lusaka province doubled to 52 percent from their 1991 levels (World Bank, 1994). In recent years, however, urban poverty has declined significantly to about 33%.

2.3.23 The current MMD government has adopted the Millennium Development Goals (MDGs) in an effort to reduce poverty by half by 2015.\(^{19}\) Although there has been a significant decline in urban poverty in recent years, rural poverty in Zambia still remains high. The high and growing poverty levels in Zambia have influenced the tendency towards the initiation of survivalist economic activities in the country, especially in the informal sector in urban areas (Bardouille, 1991; Imboela, 1997; Mulenga, 2000).

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\(^{17}\) But the poverty situation in Zambia may, in reality, have been worse than this figure. This is due to weaknesses in the caloric measure of poverty. The food basket used to arrive at the poverty line is very modest and based on a predominantly minimal caloric requirement that is vegetarian and excludes meat, chicken, and fish. Moreover, the caloric measurement does not fully factor in such basic needs as shelter, education, health care, lighting, clothing, footwear, and transport. Human freedoms are also remotely linked to the current definition of poverty.

\(^{18}\) Urban areas display peculiar characteristics in the nature of their poverty and show strong linkages to employment access, both formal and informal. As a result, they have borne the brunt of the deteriorating employment situation (Muuka and Kalyalya, 1997).

\(^{19}\) In July 2002, the government officially launched its first Poverty Reduction Strategy Paper (PRSP) for the period 2002-2004. In October 2002, the government adopted the Transitional National Development Plan (TNDP) for the period 2002-2005 incorporating and expanding the scope of the PRSP. The TNDP encompasses all the areas in the PRSP and includes other areas such as the Judiciary, Law and Order, and Defence and Security.
2.3.24 Recent Economic Performance

2.3.25 After decades of socialist experimentation and economic decay, Zambia has turned the corner post – 2000. Following sweeping and painful free-market reforms during the 1990s, the economy has been re-oriented. As a result, Zambia's economic performance improved considerably in the 2000s. Real annual GDP averaged 4.6% in the five years from 2002 to 2007, reversing the negative trend in previous years. Annual GDP growth has now exceeded 6.3%. The main drivers of this growth are increased agricultural production and significant new investments in key economic sectors, especially mining. Zambia's growth has further been boosted by improved economic management, especially with respect to the budgeting process, expenditure management and financial accountability.

2.3.26 However, since 2008, the state of the national economy has been largely influenced by the impact of the global economic crisis. The sharp increases in the food and oil prices, the collapse in the price of copper and other commodities, compounded by the global financial crisis, placed enormous pressure on many households, especially the low-income groups. This has resulted in, among others, the closure of some mines, the scaling back of operations and investments.

2.3.27 As a consequence, it was initially projected that Zambia's growth prospects for 2009 had diminished, such that the projected gross domestic product was revised downwards to 4.0 percent or below. Additionally, there was volatility in the exchange rate in the early part of 2009 and an increase in inflation, which, though, has somewhat stabilised over the last few months.

2.3.28 The Government's initial response to these developments has been to stabilise the fuel and food prices in order to cushion the vulnerable from the negative impact of the crisis. Further, to mitigate the effects of the global economic meltdown, which has drawn the world economy into a recession, GRZ is implementing the following measures:

(i) Consolidating the macro-economic stability gains through minimising exchange rate volatility and moderating inflation;
(ii) Realigning resource allocation towards infrastructure development in energy, agriculture and tourism;
(iii) Intensifying efforts to attract foreign and domestic investment which has significantly reduced globally;
(iv) Enhancing budget implementation;
(v) Monitoring budget implementation through the cabinet; and,
(vi) Stepping up the implementation of the public expenditure management and financial accountability programme, including the integrated financial management information system.

2.3.29 In response to these measures and to the rebound in the international price of copper, Zambia has done remarkably well in mitigating the adverse impact of the global economic crisis. With the measures put in place, the country has been able to weather the global economic crisis. Over the course of the year, strong recovery and growth have been registered in strategic economic sectors.

2.3.30 Contrary to the projected growth of 4.3 percent for 2009 announced in the 2009 budget, the Central Statistical Office (CSO) estimates that Zambia's economy grew by 6.3 percent during the period under review. This is due to strong growth in the mining and quarrying, agriculture, forestry, fishing and construction sectors. As a result, new jobs are being created and the food supply situation in the country has improved greatly, while prices of goods and services have generally remained stable. Overall, the estimated growth of 6.3 percent (or even the earlier adjusted projected figure of 4.3

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percent) is much higher than the projected global average of negative 1.1 percent, and the SSA growth projection of 1.3 percent. A recent IMF assessment confirms this.

2.3.31 The prospects for the Zambian economy in the short to medium term look positive. Zambia is likely to register a growth rate of 7.0 percent in 2010, with an anticipated rebound in the tertiary sector, in addition to positive performances in the copper and agriculture sectors. A report ‘Zambia – 2010 Outlook: Demonstrating Resilience’ by Renaissance Capital – a Russian investment bank that focuses on emerging markets – has projected that Zambia’s GDP would reach $18.6 billion and GDP per capita $1,422 by 2012.

2.3.32 Although the Zambian economy is poised to grow, it remains vulnerable to external factors. In 2008, the country’s external environment became progressively more hostile. Rising world food and fuel prices in 2008 pushed inflation up steeply. Annual inflation reached 16.6% in December 2008 up from 8.9% in 2007. It has since declined to 10.2 % by March 2010. Owing to tight supply and strong global demand combined with threats of industrial action and speculative pressure, global prices for copper, Zambia’s main export commodity has surged over the past two years. But the rising price of oil is a threat to stable macro-economic stability.

2.3.33 Other downside risks to sustained growth include a decrease in productivity due to the high prevalence of HIV and AIDS, shortage of energy especially electricity and further appreciation of the Zambian Kwacha to about 40% against the US dollar in October 2008. Zambia’s continued dependency on copper creates risks and is unlikely to generate the needed growth for Zambia to achieve its growth targets (World Bank Country Strategy, 2008).

2.3.34 There is growing need for the diversification of the Zambian economy through effectively addressing policy and institutional capacity building and infrastructural related barriers in order to unlock agriculture, manufacturing and tourism to private sector expansion. Increasing competitiveness of “Doing Business” in Zambia is critical. Inadequate infrastructure is seen as one of the main obstacles to increasing growth and development by both the government and private sector. Road density remains very low and the main export corridors suffer from overloaded trucks and heavy traffic. Fuel prices are the highest in the region. Environmental issues are prioritized in the FNDP but, in practice, they have not received much attention. Less than 1% of government expenditure is allocated for environmental protection.

2.3.35 Socio-economic Challenges

2.3.36 Despite positive growth in recent years, Zambia remains one of the poorest countries in the world. In 2007, it had a Human Development Index (HDI) of 0.434 in 2007 and currently ranks 165 out of 177 countries. The low ranking is believed to be predominantly due to low life expectancy at birth as a result of High HIV prevalence. However, there has been an improvement in Zambia’s HDI in the 2009 Human Development Report (0.481), which gives the country a ranking of 164 out of 182 countries.

(a) Poverty

2.3.37 As noted above, poverty remains entrenched in Zambia. Although there has been some reductions in urban poverty in recent years, rural poverty levels have risen from 58 percent in 2004 to 64 percent in 2006. About 10 percent of the population have very little or no productive capacity and an estimated

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22 UNDP (2008) The Human Development Report, Zambia, 2008 Statistical Update. HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary secondary and tertiary levels) and having a decent standard of living (measured by purchasing power parity-PPP- and income)
75,000 children are living on the streets.\textsuperscript{23} Poverty has rural dimensions affecting as much as 81 percent of the rural population.

\textbf{(b) Education}

2.3.38 The Education Sector is an area where Zambia is performing relatively well. As of 2005, the adult literacy rate was 68 percent compared to 42 percent in 2004.\textsuperscript{24} Primary Education is the area in which Zambia is most likely to meet the MDGs with net enrolment in primary education of more than 90 percent and gender parity achieved.\textsuperscript{25} According to the Annual Progress Report of the FNDP for 2007, the net enrolment rate for grades 1-7 increased by 3.9 percent between 2006 and 2007. During the same period, 7100 teachers were recruited and deployed.

\textbf{(c) Health}

2.3.39 The Health Sector is also viewed as performing relatively well. However, there is a need to improve in outcomes around maternal and infant mortality, which is one of the highest in the world. Performance in outcomes for malaria and tuberculosis also lags behind set Fifth National Development Plan (FNDP) targets. Despite the increase in the Ministry of Health (MoH) budget over the years, the infant mortality has worsened from 95/1000 births in 2002 to 103/1000 births in 2007. The under-five mortality rate has almost remained the same with 168/1000 births in 2002 to 170/1000 births in 2007 and the maternal mortality ratio (MMR) has not improved since 2002 which recorded 729/100 000 live births compared to only 730/100 000 live births. Life expectancy continues to deteriorate. It stood at 51.9 years in 2002 and was 42 in 2007. Sanitation is a huge challenge in both urban and rural areas, with only 43 percent of the population in urban areas and 135 in rural areas having adequate access to sanitation.

\textbf{(d) HIV and AIDS}

2.3.40 Although declining, the HIV prevalence rate is still high in Zambia. According to the UNAIDS Zambia 2008 Country Progress Report, the HIV prevalence rate among the 15-49 age group has declined from 24 percent ten years ago to the current 14.3%. The prevalence rate is higher among women than males, at 17.8 percent and 12.6 percent, respectively. Further, women are 1.4 times more likely to be HIV positive than men. In particular, the HIV infection rates among women aged 15-24 are five times higher than those for young men in the same age groups. Approximately, one million Zambians are HIV positive, of whom over 295 240 are in need of anti-retroviral therapy.\textsuperscript{26} The Fifth National Development Plan (2006-2010) rightly notes that HIV and AIDS limits the realisation of economic development and has the potential to continue diminishing the chances of alleviating poverty and hunger, achieving universal primary education, promotion of gender equality and reducing child maternal mortality.

\textbf{(e) Donor Dependence}

2.3.41 Given the current socio-economic challenges that Zambia faces, the need for support from external partners cannot be overemphasised. Comparatively, the country has a relatively huge number of Cooperating Partners (donors). In recent years, however, Official Development Aid (ODA) to Zambia has shown significant fluctuations with respect to commitments, with bilateral donors assuming dominance. The main development partners in the period 2000-2003 were Germany, UK, the US,

\textsuperscript{23} AfDB/OCED ibid.
\textsuperscript{24} Human Development Report Zambia (2008).
\textsuperscript{25} AfDB/OECD ibid.
Japan, and increasingly, the European Commission (EC). Over this period of four years, European Union (EU) Member States provided almost half (59.5 percent) of ODA to Zambia, and the EC added another 10.5 percent.

2.3.42 The importance of aid to Zambia is illustrated by its contribution to the Government Budget. Between 2000 – 2005, aid accounted for an average of 43 percent of the total state budget, having peaked at 53 percent in 2001. Between 2006 and 2007, the proportion of aid dropped below 30 percent. In the 2008 Budget Speech, foreign aid was said to have fallen to 24 percent from 28 percent the previous year and in 2009 to about 20 percent, suggesting enhanced government ownership of the development process. The relative fall in the contribution of aid to the government budget is mainly due to debt relief, rising copper prices and strong economic growth. It should be noted, however, that not all aid is captured in the budget.

2.3.43 In recent years, the Government of the Republic of Zambia has taken measures to improve aid coordination in order to improve development effectiveness. In June, 2005, the Ministry of Finance and National Planning published a document on its relationship with donors called Aid Policy and Strategy. In this document, GRZ observed that the impact of development aid could be improved and that the government was aiming for well articulated aid policies and strategies which would provide sufficient direction during dialogue between the Government and its cooperating partners. The publication of the aid policy followed initial attempts by Cooperating Partners to harmonise their bilateral support to Zambia through what became known as the Harmonisation – in – Practice (HIP) and the Wider Harmonisation – in – Practice (WHIP) initiatives.

2.4 Conclusion

2.4.1 On the whole, the governance realm in Zambia has progressed steadily away from nearly three decades of authoritarian one-party between 1973 and 1991. Consequently, the eagerness to democratize has been so overwhelming that a plethora of policies, procedures, guidelines and institutions have been put in place to govern development and governance processes. One of the major challenges, however, is how to harmonise the progressive policies and ensure smooth coordination among the various institutions in place. This is the heart of the problem. Zambia has so many progressive policies and so many institutional frameworks, yet lacking severely on resources and effective machinery to implement these frameworks.

27 GRZ 2005b.
3.0 Overview

3.0.0. Africa’s development vision – the New Partnership for Africa’s Development – recognises that successful continental political and economic advancement requires peace and democracy. Sustainable human development and poverty eradication are impossible under conditions of autocratic governance and conflict. This is the reason that one of the pillars of the APRM is commitment by African states towards democracy and good political governance.

3.0.1. Institutionalising democracy and good political governance in Africa has now, more than ever before, assumed top priority on the continent. The principal objective is to ensure that there is sustainable peace and security through constructive management of intra-state and inter-state conflicts and protecting the rights of internally displaced persons and refugees. Secondly, to build firm foundations for constitutional democracy under which the principle of separation of powers is upheld and citizens are equal before the law. Thirdly, to promote and protect political, economic and socio-cultural rights of the people, especially the marginalised and vulnerable social groups. Fourthly, to strengthen the fight against corruption in all spheres of life, especially in the public service as well as establishing an efficient public service.

3.0.2. As noted in Chapter Two, Zambia is making serious efforts to put in place institutional mechanisms to achieve the above goals, especially since 1991 when multi-party politics was re-introduced. This chapter examines the extent to which Zambia has signed, ratified and domesticated international codes and standards. This is followed by an assessment of the objectives highlighted above.

3.1 Standards and Codes

3.1.0 Zambia has a good record in complying with democracy and good political governance standards and codes. There are about eighty (80) instruments relevant to political governance, out of which Zambia has ratified 44. The Government of Zambia (GRZ) has had a good ratification record since 1964. Specific standards and codes signed and ratified by Zambia are indicated in the tables below:
### Table 3.1: Status of Implementation of International Standards and Codes

<table>
<thead>
<tr>
<th>Treaty/Convention Or Protocol</th>
<th>Date of Signature</th>
<th>Date Of Ratification</th>
<th>Date of Accession</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Charter of the United Nations</td>
<td></td>
<td></td>
<td>01/12/1964</td>
</tr>
<tr>
<td>2. International Covenant on Civil and Political Rights</td>
<td></td>
<td></td>
<td>09/04/1984</td>
</tr>
<tr>
<td>3. The International Covenant on Economic, Social and Cultural Rights</td>
<td></td>
<td></td>
<td>10/04/1984</td>
</tr>
<tr>
<td>4. The Optional Protocol to the International Covenant on Civil and Political Rights</td>
<td></td>
<td></td>
<td>09/04/1984</td>
</tr>
<tr>
<td>5. Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment</td>
<td></td>
<td></td>
<td>07/10/1998</td>
</tr>
<tr>
<td>7. Convention on Political Rights of Women</td>
<td></td>
<td></td>
<td>04/02/1972</td>
</tr>
<tr>
<td>9. International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>11. Optional Protocol to the Convention on the Rights of the Child on the involvemnet of Children in Armed Conflict</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>13. Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>17. Geneva Convention relating to the Protection of Civilian Persons in Time of War</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>18. The OECD Convention on Combating Bribery of Public officials</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>19. Convention on Protection of Rights of Migrant Workers</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
<tr>
<td>23. Convention on Persons with Disabilities</td>
<td></td>
<td></td>
<td>Not yet ratified</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Justice Submission to APRM Process

3.1.1 In addition to the above international standards and codes, Zambia has acceded to a number of regional instruments as shown in Table in Table 3.2.
Table 3.2: Regional Instruments signed, ratified or acceded to by Zambia

<table>
<thead>
<tr>
<th>No.</th>
<th>Treaty</th>
<th>Signature Date</th>
<th>Ratification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Protocol To The African Charter On Human And Peoples’ Rights On The Rights Of Women In Africa</td>
<td>03/08/2005</td>
<td>02/05/06</td>
</tr>
<tr>
<td>8.</td>
<td>Protocol On The Amendments To The Constitutive Act Of The African Union</td>
<td>03/08/2005</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Ministry of Justice Submission to APRM Process

3.1.2 The research conducted for the country self-assessment (CSA) process indicates that, although Zambia has actively signed and/or ratified various international and regional treaties and conventions, as noted above, ratification is more advanced for regional instruments than for the international ones. Submissions made from respondents and through focus group discussions suggest that, while the country has done well on signing, the ratification, domestication and implementation processes are slow. The main reason cited for slow ratification and inadequate compliance include an absence of capacity in institutions charged with compliance and the failure to review and enact laws that will make compliance obligatory. Although steps have been taken to meet these challenges, compliance is still low and more needs to be done.

(a) Measures to Complete Ratification and ensure Compliance

3.1.3 The following are the steps being taken to complete ratification and ensure compliance:

(i) Increased consultation with stakeholders;
(ii) Adoption of new laws and review of existing laws to bring up to date with international obligations. The Anti-Human trafficking Act was enacted in 2008 and the Penal Code was reviewed with respect to corporal punishment;
(iii) Training and development of capacity for institutions and human resource mandated with ratification and domestication and ultimately implementation and enforcement of these standards;
(iv) Sensitization of other stakeholders to increase awareness on standards and codes;
(v) With respect to human rights treaties, adherence to periodic State reporting obligations with respect to both international and regional instruments. Currently, the Government is up to date with most of its State reporting obligations. The preparation of periodic State Reports affords Zambia the opportunity to take a review its level of compliance with relevant Standards identify areas of concerns and put in place necessary measures to deal with these areas;
(vi) The Ministry of Justice is currently conducting an exercise to ascertain which international instruments that Zambia has ratified remain undomesticated. This exercise will enable the Government to fill in the gaps that exist with respect to compliance; and,
(vii) Further, the process is underway for the enactment of a Gender Based Violence Bill. It is also worth mentioning that in order to review all child related legislation to bring them in conformity
with the Convention on the Rights of a Child and the African Charter on the Rights of the Child, the Government has set up a Child Law Reform Secretariat within the Ministry of Community Development and Social Services.

3.1.4 There are also in place a number of legislative, policy and institutional frameworks that address the issues covered by the standards and code (Annex 3.1).

(b) Challenges to Compliance

3.1.5 In Zambia, as in other African countries, ensuring compliance with the standards outlined is not without challenges. The key challenges include:

(i) Inadequate capacity by the Government to apply, implement and enforce the applicable standards. Capacity is inadequate in terms of experienced and qualified human resource and financial resources for the implementation of these standards;

(ii) Inappropriate legislative frameworks. Although a framework exists, it is inadequate as in most cases the legislation is outdated and does not address specific issues raised in newly adopted standards. The lack of capacity of Government institutions hampers the review of these laws to update them;

(iii) Domestication of these standards to ensure direct domestic applicability is slow. This is largely due to capacity constraints and lack of political will; and,

(iv) Absence of awareness of these standards and code by stakeholders. Because of lack of awareness stakeholders do not hold Government accountable for failure to ratify, domesticate and enforce compliance to these standards.

(c) Measures to Address the Challenges to Compliance

3.1.6 In order to address the above stated challenges and capacity constraints, the following steps have been taken:

(i) Increased consultation between Government and other non-state actors;

(ii) Training of human resource;

(iii) Sensitisation of stakeholders;

(iv) Review of existing legislation; and,

(v) Formulation of policy measures to address issues raised in standards and codes. Such policies include the Gender policy, Anti-corruption policy and the decentralisation policy.

3.1.7 From the preceding discussion, it is evident that a number of standards and codes have been adopted, signed and ratified. However, there is no follow-up mechanism in place to aid the Government with ensuring ratification where this has not been done or assessing the levels of compliance in terms of implementation or domestication of these standards and codes. Although there are laws that deal with the issues addressed by the standards, it is difficult to coordinate the provisions in these pieces of legislation in such a way as to ensure full compliance with international and regional instruments.

(d) Recommendations

3.1.8 Based on the preceding findings and discussion, it is recommended that:

(i) Zambia establish an inventory of all international standards and codes and a central depository of all international standards and codes be established;
(ii) A follow-up mechanism be established for ensuring ratification of instrument signed and
domestication of and compliance with standards and codes that are adopted and ratified;
(iii) The relevant legislation be reviewed, revised and harmonised to ensure that the existing legal
frameworks meets the standards required in regional and international instruments adopted
and/or ratified; and,
(iv) Training of technical staff on the processes of ratification, domestication and implementation
of international standards be undertaken.

3.2 Assessment of Objectives

3.2.0 This section looks at the extent to which Zambia has achieved the nine objectives under the APRM’s
DPG thematic area.

3.2.1 Prevention and Reduction of Intra and Inter-state Conflicts

3.2.1.0 A conflict, in this case, may be defined as “a struggle to resist or overcome; contest of opposing
forces or powers; strife; battle; a state or condition of opposition; antagonism; discord; or a painful
tension by a clash between two parties.

3.2.1.1 Recent or On-going conflicts

3.2.1.2 There are no recent or ongoing conflicts in Zambia. Judy Smith-Höhn (2009) notes that “by and
large, there are no irreconcilable social, ethnic or religious differences among various groups within
Zambian society and hardly any incidents of violence are reported”.

3.2.1.3 However, in relation to the following APRM indicators, the study analysed factors that cause or are
potential sources of conflicts that may impact on Zambia’s peace, stability and security (internal
sources of conflict), in terms of the following:

a) Organised crime;
b) Economic inequality and wealth distribution;
c) Ethnic, religious and other diversities; and,
d) Refugees and internally displaced persons.

(a) Organised crime

3.2.1.4 Organised crime comprises, among others, the following:

(i) Drug trafficking;
(ii) Money Laundering
(iii) Illicit arms trade; and,
(iv) Human Trafficking.

3.2.1.5 The study findings on the above are as follows:

(1) Drug Trafficking

3.2.1.6 The table below shows the number of people arrested for drug trafficking from 2005 to 2009.
Table 3.3: Suspected cases of drug trafficking (2005-2009)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Number of people arrested</th>
<th>Number of convictions</th>
<th>Acquittals</th>
<th>Withdrawn</th>
<th>Discharged by court</th>
<th>Handled over to other departments</th>
<th>Pending cases as at 31/12/2009</th>
<th>Released before court</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,679</td>
<td>1,363</td>
<td>40</td>
<td>23</td>
<td>306</td>
<td>04</td>
<td>802</td>
<td>133</td>
</tr>
<tr>
<td>2006</td>
<td>3,418</td>
<td>1,146</td>
<td>24</td>
<td>92</td>
<td>223</td>
<td>17</td>
<td>678</td>
<td>152</td>
</tr>
<tr>
<td>2007</td>
<td>2,593</td>
<td>1,402</td>
<td>30</td>
<td>55</td>
<td>260</td>
<td>05</td>
<td>894</td>
<td>73</td>
</tr>
<tr>
<td>2008</td>
<td>2,009</td>
<td>911</td>
<td>34</td>
<td>58</td>
<td>45</td>
<td>03</td>
<td>991</td>
<td>04</td>
</tr>
<tr>
<td>2009</td>
<td>3,257</td>
<td>1,930</td>
<td>74</td>
<td>223</td>
<td>56</td>
<td>08</td>
<td>915</td>
<td>51</td>
</tr>
</tbody>
</table>


3.2.1.7 In the year 2009, the Drug Enforcement Commission (DEC) seized 63 tonnes of cannabis, representing an increase of 96.8 percent in cannabis seizures as compared to 2008 where 32 tonnes was seized. A total of 3070 people were arrested from different parts of the country for various drug related offences representing an increase of 52 percent of people arrested for drug trafficking as compared to 2008 where 2009 people were arrested. Of those arrested 370 were females and 2700 were males, ranging from the ages of 9 to 90 years.

(2) Money Laundering

3.2.1.8 According to the 2008 FNDP annual progress report, there were 2914 drug and money laundering related cases reported in 2007 and 1650 reported in 2008, indicating a reduction of 43 percent. With regards to money laundering, in the year 2009, the Drug Enforcement Commission seized an equivalent of K13 billion of US dollars in counterfeit notes (DEC 2009).

3.2.1.9 The Commission, through its Anti-Money Laundering Investigations Unit, also arrested 40 people in different incidents for various money laundering activities involving over K5.5 billion. The monies involved belonged both to public and private institutions and as a result of these arrests, 56 motor vehicles and nine houses were seized in Lusaka, Ndola and Kitwe (DEC 2009). Despite the prolonged judicial process in the prosecution of money laundering cases, 13 people were convicted and 11 motor vehicles were forfeited to the state (DEC 2009).

3.2.1.10 In an effort to mitigate the problem of drug trafficking and abuse, the Government established DEC in 1989 under Statutory Instrument No. 87 of 1989. The Commission was further strengthened by Parliament's enactment of Act no.14 of 2001 which deals with the prevention and prohibition of Money Laundering. This led to the addition of a new wing to the Commission called The Anti Money Laundering Investigations Unit (DEC, 2010).

(3) Human Trafficking

3.2.1.11 In recent years, Zambia has become a source, destination and transit point for women and children trafficked for the purposes of forced labour and sexual exploitation (Table 3.4).
### Table 3.4: Suspected cases of human trafficking in Zambia

<table>
<thead>
<tr>
<th>Case</th>
<th>Gender of person involved</th>
<th>Nature of persons being trafficked</th>
<th>Source persons being trafficked</th>
<th>Transit Country/point</th>
<th>Destination Country</th>
<th>Status of the case</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>10 year old boy</td>
<td>Zambia (Serenje)</td>
<td>-</td>
<td>Zambia (Serenje)</td>
<td>Perpetrator charged</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>1 year 9 months baby</td>
<td>Zambia (M pulungu)</td>
<td>-</td>
<td>Zambia (M pulungu)</td>
<td>Perpetrator charged and sentenced to 20 year imprisonment with hard labour</td>
</tr>
<tr>
<td>3</td>
<td>Female</td>
<td>Children</td>
<td>Zambia (Southern Province)</td>
<td>-</td>
<td>Zambia (Southern Province)</td>
<td>Perpetrator charged</td>
</tr>
<tr>
<td>4</td>
<td>Female</td>
<td>2 children aged 7 and 3 years</td>
<td>Congo DR</td>
<td>Zambia</td>
<td>South Africa</td>
<td>Perpetrator charged under immigration Act; Children repatriated back to Congo DR.</td>
</tr>
<tr>
<td>5</td>
<td>Male</td>
<td>17 years old girl</td>
<td>Zambia</td>
<td>Zambia (Lusaka International Airport)</td>
<td>United Kingdom</td>
<td>Perpetrator arrested and case under investigation. Girls rescued and kept at safe home with help of IOM.</td>
</tr>
<tr>
<td>6</td>
<td>-</td>
<td>3 boys</td>
<td>Afghanistan</td>
<td>United Kingdom</td>
<td>Zambia</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td>13 (men, women and children)</td>
<td>Congo DR and Rwanda</td>
<td>Zambia (Chirundu border post)</td>
<td>South Africa</td>
<td>Intercepted at Chirundu border post and charged</td>
</tr>
<tr>
<td>8</td>
<td>Male</td>
<td>5 children</td>
<td>Angola</td>
<td>Zambia (Sesheke border post)</td>
<td>Zambia</td>
<td>Intercepted at Sesheke</td>
</tr>
<tr>
<td>9</td>
<td>Male</td>
<td>2 girls aged 13 and 14 years</td>
<td>Zambia</td>
<td>-</td>
<td>Ireland</td>
<td>Perpetrator charged with 7 counts of rape and sentences to 15 years imprisonment. Girls rescued and repatriated back to Zambia.</td>
</tr>
<tr>
<td>10</td>
<td>Male</td>
<td>14 year old girl (sister to perpetrator)</td>
<td>Zambia (Mpulungu)</td>
<td>-</td>
<td>Zambia (Mpulungu)</td>
<td>Perpetrator charged</td>
</tr>
</tbody>
</table>

Source: Ministry of Home Affairs-Immigration (MoHA), 2010.

3.2.1.12 During the year 2009, a total of nine suspected cases of human trafficking were reported. Of these, four were convicted representing an increase of 44% (MoHA, 2010).

3.2.1.13 Challenges

3.2.1.14 The study conducted for the CAP revealed a number of challenges in fighting drug trafficking and money laundering. It was noted that:

(i) Drug trafficking and money laundering are organised crimes requiring very skilled personnel;
(ii) DEC is a very sensitive office and is vulnerable to corruption; and,
(iii) Lack of infrastructure in rural areas; and inadequate funding and transport to cover planned operations.

3.2.1.15 Illicit Arms Trade

3.2.1.16 According to the International Crime Victim Survey (2007), the burglary victimisation rate in Lusaka (Zambia) was 10.9 percent in 2003.28 In addition, national crime statistics compiled by the Police Crime Statistics Unit for the same period show that 98,709 cases were reported nationwide and of these 41,570 were not tried. A total of 38,858 cases underwent trial, showing a 38 percent clearance rate.

3.2.1.17 Zambia has been making efforts at both local and regional level to reduce the rate of robberies. At local level, the nation introduced the first two-year National Gun Amnesty Programme in 1999. Under the programme, members of the public were requested to surrender illegal firearms to the police.

3.2.1.18 Under the amnesty, the Zambia Police Service worked in collaboration with other security wings of the government disarming combatants fleeing wars from Angola and the Democratic Republic of Congo and other nationals whose countries are at war. Although the Gun Amnesty Programme ended 2001, the Zambia Police Service did not relax in pursuing the issue of illicitly acquired firearms. In 2009, Zambia Police collected a total of 194 firearms from Lusaka, Western Province and North Western Provinces as shown in the graph below.

![Figure 3.1: Fire Arms collected from Lusaka, Western and North Western Provinces, 2009](image)

**Figure 3.1: Fire Arms collected from Lusaka, Western and North Western Provinces, 2009**

**Source:** Zambia Police Force, 2010.

3.2.1.19 The Western and North Western Provinces are closely associated with Karavinas (riflemen) who are hired by those who consult witch-finders to attack suspected witches. A number of suspected witches have been killed by hired Karavinas after witch finders pointed them out. The table below shows the number of suspected cases of Karavinas from 2005 to 2009.

---

28 Dr. Annie Barbara Chikwanha, 2007.
Table 3.5: Number of suspected cases of Karavinas from 2005 to 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>05</td>
</tr>
<tr>
<td>2006</td>
<td>08</td>
</tr>
<tr>
<td>2007</td>
<td>12</td>
</tr>
<tr>
<td>2008</td>
<td>05</td>
</tr>
<tr>
<td>2009</td>
<td>07</td>
</tr>
</tbody>
</table>


3.2.1.20 The police have scored some successes against the karavinas. In an operation in Kabompo, they arrested more than 20 suspected Karavinas and recovered about 36 weapons.

3.2.1.21 At the regional level, Zambia has been active in the SADC programme on Small Arms and Light Weapons through the Southern African Regional Police Chiefs Co-operating Organization (SARPCCO) which was established in October 1995.

3.2.1.22 Challenges

3.2.1.23 The control of illicit firearms in Zambia is constrained by the following factors:

(i) Zambia is surrounded by countries that have been having internal wars for a long time, e.g., Angola, Mozambique, Burundi, Rwanda and Democratic Republic of Congo; and,
(ii) Zambia is also sharing long borders with some of its neighbours, hence it is difficult to monitor.

3.2.1.24 Economic Inequality and Wealth Distribution

3.2.1.25 A strategic conflict assessment of Zambia1 points out that disparities between various identity groups in terms of their political, economic, social and cultural opportunities are the first root cause of violent conflicts. It isolates socio-economic inequality as one of the associated problem areas, which suggests that the most important identity groups within a country do not enjoy an equal standard of living (especially pertaining to basic needs such as food, housing, employment, health and education). In other words, certain groups are constantly denied access to goods and services while other groups enjoy privileged access.

3.2.1.26 The 2006 poverty results show that overall 59.3 percent of the population in Zambia is poor. The results further show that 36.5 percent of the population in Zambia is extremely poor. With regard to poverty, the rural population of Zambia remained predominantly poor with overall poverty level at 77 percent as compared to their urban counterparts at 27.2 percent (LCMS, 2006). Refer to Table 3.6.

Table 3.6: Incidence of Poverty among Individuals in Urban and Rural Areas

<table>
<thead>
<tr>
<th>Location</th>
<th>Total Poor</th>
<th>Extreme Poor</th>
<th>Moderate Poor</th>
<th>Non Poor</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zambia</td>
<td>59.6</td>
<td>37.0</td>
<td>22.6</td>
<td>40.0</td>
<td>11,722,155</td>
</tr>
<tr>
<td>Rural</td>
<td>77.0</td>
<td>51.3</td>
<td>25.7</td>
<td>23.0</td>
<td>7,623,506</td>
</tr>
<tr>
<td>Urban</td>
<td>27.2</td>
<td>10.5</td>
<td>16.7</td>
<td>72.8</td>
<td>4,098,649</td>
</tr>
</tbody>
</table>

In a bid to address the socio-economic inequalities, Government has embarked on policy reforms and introduction of programmes that create jobs/income such as follows:

1. **Gender Policy:** Zambia launched the Gender Policy in order to strengthen the national’s capacity to mainstream gender in legal, political, economic, social and cultural spheres so that women and men can benefit equally in the development process (FNDP 2008 Annual Report).

2. **Citizenship Economic Empowerment Commission (CEEC):** Zambia has established the Citizenship Economic Empowerment Commission to financially empower the Youth, Women, Disabled and citizens living with HIV/AIDS in order to encourage increased participation in economic opportunities without discrimination (CEEC, 2010). By the end of 2009 a total of 346 projects with a total amount of K112,583,152,865 had been approved as shown in Table 3.7.

### Table 3.7: The Number of Projects and Value Approved/Funded by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Approved Projects</th>
<th>Approved Amount</th>
<th>Disbursed (No. of projects)</th>
<th>Amount Disbursed</th>
<th>#Disbursed as % of # approved</th>
<th>% of Amount disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>28</td>
<td>12,598,066,042</td>
<td>17</td>
<td>7,171,773,111</td>
<td>61%</td>
<td>57%</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>39</td>
<td>12,177,321,091</td>
<td>26</td>
<td>6,565,079,092</td>
<td>67%</td>
<td>54%</td>
</tr>
<tr>
<td>Eastern</td>
<td>37</td>
<td>5,313,489,166</td>
<td>14</td>
<td>2,556,560,812</td>
<td>38%</td>
<td>48%</td>
</tr>
<tr>
<td>Luapula</td>
<td>19</td>
<td>2,242,165,000</td>
<td>7</td>
<td>747,455,000</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>Lusaka</td>
<td>95</td>
<td>55,172,504,014</td>
<td>77</td>
<td>31,961,952,142</td>
<td>81%</td>
<td>58%</td>
</tr>
<tr>
<td>Northern</td>
<td>33</td>
<td>5,747,516,745</td>
<td>11</td>
<td>2,850,770,000</td>
<td>33%</td>
<td>50%</td>
</tr>
<tr>
<td>N/Western</td>
<td>29</td>
<td>6,464,015,727</td>
<td>18</td>
<td>4,886,710,982</td>
<td>62%</td>
<td>76%</td>
</tr>
<tr>
<td>Southern</td>
<td>36</td>
<td>5,950,367,680</td>
<td>19</td>
<td>2,423,802,680</td>
<td>53%</td>
<td>41%</td>
</tr>
<tr>
<td>Western</td>
<td>30</td>
<td>6,917,667,400</td>
<td>12</td>
<td>1,428,804,000</td>
<td>40%</td>
<td>21%</td>
</tr>
<tr>
<td>Total</td>
<td>346</td>
<td>112,583,152,865</td>
<td>201</td>
<td>60,592,907,819</td>
<td>58%</td>
<td>54%</td>
</tr>
</tbody>
</table>


### Table 3.8: Amounts disbursed by Province and Category of Beneficiary

<table>
<thead>
<tr>
<th>Province</th>
<th>Youth</th>
<th>Women</th>
<th>HIV/AIDS</th>
<th>People living with Disabilities</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>-</td>
<td>1,596,920,288</td>
<td>-</td>
<td>183,496,610</td>
<td>5,391,356,213</td>
<td>7,171,773,111</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>434,110,036</td>
<td>900,000,000</td>
<td>-</td>
<td>-</td>
<td>5,230,969,056</td>
<td>6,565,079,092</td>
</tr>
<tr>
<td>Eastern</td>
<td>150,000,000</td>
<td>461,347,217</td>
<td>-</td>
<td>-</td>
<td>1,945,213,595</td>
<td>2,556,560,812</td>
</tr>
<tr>
<td>Luapula</td>
<td>50,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>697,455,000</td>
<td>747,455,000</td>
</tr>
<tr>
<td>Lusaka</td>
<td>2,153,179,179</td>
<td>7,232,939,586</td>
<td>329,359,234</td>
<td>1,842,030,000</td>
<td>20,404,444,143</td>
<td>31,961,952,142</td>
</tr>
<tr>
<td>Northern</td>
<td>47,870,000</td>
<td>300,000,000</td>
<td>-</td>
<td>-</td>
<td>2,502,900,000</td>
<td>2,850,770,000</td>
</tr>
<tr>
<td>North-Western</td>
<td>882,397,788</td>
<td>1,399,600,000</td>
<td>-</td>
<td>-</td>
<td>2,604,713,194</td>
<td>4,886,710,982</td>
</tr>
<tr>
<td>Southern</td>
<td>125,000,000</td>
<td>728,900,000</td>
<td>-</td>
<td>-</td>
<td>1,569,902,680</td>
<td>2,423,802,680</td>
</tr>
<tr>
<td>Western</td>
<td>87,902,000</td>
<td>398,000,000</td>
<td>-</td>
<td>-</td>
<td>942,902,000</td>
<td>1,428,804,000</td>
</tr>
<tr>
<td>Total</td>
<td>3,930,459,002</td>
<td>13,017,707,091</td>
<td>329,359,234</td>
<td>2,025,526,610</td>
<td>41,289,855,88</td>
<td>60,592,907,81</td>
</tr>
</tbody>
</table>

3.2.1.29 Since the establishment of CEEC, a total of 431 jobs have been created, representing 84% of jobs created under the programme. Figure 3.2 shows the number of those employed before funding and cumulative total of employed after funding.
3.2.1.30 The level of employment by gender and age is shown in Figure 3.3.

**Figure 3.3: CEEC Employment under projects, by category by 31st December, 2009**


3. **Farmers Input Support Programme**: The Government of Zambia introduced the Farmers Input Support Programme (FISP) to assist the small scale farmers. In 2008/08 farming season, a total of 250,000 small scale farmers were reached while for 2009/10, a total of 500,000 farmers are targeted to be reached;

4. **Social Cash transfer Schemes**: The schemes are aimed at reducing extreme poverty and hunger in incapacitated households the ages (60 years). Only 10% of these households are targeted; and,

Food Security Pack: The Food Security Pack (FSP) is targeted at poor but viable households.

3.2.1.31 Challenges

3.2.1.32 The key challenges in addressing socio-economic imbalances relate to:

(i) Poor infrastructure in rural areas;
(ii) High illiteracy levels;
(iii) Poor implementation of policies;
(iv) Farmers are not weaned off. The vulnerable farmers remain on the list for a long time; and,
(v) Poor marketing of crops.

3.2.1.33 Attempts to address the challenges are addressed in the recommendations.

(6) Ethnicity, Religion and other Diversities

3.2.1.34 Unlike other African countries, there has been no conflict related to ethnicity, religion and other diversities in Zambia. Although ethnicity is seen as a factor in politics, it is not as pronounced as it is in other African countries.

(i) Protection of Refugees

3.2.1.35 Zambia has been host to refugees, asylum seekers, and other persons of concern from neighbouring countries. The refugee statistics since 2007 to 2009 are shown in Table 3.9.

Table 3.9: The Refugee Population in Zambia as at December, 2007

<table>
<thead>
<tr>
<th>Location</th>
<th>Angola</th>
<th>Burundi</th>
<th>Congo DR</th>
<th>Rwanda</th>
<th>Somalia</th>
<th>Uganda</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meheba</td>
<td>8,474</td>
<td>195</td>
<td>3,277</td>
<td>1,846</td>
<td>23</td>
<td>35</td>
<td>42</td>
<td>13,892</td>
</tr>
<tr>
<td>Mayukwayukwa</td>
<td>10,230</td>
<td>74</td>
<td>233</td>
<td>92</td>
<td>0</td>
<td>1</td>
<td>30</td>
<td>10,660</td>
</tr>
<tr>
<td>Kala</td>
<td>0</td>
<td>0</td>
<td>16,877</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>16,877</td>
</tr>
<tr>
<td>Mwange</td>
<td>0</td>
<td>0</td>
<td>17,911</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17,911</td>
</tr>
<tr>
<td>Total in Camps</td>
<td>18,704</td>
<td>269</td>
<td>38,298</td>
<td>1,938</td>
<td>23</td>
<td>36</td>
<td>72</td>
<td>59,340</td>
</tr>
<tr>
<td>Total in Urban</td>
<td>53</td>
<td>748</td>
<td>2,136</td>
<td>1,207</td>
<td>1,002</td>
<td>242</td>
<td>203</td>
<td>5,591</td>
</tr>
<tr>
<td>Self settled</td>
<td>22,000</td>
<td>400</td>
<td>15,000</td>
<td>900</td>
<td>700</td>
<td>500</td>
<td>8,500</td>
<td>48,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>40,757</td>
<td>1,417</td>
<td>55,434</td>
<td>4,045</td>
<td>1,725</td>
<td>778</td>
<td>8,775</td>
<td>112,931</td>
</tr>
</tbody>
</table>


3.2.1.36 Despite an increase in the number of refugees in some camps, there was a decline in the overall number of refugees due to repatriation to their countries of origin.

3.2.1.37 The potential area of conflicts that relate to the presence of refugees in Zambia is attributed to some isolated incidences of apparent xenophobic behaviour of the local people.

(a) Provision of social services at refugee settlement and camps

3.2.1.38 The Government of Zambia has been concerned with the well being of the refugees in the Settlements and Camps. For instance, the Ministry of Education runs five elementary schools and one high school in Meheba Refugee Settlement in Solwezi. In addition, the Ministry of Health operates five clinics in the same camp (UNCHR, 2008).
(ii) Repatriation of refugees

3.2.1.39 Since the dawn of peace in countries of origin, Zambia engaged in implementation of voluntary refugee repatriation programme in accordance with international standards and legal framework. The trend in the refugee population from 2007 to 2009 is represented in Figure 3.4.

**Figure 3.4: The trend in the Refugee Population from 2007 to 2009**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>120000</td>
</tr>
<tr>
<td>2008</td>
<td>100000</td>
</tr>
<tr>
<td>2009</td>
<td>80000</td>
</tr>
</tbody>
</table>


3.2.1.40 Challenges

3.2.1.41 The key challenges relating to the care of refugees in Zambia arise from the following:

(i) Legal framework in Zambia does not allow integration of refugees; and,

(ii) It is difficult to anticipate manifestation of xenophobic behaviour of the locals against refugees.

3.2.1.42 Other Areas of Conflict

3.2.1.43 From the study, the following findings may not have been elicited in response from the indicators but are of significance to the area of focus. These include:

(a) Access to Land and Ownership

3.2.1.44 Land is a potential area that may cause conflicts in Zambia’s development process. Although there have been minimal land disputes in the nation, the following have recently surfaced:

(i) Removal of international beacons along Malawi and Zambia border and failure to maintain the boundaries has led to encroachments. (Zambia Land Alliance);

(ii) Chiefdom boundaries - Disputes over land by local chief has been a recurring issue. Zambia Land Alliance observes that the root cause of this problem is the lack of physical demarcation of the land in dispute as well as the fact that these boundaries have not been negotiated for years. The territorial boundaries of chiefdoms were imposed by the colonial government as far back as 1958. In some cases, the maps show overlapping of boundary lines among chiefdoms; and,
(iii) Urban - Traditional land - The expansion of municipalities into chiefdom areas has also led to confusion in land boundaries. (Zambia Land Alliance, 2008).

3.2.1.45 Challenges

3.2.1.46 The key challenges to equitable land distribution and ownership in Zambia relate to:

(i) Limited state land due to rapid urbanisation;
(ii) Lack of a land policy; and,
(iii) Difficult to restrict movement of shared resources, such as the movement of game from one country to the other.

(b) The on-going Constitution-making Process

3.2.1.47 A second potential area of conflict is the constitutional review process. Much acrimony has surrounded the process of constitution-making and several issues remain unresolved. The crucial issue that will determine the acceptability of the final document will depend on whether key stakeholders will perceive the process as having been participative and inclusive.

3.2.1.48 The process is perceived to favour a few people. Despite having representation from different walks of life, many citizens still see this process as having the ruling party aimed at satisfying the interests of the status quo. The issue of diversity and composition of the NCC are still a point of reference. Table 3.10 shows the breakdown of the membership of the NCC.

<table>
<thead>
<tr>
<th>Description of organisation</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of Parliament</td>
<td>141</td>
</tr>
<tr>
<td>Political Party officials</td>
<td>42</td>
</tr>
<tr>
<td>Councillors</td>
<td>72</td>
</tr>
<tr>
<td>Labour Movement</td>
<td>13</td>
</tr>
<tr>
<td>Student Unions</td>
<td>6</td>
</tr>
<tr>
<td>Institutions of Higher Learning</td>
<td>31</td>
</tr>
<tr>
<td>Chiefs (2 from each province)</td>
<td>18</td>
</tr>
<tr>
<td>Traditional Healers Association</td>
<td>2</td>
</tr>
<tr>
<td>Youth Associations</td>
<td>2</td>
</tr>
<tr>
<td>Eminent Zambians (1 from each province)</td>
<td>9</td>
</tr>
<tr>
<td>Non-Governmental Associations</td>
<td>10</td>
</tr>
<tr>
<td>Security Organisations</td>
<td>12</td>
</tr>
<tr>
<td>Senior Citizens (1 from each province)</td>
<td>9</td>
</tr>
<tr>
<td>Freedom Fighters (1 from each province)</td>
<td>9</td>
</tr>
<tr>
<td>Judiciary</td>
<td>3</td>
</tr>
<tr>
<td>Senior Civil Servants</td>
<td>10</td>
</tr>
<tr>
<td>Clerk of the National Assembly</td>
<td>3</td>
</tr>
<tr>
<td>Women's Organisations</td>
<td>3</td>
</tr>
<tr>
<td>Media Organisations</td>
<td>4</td>
</tr>
<tr>
<td>Service Commissions</td>
<td>8</td>
</tr>
<tr>
<td>Differently Ablded</td>
<td>6</td>
</tr>
<tr>
<td>Church Mother Bodies</td>
<td>52</td>
</tr>
<tr>
<td>Professional Bodies</td>
<td>16</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>498</strong></td>
</tr>
</tbody>
</table>

3.2.1.50 The main challenges identified by the CSA process arise from the following:

(i) *The National Constitutional Conference process has not been broadly accepted by all stakeholders, hence poor ownership of the constitutional outcome; and,*

(ii) *Lack of a clear roadmap for the NCC.*

(c) **Corruption**

3.2.1.51 The prevalence of corruption is another structural cause of conflict. Despite Government pursuing a Zero Tolerance\(^\text{29}\) to fighting corruption, there have been no major improvements in this problem area. Data collected by ACC in 2006, indicated that corruption has remained most prevalent in Government institution. (see Figure 3.5).

*Figure 3:5: Prevalence of Corruption in Zambia*

![Graph showing prevalence of corruption across different sectors](image)

**Source:** Anti Corruption Commission 2007.

3.2.1.52 In order to intensify the fight against corruption, the Government established integrity committees in 13 public institutions, namely, Zambia Revenue Authority (ZRA), Zambia Police (ZP), Public Service Pension Fund (PSPF), Ministry of Lands (MOL) Immigration Department (ID), ACC, Lusaka City Council (LCC) and Ndola City Council (NCC), Judiciary, Kitwe City Council (KCC), Livingstone City Council, National Registration and Passports and Road Transport and Safety Agency. In addition, the Government recently launched the National Anti-Corruption Policy and the National Corruption Implementation Plan (NCIP).

\(^{29}\) Dr. Levy Patrick Mwanawasa’s declaration on dealing with the issue of corruption.
3.2.1.53 Challenges

3.2.1.54 The key challenge is that, since corruption is highly secretive and consensual between the parties involved, if any of the two parties involved does not report then it will not be known by the public. Therefore, the statistics will not always reflect the actual incidence of corruption and the perception may be misleading.

(d) Elections

3.2.1.55 Elections have continued to be potential sources of conflicts around the world. The pre and post election periods for both general and by-elections manifest in violence in certain parts of the country. This is most prominent amongst the opponent political cadres. However, political violence is not a significant concern in Zambia.

3.2.1.56 The high poverty level is a major challenge in addressing electoral conflict in Zambia. People tend to support their parties, not on merit but on what they think they will benefit from the party.

3.2.1.57 Mechanisms for Preventing, Reducing and Managing Conflicts and their Effectiveness

3.2.1.58 The principal actors in preventing, reducing and managing conflict in Zambia are the Judiciary, Zambia Defence Force, Ministry of Home Affairs and the Zambia Security Intelligence Service (ZSIS). These institutions are effective although they face operational challenges relating to inadequate funding and skilled human resources.

3.2.1.59 At regional level, Zambia has continued to play an important role in seeking solutions to conflicts in Southern Africa. The country has also signed the following SADC protocols:

(i) Protocol on Politics, Defence and Security Cooperation;
(ii) Protocol on the Control of Firearms, Ammunition and other related materials;
(iii) SADC Defence Pact;
(iv) The country is also a member of the SADC Defence Joint Cooperation that meets often to share and strategies on peace & security in Southern Africa; and,
(v) Zambia has formed Joint Permanent Commission on Defence and Security with seven of its neighbours except Tanzania.

3.2.1.60 Although Zambia is a peaceful nation, it should be borne in mind that conflicts are inherent in all societies. Differences in interests and opinions between groups are natural and the means of expression and managing such differences determine whether conflicts in themselves are primarily violent or non-violent way.

3.2.1.61 Recommendations

3.2.1.62 Based on the preceding findings and discussion, it is recommended that:

(i) The offices and operations of the Drug Enforcement Commission be decentralised to all districts of Zambia;
(ii) The Zambia Police Service be adequately funded;
(iii) Government speed up the development of infrastructure in all affected areas;

30 In recent history, the troops have been used primarily for United Nations, SADC and African Union Missions.

(iv) Government negotiate with relevant Traditional Authorities in order to acquire more state land for the councils;
(v) The establishment of Integrity Committees be reinforced and rolled out to all Government Ministries;
(vi) The implementation of the recently launched Anti Corruption Policy should be speeded up;
(vii) Contentious issues in the Constitution making process be resolved amicably;
(viii) Government explore ways of mitigating potential violence through education of all cadres and party sympathisers;
(ix) Security in border areas be tightened; and,
(x) Activate or establish joint permanent commissions to promote harmonious relations with neighbouring countries.

3.2.2 Promoting Constitutional Democracy, including periodic Political Competition and Opportunity for Political Choice, the Rule of Law and Supremacy of the Constitution

3.2.2.0 Zambia is a constitutional democracy. In a constitutional democracy, the written Constitution enshrines the principles of democracy. It establishes, defines and confines the various organs of state. However, constitutional democracy and the rule of law are treated as two separate but related sub-issues. On the one hand, constitutional democracy refers to constitutionally established provisions and institutions which enable citizens to enjoy their rights and freedoms. On the other hand, the rule of law and the supremacy of the Constitution ensure that all individuals are subject to and treated equally according to the law. The rule of law also means that all authorities, including armed and security forces, are subject to the law. Furthermore, the rule of law entails that legislation should be enacted in conformity with the Constitution which is both the supreme law of the land and the foundation upon which the exercise of all powers within the state rests. This section provides information on constitutional democracy, including periodic political competition and opportunity for choice, the rule of law, citizens’ rights and supremacy of the constitution.

3.2.2.1 The Political System, Competition for Power, and the Promotion of Democratic Governance

3.2.2.2 In Zambia, civil and political rights are explicitly laid out in the Republican Constitution. The National Bill of Rights, which is Part III of the Constitution, makes provision upon which every individual in Zambia can enjoy and assert their human rights and fundamental freedoms. Individual and collective political rights are not excluded.

3.2.2.3 The following are the individual and collective political rights protected under the Constitution:

a) Freedom of Expression and Freedom of the Press: Freedom of expression is guaranteed in Article 20 of the Constitution. Article 20 prohibits the hindrance of the enjoyment of freedom of expression and opinion, including the right to receive and impart ideas and information. It also prohibits interference with one’s correspondence and enactment of laws derogating from freedom of the press. Necessary limitations are applicable based on considerations that are reasonable and justifiable in a democratic society. These include protecting the reputations of others and disclosure of other privileged information.

Press freedom can be inferred from the general freedom of expression provision which includes the freedom to hold opinions, receive, impart and communicate ideas and information without interference. Moreover Article 20(2) states that a law shall not make any provisions that derogate from freedom of the press.
b) **Freedom of Peaceful Assembly and Association:** Individuals in Zambia have the right to assemble freely and associate with other persons, including the right to form or belong to any political party, trade union or other association for the protection of their interests as provided by Article 21(1) of the Constitution. Necessary limitations apply, which take into account the interests of defense, public safety, public order, public morality or public health.

Relevant legislative provisions relating to this right include the Societies Act which regulates the registration of political parties, non-governmental organisations (NGOs), clubs and other forms of associations and the Public Order Act which regulates the conduct of assemblies, rallies and processions. Under the Public Order Act, Police notification is required for the holding of public assemblies, with an undertaking that peace and order will be maintained by the organisers.

c) **Right to Political Choice:** Zambia is a multiparty democracy allowing for the expression of different political views. According to Article 1(2) of the Constitution, all power resides in the people who have power to exercise their sovereignty through the democratic institutions of the State.

The right to political choice is the right of every citizen to participate freely in the Government of his/her Country, either directly or through freely chosen representatives in accordance with the law. In accordance with Article 75 of the Constitution, every Zambian who has attained the age of eighteen is entitled to register as a voter and to vote in all elections. Further, Article 113(e) of the Constitution makes it a duty for every citizen to vote in national and local government elections. Further still, the Constitution also clearly provides for the right to hold public office in the sense that any Zambian who meets the stipulated conditions can stand for public office at presidential, parliamentary and local levels.

3.2.2.4 Institutions to Protect Human Rights

3.2.2.5 There are various institutions which have been established for purposes of protecting and promoting individual and collective political rights. Most of these institutions were established as a response of the coming in of the democratic dispensation and concerns raised for the country to improve its human rights and democratic processes. Below are outlined some of the institutions and mechanisms that play a role in protecting political rights in Zambia:

(a) **The High Court**

3.2.2.6 The enforcement of all Human rights in Zambia is anchored on Article 28 of the Constitution which gives the right to any person who feels that his or her rights, as guaranteed under the Constitution, have been or are likely to be violated, to seek legal redress in the High Court. The Court under this provision is empowered, on hearing a petition relating to an alleged abuse of fundamental rights and freedoms, to make any declaration, to order anything to be done, or order the refraining from a thing that is being done, to award damages and make any other remedy that its deems fit. This mechanism has been effective as a way of protecting violations of political freedoms. Some notable cases determined include *Christine Mulundika and Seven Others vs the Attorney-General*, *the Resident Doctor Association of Zambia and Others and the Attorney-General and Fred Mmembe and Others vs The People.*

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32 Article 13 of the African Charter on Human and People’s Rights
3.2.2.7 Another mechanism through which the High court asserts the political rights of citizens is Judicial Review. There are a plethora of decided cases that demonstrate this. These include cases like The Attorney-General and The Speaker of the National Assembly vs Ludwig Sondashi.

(b) The Human Rights Commission

3.2.2.8 The Human Rights Commission (HRC) is established by the Constitution and its mandate is articulated in the Human Rights Commission Act of 1996. It is tasked with the investigation of human rights violations and maladministration of justice and must propose remedies to prevent human rights abuses. It also mediates for victims of human rights abuse. The Commission may investigate on its own initiative or on receipt of complaints from or allegations by individuals or groups.

(c) The Electoral Commission of Zambia

3.2.2.9 The Electoral Commission of Zambia plays an essential role in the realisation of the right to political choice. This Commission is established under Article 76 of the Constitution and its operations are governed by the Electoral Commission Act No. 24 of 1996. It is charged with the responsibility of administering and managing elections.

(d) The Commission for Investigations

3.2.2.10 The Commission for Investigations is provided for under Article 90 of the Constitution. Its powers and functions are outlined in the Commission of Investigations Act Chapter 39. This is an independent institution that is mandated to investigate allegations of maladministration and to recommend corrective action for deserving complainants. The Commission deals with complaints of abuse of power such as arbitrary decisions, omissions, improper uses of discretionary powers, decisions made with bad or malicious motives or those influenced by irrelevant considerations, unnecessary or unexplained delays and misapplication and misinterpretation of laws.

3.2.2.11 Other Institutions

3.2.2.12 Other institutions which through their operations indirectly impact on individual and collective Political Rights include:

(i) The Police Public Complaints Authority;
(ii) The Directorate of Legal Aid;
(iii) The Anti Corruption Commission;
(iv) The Police Force; and,
(v) Civil Society Organisations.

3.2.2.13 The protection of individual and collective political rights in Zambia is guaranteed, as can be seen from the legal and institutional framework outlined. There are, however, certain shortcomings that hamper the implementation of these legal provisions and affect the effectiveness of the relevant institutions.

3.2.2.14 Foremost, Freedom of Expression in Zambia has been constrained by the retention in Zambian statutes of colonial and ambiguous laws. These include provisions contained in the Penal Code such as Section 53, on the prohibition of certain publications and section 67 which refers to publications of false news with intent to cause fear and alarm to the public section. The more
commonly used and punished form of defamation in Zambia is that of defamation of the president as enshrined in Section 69 of the Penal Code.  

3.2.2.15 With respect to press freedom, submissions were made to the Mung’omba Constitutional Review Commission to the effect that there appears to be a culture of harassment of journalists, particularly over press coverage of issues of a political nature. It was argued that the freedom of the Press is so fundamental to the flow of information and development of any nation that it ought to be accorded a distinct place in the Bill of Rights. It is also noteworthy that there is currently contention regarding Media Regulations which are being proposed by Government. Public opinion seems to be that these regulations of the media will infringe on press freedom and freedom of expression.  

3.2.2.16 Further, Civil Society Organisations have expressed concern that the recently enacted Non-Governmental Organization Act No. 16 of 2009 (NGO Act) will severely erode from the freedom of assembly as guaranteed by the constitution. The NGO Act was enacted to provide for the coordination and registration of NGOs, to enhance transparency, accountability and performance of NGOs and to establish an NGO Registration Board.  

3.2.2.17 With respect to the institutional framework, the effectiveness Human Rights Commission is hampered by its lack of enforcement powers. The findings of the Commission lead only to recommendations which have no legal force. This lack of enforcement powers is a major impediment to the Commissions mandate. Perceptions on the Investigator-General’s office are that this body is not effective in discharging its mandate. Submissions by civil society respondents in the APRM Survey were that there is need to convert the Commission into an Ombudsman’s office with full enforcement powers. It was submitted that there is need for the Investigators General’s office to be given sufficient resources to enable it to carry out operations in line with its mandate, have presence in all the provinces, have the ability to recruit adequate staff with competitive conditions of service and sensitise the public on its mandate and functions.  

3.2.2.18 Recommendations  

3.2.2.19 Based on the preceding findings and discussion, it is recommended that:  

(i) Legislative provisions that directly or indirectly hamper the enjoyment of human rights such as the requirement for notification in Public Order Act and the offence for defamation of the President in the Penal Code be reviewed and where possible amended;  

(ii) Freedom of Press be accorded a distinct place in the Bill of Rights; and,  

(iii) Institutions that are established for the protection of human rights be strengthened through increased autonomy to avoid perceived interference by Government Agencies and the provision of adequate resources (both financial and human to enable them properly discharge their mandate).

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34 Report of the Mungomba Constitutional Review Commission (2005),  
3.2.2.20 The Legal Provisions and Regulations Governing Political Association in Zambia

3.2.2.21 Legal provisions that relate, in one way or another, to political association in Zambia include:

(a) The 1996 Constitution

3.2.2.22 In Zambia, it is the Constitution that lays the foundation for political association by asserting individual and collective freedoms and rights such as, freedom of association and assembly, freedom of expression, freedom of speech, freedom of conscience, the right to vote and the right to take part in the conduct of public affairs. There are no specific provisions in the Constitution dealing with political parties although there are several references to Multi-partism\(^36\)

(b) The Societies Act Chapter 119

3.2.2.23 The Societies Act provides under Section 6 that every association shall within 28 days of its formation register with the Registrar of Societies. Persons who associate for political purposes are not excluded from this provision. There is, therefore, a requirement that political parties in Zambia register with the Registrar of Societies.

(c) The Electoral Act No. 12 of 2006

3.2.2.24 The Electoral (Code of Conduct) Regulations Statutory Instrument No. 90 and Electoral (General) Regulations Statutory Instrument No. 92 are promulgated under the Electoral Act No. 12 of 2006. However, these relate more generally to the regulation of electoral processes and not specifically to regulation of political association.

3.2.2.25 Thus, although a legal framework for the establishment of political parties does exist, there are no specific legal provisions that relate to the regulation of political associations or political parties.

Effectiveness of the Provisions and Regulations on Human Rights

3.2.2.27 Political association is personified largely through the establishment of political parties. According to submissions by respondents in the APRM Democracy and Good Political Governance survey, and as noted in Chapter Two, the dawn of plural politics opened the political system for free competition for power and exercise of democracy as a system of governance. Respondents indicated that there is fair participation of citizens in the political system and this is vivid when one looks at the number of political parties that have existed in Zambia since 1991. There are currently 38 parties registered in Zambia. However, as noted in Chapter Two, only few political parties are politically active. The major political parties are the ruling MMD, the Patriotic Front (PF) and United Party for National Development (UPND). It is worth noting that the PF and the UPND have now formed a 'pact'.

3.2.2.28 The viability of a political party, to a large extent, depends on a regulatory framework which demands, within the political parties the existence of proper management structures, proper use of resources, useful membership policies and proper structural organisation. These issues are not adequately addressed by the established framework.

3.2.2.29 The absence of a framework for the regulation of political parties appears to be a contributing factor to the weaknesses that exist in the institutional and organisational structures of Political Parties in Zambia. These include:

\(^{36}\) Preamble and Article 1(1) of the Constitution.
3.2.2.30 Generally, the Zambian political party system is characterized by an absence of countrywide structures. Many political parties have a minor presence in parts of the country, but, in several instances, the party organization exists only on paper\(^\text{37}\). There is also an absence of clear organisational guidelines within the parties. While political party positions are highly sought, most party officials lack the necessary skills to organise, operate and manage a political party. In an assessment carried out by FODEP, it was also noted that most party officials generally lack the initiative to initiate party activities and programmes\(^\text{38}\).

3.2.2.31 Other organisational difficulties faced by political parties relate to party administration. According to the FODEP assessment, most parties do not have the resources or capacity to effectively operate a political infrastructure on a day- to-day basis. Almost all parties at the provincial and district levels do not have office space or full- time staff.

3.2.2.32 Another severe organizational problem is the nature of the leadership of political parties. Most political parties are formed around dominant individuals with presidential aspirations and remain largely leader-driven and leader-financed\(^\text{39}\). This dominance tends to weaken the leadership of parties and suppresses organizational initiative and program development as local leaders find it hard to organize without the patron’s resources or name association.

3.2.2.33 In terms of membership, political parties face the challenge of membership recruitment and retention. It appears that political party membership is not typically based upon ideological convictions, resulting in frequent defections from one party to another. Also members place large demands on the party leadership, expecting benefits from their party leadership in exchange for votes or service to the party\(^\text{40}\).

3.2.2.34 A major problem faced by most political parties, which impacts directly on their viability, is a lack of funds needed to finance their operations. Almost every political party in Zambia relies exclusively on membership fees and donations from party members for funding\(^\text{41}\). This lack of funds has created huge problems in opposition party operations.

3.2.2.35 Given the poor state of political party funding in Zambia, an ongoing topical issue is the possibility of Government funding political parties\(^\text{42}\). The Final Report of the Electoral Reforms Technical Committee (ERTC)\(^\text{43}\) noted that it is imperative that political parties receive public funding as this will help in safeguarding the various political parties against undue influences from private and foreign sponsors, since such sponsors interest may be at variance with the will of the people and also that the availability of public finances ensures that diverse political parties survive. Further, it was noted that regulations governing public accountability for political party funds will discourage abuse of public resources by the party in power and also, public party financing boosts the capacity

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\(^{38}\) Ibid.

\(^{39}\) Ibid.

\(^{40}\) Ibid.

\(^{41}\) Ibid.

\(^{42}\) Ibid.

of political parties to develop and articulate their policies, thereby promoting competitiveness and quality of consultation with the electorate.

3.2.2.36 On the subject of funding of political parties, the Mung’omba Constitutional Review Commission found that the majority of citizens interviewed called for the Government to fund political parties. The main reasons they advanced were that this would strengthen multiparty democracy and create a level playing field by preventing a situation where only the ruling party benefited from the use of public resources. Respondents suggested several criteria for funding of political parties by the Government, the most popular one being that only parties represented in Parliament should be funded.

3.2.2.37 It appears that, save for legislation that allows for the establishment of political parties, there are no legal provisions in place to regulate political parties in terms of membership, policies and resource allocation. The need for such legislation has been recommended in Zambia’s last Constitutional Review Commission as well as the ERTC.

3.2.2.38 Submissions made to the Mung’omba Constitutional Review Commission, were to the effect that legislation should be passed to regulate the conduct of political parties. The general view was that registration and conduct of political parties should be regulated and that the criteria for registration of political parties be that the constitutions of political parties have clear objectives. It was also submitted that the Electoral Commission of Zambia should be responsible for the regulation of Political Parties.

3.2.2.39 Recommendations

3.2.2.40 Based on the preceding findings and discussion, it is recommended that:

(i) Legislative provision be made for rules and regulations to govern the operations of political parties in terms of party funding, party administration, membership policies and campaign methods; and,

(ii) A forum for discussing the advisability of providing state funding of political parties be provided.

3.2.2.41 The Electoral System and Electoral Process

3.2.2.42 Below is a discussion of Zambia’s electoral system and process.

(a) Electoral System

3.2.2.43 As noted in Chapter Two, Zambia has, since independence, followed what is referred to as the FPTP electoral system. This system, which is also known as the Winner-Take-All system, is a system whereby candidates ordinarily stand in geographically delimited single member constituencies. After voting, the candidate with the highest number of votes cast is declared winner. There is no insistence on an absolute majority.

3.2.2.44 There is no specific legal provision for the application of the FPTP system. The application of the system is, however, implicit under Article 34(8) of the Constitution which provides that “the Returning Officer shall declare the candidate who receives the highest number of votes cast to have been duly elected as president”. Although this provision relates specifically to a Presidential election, it has been applied to Parliamentary and Local Government elections through practice.

(b)  **Electoral Process**

3.2.2.45 The legal framework for the electoral process in Zambia is contained primarily in the Constitution (1996), the Electoral Act No. 12 of 2006, the Electoral Commission Act No. 24 of 2006, the Local Government Election Act Cap 282 and the Referendum Act Cap 14. There are also various other subsidiary legislation made pursuant to the Electoral Act and these include the Electoral (General) Regulations, Electoral (Code of Conduct) Regulations, Electoral (Voter Registration) Regulations and the Electoral (Presidential Elections) Regulations.

3.2.2.46 Elections in Zambia are conducted at three levels: Presidential, Parliamentary and Local Government. The President, Members of Parliament and Councillors are all elected directly by eligible citizens through universal adult suffrage. All three elections are conducted periodically after periods of five years. Parliamentary elections are held to elect 150 members of Parliament who represent constituencies and local government elections are held to elect 1,422 Councillors who represent Councils at ward level.

3.2.2.47 The institution that is charged with the responsibility of administering and managing elections in Zambia is the Electoral Commission of Zambia (ECZ) established under Article 75 of the Constitution. The Commission is governed by the Electoral Commission Act No. 24 of 2006. The functions of the Commission include the supervision of voter registration, the conducting of presidential, parliamentary and local government elections and delimiting of the 150 constituencies that exist in Zambia.

3.2.2.48 The autonomy of ECZ is declared by the Constitution and, thus, the Commission should not be subject to the control of any other person. Its operations are conducted through internal consultations and not within the framework of a specific ministry. Commissioners, who are charged with the responsibility of discharging the Commission’s functions, are appointed by the President. These appointments are, however, subject to ratification by Parliament.

3.2.2.49 **Effectiveness of the Electoral System and Electoral Process**

(a)  **Electoral system**

3.2.2.50 Zambia has had five presidential and parliamentary elections since the introduction of Multi-partyism in 1990. The FPTP system has been used in all these elections, although the application of this system has been a topic of debate among citizens.

3.2.2.51 In terms of effectiveness, submissions have been made, that although the system does have attendant limitations, it is effective in the sense that it is possible to gauge at the end of the election who the winner is\(^\text{45}\). For submissions made to the ERTC and the Mungomba Constitutional Review Commissions, the majority of petitioners preferred the retention of the First-Past-The-Post electoral system, whilst others called for the Mixed Member Representation System (a hybrid of the two systems).

3.2.2.52 Petitioners calling for the retention of this system submitted that the system is effective as it is simple and straightforward and therefore easy to understand. Further, it was submitted that so far the system has not provided any major problems for the electorate and it allows the electorate to choose between individual candidates rather than parties. It was also submitted that this system allows the people to have a link with the Legislature through their MP and, therefore, the electorate feels truly represented. The retention of this system was called for because it accommodates

\(^{45}\) Submission by Electoral Commission of Zambia
independent candidates which provides the electorate with a choice that is not based on partisan politics.

3.2.2.53 Submissions made to the Mungomba Commission for discarding of this system were that, under this system, the winning candidate does not necessarily obtain the majority of the votes cast. This means that a political party can have majority seats in Parliament without majority votes and so the members may not represent the majority of the people.

3.2.2.54 Further, it was submitted that as a winner-take-all system, the FPTP entails that all other parties are excluded from representation even though they may have received a considerable number of votes. It also tends to lead to the exclusion of minority political parties and fails to facilitate representation of interests such as gender, labour and socially-disadvantaged groups.

3.2.2.55 The Mung’momba Constitutional Review Commission, in line with recommendations made by the ERTC recommended that the Mixed Member Representation electoral system should be adopted for parliamentary and local government elections as a step towards graduating to the Proportional Representation system. The commission further recommended that this should be provided for in the Constitution and electoral laws.

(b) Electoral Process

3.2.2.56 In Zambia, the effectiveness of the electoral process in delivering results are adjudged to be free and fair depends to a large extent on the efficiency of the Electoral Commission of Zambia. According to the State of Governance Report 2008, nearly two in every three people were of the opinion that the Electoral Commission of Zambia conducts election in accordance with the law (Table 3.11). At National level, 53.3 percent of the respondents of the State of Governance survey were of the view that the Electoral Commission is independent and conducts its affairs in accordance with the Law. At regional level, 63.8 percent of the rural residents agreed that the ECZ was independent and did conduct its affairs without political interference. In urban areas, only 36.4 percent of the urban residents agreed that the ECZ was independent and that it conducts its affairs without political interference.

<table>
<thead>
<tr>
<th>Region</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>53.3</td>
<td>46.7</td>
</tr>
<tr>
<td>Rural</td>
<td>63.8</td>
<td>36.2</td>
</tr>
<tr>
<td>Urban</td>
<td>36.4</td>
<td>63.6</td>
</tr>
</tbody>
</table>


3.2.2.57 While electoral laws and an Electoral Commission exist, issues of lack of confidence in the management and conduct of the elections have taken centre stage, bringing into question the effectiveness of electoral process. These perceptions of failure to deliver, especially in urban areas, emanate, to a large extent, from a lack of public confidence in the Electoral Commission and from the general view that the Electoral Commission lacks autonomy.

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46 Mungomba CRC Report page 404
47 Mungomba CRC Report page 405
48 State Of Governance Report
While the autonomy of the Electoral Commission is asserted by the Republican Constitution, there are administrative and institutional challenges that hamper the Electoral Commission’s ability to effectively deliver. First, the Commission’s independence, as guaranteed in the Constitution, is merely functional and relates only to the Commission’s core business. The Commission has no financial autonomy. Financing and procurement are conducted through the central Government and, therefore, the Commission’s budget is submitted to the Ministry of Finance and National Planning for approval. This brings in an element of Government Control as the Commission must conduct its affairs in line with other Government programs. An illustration of the effect of this impediment on the operations of the Commission is that it has not been able to commence continuous voter registration due to the fact that there is no funding from Central Government.

Another challenge faced by ECZ is a lack of decentralised staff. The Commission’s operations in rural areas are, therefore, limited and the Commission has resorted to using local government officials to carry out some of its functions.

In terms of public perception on the Commission’s ability to manage the electoral process, submissions made to the ERTC on limitations faced by the Commission were that, ECZ lacked the technical competence and logistical capacity to conduct and superintend free and fair elections; that it had no constitutional mandate for the functions of voter education, conflict management and monitoring; and, that the Commission lacked sufficient political insulation to manage the electoral process.

In spite of these limitations identified, the State of Governance Survey found that, with respect to whether the population felt the elections in the country are fair, perceptions were not entirely negative. At the national level, 55.0 percent of the population were of the view that the elections are fair, while 45.0 percent held a contrary view. Analysis by residence, however, showed that more people in rural areas agreed that elections are fair than in urban areas.

### Table 3.12: Perceived Fairness of Elections in Zambia

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural/urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>25.4</td>
<td>40.7</td>
<td>21.8</td>
<td>12.0</td>
</tr>
<tr>
<td>Urban</td>
<td>10.8</td>
<td>25.9</td>
<td>36.9</td>
<td>26.4</td>
</tr>
<tr>
<td>Central</td>
<td>18.1</td>
<td>38.0</td>
<td>25.3</td>
<td>18.6</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>9.0</td>
<td>25.2</td>
<td>38.3</td>
<td>27.5</td>
</tr>
<tr>
<td>Eastern</td>
<td>26.1</td>
<td>45.4</td>
<td>25.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Luapula</td>
<td>8.8</td>
<td>26.9</td>
<td>35.9</td>
<td>28.3</td>
</tr>
<tr>
<td>Lusaka</td>
<td>13.2</td>
<td>28.1</td>
<td>31.5</td>
<td>27.3</td>
</tr>
<tr>
<td>Northern</td>
<td>10.9</td>
<td>39.4</td>
<td>32.0</td>
<td>17.7</td>
</tr>
<tr>
<td>North-Western</td>
<td>74.7</td>
<td>21.1</td>
<td>3.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Southern</td>
<td>28.4</td>
<td>42.3</td>
<td>18.4</td>
<td>10.9</td>
</tr>
<tr>
<td>Western</td>
<td>18.8</td>
<td>52.2</td>
<td>16.9</td>
<td>12.1</td>
</tr>
</tbody>
</table>

**Source:** State of Governance Report 2008
With respect to whether elections are considered to be free (Table 3.13), the State of Governance Survey found that 33.1 and 29.7 percent of persons residing in rural and urban areas, respectively, strongly agree that elections in Zambia are free. The results also show that 66.9 and 70.1 percent of persons residing in rural and urban areas indicated that they agree that elections are free in Zambia.

Table 3.13: Proportion of Persons who agree that elections in Zambia are free

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>31.8</td>
<td>68.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Rural</td>
<td>33.1</td>
<td>66.9</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Urban</td>
<td>29.7</td>
<td>70.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: State of Governance Report 2008

(c) Measures undertaken to improve the Credibility of the ECZ

In order to enhance its credibility, ECZ has made progress in terms of putting in place measures that secure the delivery of election results that are perceived to be fair. Following the 2001 elections, Government constituted the ERTC to spearhead a comprehensive review of the electoral system.

This process culminated into the Electoral Act of 2006 which introduced several progressive provisions such as the use of transparent ballot boxes and use of ballot papers with candidates faces portrayed. Also, Voter Education Committees have been set up in all 73 districts comprising various stakeholders and tasked with raising voter awareness. Since the inception of this programme, voter apathy has reduced significantly. The Commission is now, pursuant to section 111 of the Electoral Act 2006, empowered to resolve conflicts and disputes through mediation and, to this effect, Conflict Management Committees have been set up in all 72 districts. Further, an Inter-party Liaison Committee comprising political parties is in place to facilitate consultation and so far this Committee is operating very well.

The Electoral Commission submitted that the only legal provision that the Commission has been unable to implement relates to continuous voter registration. The commission attributes this to a lack of financial support to fund the process.

It should be stated that the 2006 and 2008 elections were adjudged to be free and fair by international and local observers. With respect to the 2006 elections, the European Union Election Observation Mission found that “generally, the polls were perceived to have been well managed, largely peaceful and offered voters a wide range of candidates to choose from in a genuinely competitive process. The polls were a marked improvement in comparison to the 2001 elections”. The Foundation for Democratic Process found that the 2006 elections “met most of the benchmarks for a credible and acceptable election.”

Reports on recent Elections held in Zambia

There was no submission of Government reports on this objective. However, various election reports from local civil society organizations, including the Foundation for Democratic Process, Transparency International Zambia, Anti Voter Apathy Project (AVAP), and Zambia National...
Women Lobby Group (ZWLG), and regional groups such as the Electoral Institute of Southern Africa, SADC-PF Observation Team and the European Union are available.

3.2.2.69  Recent Contentious Electoral Cases and How they were Resolved by the Courts

3.2.2.70 Presented below are examples of recent electoral cases.

(a)  Presidential Petitions


3.2.2.71  The main issue of contention was that the elected President was not qualified to be a candidate for election as President and be elected because neither he nor his parents were citizens of Zambia by birth or by descent as required by Article 34(3) of the Constitution. The petitioners also alleged electoral flaws in the electoral system and asked for the avoidance of the election on grounds that it was rigged and not free and fair.

3.2.2.72  The petition was dismissed. The Court found that the President was a citizen and was, therefore, not disqualified. On the grounds of irregularities, it was held that, although there was evidence of some irregularities, there was no evidence that that the respondent personally was privy to them. The Courts also held that, although the flaws in relation to the electoral system did not reflect well on those managing the electoral process, they did not go to the integrity of the system and did not suggest that the system had been manipulated to grant an unfair advantage or disadvantage to any candidate. The courts, however, stated that the flaws had to be addressed by the necessary authorities.

(2)  Anderson Mazoka, Christon Tembo and Godfrey Miyanda vs Levy Mwanawasa, the Electoral Commission of Zambia and Attorney-General (SCZ/EP/01/02/2002)

3.2.2.73  Following the 2001 Presidential election, the then main opposition leader, Anderson Mazoka, jointly with Lt. General Christon Tembo and Brigadier General Godfrey Miyanda, petitioned the Supreme Court. The grounds for the petition were perceived electoral malpractices. At trial, evidence of electoral malpractices was submitted. The Supreme Court, however, found that the extent of the anomalies did not warrant a recount or nullification of the election results.

(b)  Parliamentary Petitions

(3)  Charles Banda vs Nicholas Banda (2006)

3.2.2.74  The petition was anchored on undue influence perpetrated by a traditional leader on voters in Kapoche constituency. The subjects were told to vote for the respondent and threatened with deportation to Mozambique if they voted for someone else. The threats were aired at a community radio station with wide coverage in the constituency.

3.2.2.75  The court found that the threats were made and that they affected the voting pattern in the constituency. The results were, therefore, nullified and fresh polls ordered.

3.2.2.76 The Petitioner had alleged that the results were wrongly credited to the declared winner, the respondent. The High court ordered a recount which revealed that the petitioner had actually won the polls. The Court reversed the election results for Luanshya constituency and declared the petitioner as Member of Parliament for Luanshya constituency.

(c) The Need for Review

3.2.2.77 To reduce the public perception that the Electoral Commission of Zambia is compromised, the mandate of the commission and the modalities for its financing should be reviewed to ensure operational and financial autonomy and efficiency. Financial Autonomy will also ensure that the Commission can conduct continuous voter registration and voters and civic education necessary to reduce voter apathy. Further, to increase the efficiency of the Commission, especially in rural areas, there is need to attract and retain qualified staff in adequate numbers. The Electoral Commission should be decentralised and offices be established at all provincial and district centres to enhance efficiency in the management and conduct of elections. Also, in order to ensure that the Commission is given adequate time to put in place logistical and other arrangements for efficiently organised elections, fixing of an election date should be considered.

3.2.2.78 The Rule of Law and the Supremacy of the Constitution

(a) Legal Provisions that Establish the Rule of Law and Affirm the Supremacy of the Constitution

3.2.2.79 As previously noted, Zambia is a constitutional democracy. In a constitutional democracy, the written Constitution enshrines the principles of democracy. It establishes, defines and confines the various organs of state. In accordance with Article 1 (3) of the Constitution, the Constitution is the supreme law of Zambia and if any other law is inconsistent with the Constitution that other law shall, to the extent of the inconsistency, be void. The supremacy of the Constitution ensures that the rule of law is observed. The idea behind this is that the law binds both the governed and the governor.

3.2.2.80 One of the tenets of democracy in Zambia is the rule of law. The preamble of the Constitution states that Zambia shall respect the rights and dignity of the human family, uphold the laws of the State and conduct the affairs of the State in such a manner as to preserve, develop and utilize its resources for this and future generations. It further states that "we, the people of Zambia resolve to uphold the values of democracy, transparency and accountability and governance". To achieve this, the Constitution has established institutions that ensure that the rule of law is observed.

3.2.2.81 Part VI of the Constitution – specifically Article 91 – calls for the creation of the Judicature, which comprises various courts of law to ensure that the rule of law is observed. Further PART XII of the Constitution calls for the establishment of the Human Rights Commission to ensure that there is no abuse of human rights. Other agencies already mentioned include the Police, ACC, DEC and the Police Public Complaints Authority.

(b) Amending the Constitution

3.2.2.82 The procedure for amendment of the Constitution is provided by Article 79 of the Zambian Constitution. This Article 79(1) states that a bill to alter the Constitution shall not be passed unless the text of this bill is published in the government Gazette not less than thirty days before the First Reading of the Bill in the National Assembly and that the Bill is supported on second and third readings by votes of not less than two-thirds of all members of the Assembly.
3.2.2.83 Article 79 (3) provides that a Bill for the alteration of Part III of the Constitution (i.e. the Bill of Rights) or of Article 99 itself, shall not be passed unless, before the first reading of the Bill in the National Assembly, it has been put to a national referendum by not less than 50% of persons entitled to be registered as voters for the purposes of presidential and parliamentary elections. The referendum should be conducted and supervised in such a manner as may be prescribed by or under an Act of Parliament.

3.2.2.84 The provisions of the Constitution, with the exception of Part III which is the Bill of Rights, can therefore be amended without the need for a national referendum. This procedure presents a danger to the democratic tenets of rule of law and supremacy of the Constitution as exercised in Zambia as the provision that establishes the constitution as the supreme law of the land can itself be amended without the requirement of public participation through a referendum.

3.2.2.85 Institutions tasked with Enforcing Provisions on the Rule of Law and their Effectiveness

(a) Institutions

3.2.2.86 There are a number of institutions that have been established under the Constitution and various Acts of Parliament to enforce the rule of law. These include:


(ii) Victim Support Unit - Zambia Police Act, Cap 107, Part IX – Section 53; Drug Enforcement Commission – Narcotic Drugs and Psychotropic Substances Act, Cap 96; Investigator General – Article 90 of the Constitution;

(iii) Auditor General – Article 121 of the Constitution, Public Audit Act, Cap 378; Electoral Commission of Zambia – Article 75 of the Constitution;

(iv) Judicial Complaints Authority-Judicial (Code of Conduct) Act No. 13 of 1999 and amended under Act No 13 of 2006; and,

(v) Anti-Corruption Commission- Anti-Corruption Act No.42.

(b) Effectiveness

3.2.2.87 The effectiveness of the Courts, the Anti-Corruption Commission (ACC) and the Drug Enforcement Commission (DEC) can be seen from the recent investigations, prosecutions and convictions of senior Government Officials in cases dealing with corruption, abuse of office and money laundering. A former Minister of Lands was convicted in 2008 for illegal land distribution. Also, former Military Commanders and the Wife to the Second Republican President were convicted on corruption charges. Another indication of effectiveness is the prosecution of the second Republican President and the former Director of the Zambia Security Intelligence Services. Public debate to the effect that the independence of the Judiciary had been compromised was however rife in 2009, with the acquittal of the second Republican president.

3.2.2.88 Table 3.14 shows the levels of efficiency of the Human Rights Commission (HRC), ACC, and the Commission for Investigations, the Police Public Complaints Authority and the Judicial Complaints Authority on the basis of cases reported against those investigated and concluded.
Table 3.14: Proportion between Human Rights Cases Reported and Investigated/Concluded

<table>
<thead>
<tr>
<th>Institution</th>
<th>Number Reported</th>
<th>Cases Investigated</th>
<th>% of Cases Investigated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights Commission</td>
<td>412</td>
<td>155</td>
<td>28</td>
</tr>
<tr>
<td>Anti-Corruption Commission</td>
<td>685</td>
<td>395</td>
<td>58</td>
</tr>
<tr>
<td>Commission for Investigations</td>
<td>2,564</td>
<td>476</td>
<td>19</td>
</tr>
<tr>
<td>Police Public Complaints Authority</td>
<td>420</td>
<td>40</td>
<td>9</td>
</tr>
<tr>
<td>Judicial Complaints Authority</td>
<td>131</td>
<td>111</td>
<td>85</td>
</tr>
</tbody>
</table>


3.2.2.89 Decentralisation

(a) Existing Legal Provisions for Decentralization and the Autonomy of Decentralized Entities

3.2.2.90 “The most fundamental rationale for decentralisation in Zambia lies in its opportunity to bring the Government closer to the people by providing citizens with greater control over the decision making process and allowing the direct participation in public service delivery”57

3.2.2.91 There are several legislative provisions in place for decentralisation in Zambia. These relate mostly to the administration of Local Government.

(b) The Constitution

3.2.2.92 The concept of decentralisation is espoused by Article 109 of the constitution which establishes a local government system. Provision is made for the establishment of a local government system based democratically elected councils on the basis of universal adult suffrage.

(c) The Local Government Act Cap 281

3.2.2.93 The Local Governance System established under the Constitution is governed by the Local Government Act. The Act under section 61 empowers all categories of local authorities to undertake wide ranging functions which include among others the, establishment and maintenance of public roads and the provision of services such as water supply, sewerage, health, roads, education, public transport and housing. These local authorities are recognised as the primary bodies responsible for development at district level. They are tasked with the preparation and administration of schemes for the encouragement of and participation in, community development.

(d) The Local Government Election Act Cap 282

3.2.2.94 This law provides for the conduct of local government elections.

(e) The Registration and Development of Villages Act No.30 of 1971

3.2.2.95 This Act establishes Village Productivity Committees which are intended to be a fora for community participation in decision making and development.

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57 Fifth National Development Plan 2006.
3.2.2.96 Effectiveness of the Decentralisation Mechanisms

(a) On-going Decentralisation Reforms

3.2.2.97 Before an assessment of the effectiveness of decentralisation mechanisms is carried out, it is important to note that, decentralisation, as it has been practiced in Zambia, is undergoing drastic change. The model of decentralisation that has been practiced in Zambia since independence is that of deconcentration or delegation. In November 2002, the National Decentralisation Policy was adopted in reaction to the fact that the system of deconcentration was not very effective in ensuring broad based participation.

3.2.2.98 The Government’s vision under the Policy is to achieve decentralisation through devolution. It is believed that decentralisation through devolution will be most effective as devolution will ensure technical efficiency and effectiveness in service delivery and enhancement of popular participation. In terms of decentralisation, therefore, the governance system in Zambia is in transition from the structures of deconcentration to a fully devolved system pursuant to the National Decentralisation Policy.

3.2.2.99 Decentralised administration of Government has since independence to date been undertaken at three levels:

(b) Provincial Administration

3.2.2.100 The Provincial Administration is responsible for co-ordination of Central Governments business in the Provinces. To enhance the operation of the Provincial Administration, the Government has, through Circulars, established Provincial Development Co-ordinating Committees (PDCC) as a forum for coordinating the planning, implementation and monitoring of development activities at provincial level.

(c) District Administration

3.2.2.101 These comprise various sector ministerial departments performing specified Government functions and responsible for implementing development programmes. Government has through circulars established District Development Co-ordinating Committees (DDCC) as a forum for co-ordinating the planning and implementation of development activities at district level. In addition to these structures, there are semi-autonomous institutions of local governance, such as the Health and Education Management Boards created to perform specified functions on behalf of sector Ministries. These are aimed at increasing community participation in the planning and delivery of services.

(d) Local Government System

3.2.2.102 This system is established by part VIII of the Constitution. The local Government structure is single-tier comprising City, Municipal and District Councils. These are responsible for the provision of services pursuant to their functions laid down in the Local Government Act. These Councils also perform delegated functions of the Central Government. At sub-district level, Councils are divided into wards. As a forum for community participation in local development activities, the Registration and Development of Villages Act established Ward Development Committees and Village Productivity Committees.

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58 National Decentralisation Policy, p.6.
(e) Effectiveness of Decentralisation Mechanisms

3.2.2.103 Legal and institutional frameworks that exist support only structures for decentralisation through deconcentration and devolution of Central Governments functions and powers. However, the effectiveness of these systems is fraught with many challenges.

(f) Legal Framework

3.2.2.104 Although there are a total of about 32 pieces of legislation for the administration of local government in Zambia60, these laws are, to large extent, disjointed and are, therefore, difficult to enforce effectively additionally, although local Government authorities are empowered to make by-laws, these by-laws are subjected to approval by Central Government.

(g) Institutional Framework

3.2.2.105 At Provincial Administration level, the coordination role of this institution is undermined by the existence of provincial heads of department who report directly to their Ministries at Central Government level. Also, the PDCC provided for under this framework is ineffective because its creation and existence is not backed by any legal framework and also because Permanent Secretaries of the Provinces, who are chairpersons of the PDCC, have no legal powers to supervise and discipline sector ministry personnel61. Similar challenges are faced at district level.

3.2.2.106 Other challenges identified in the National Decentralisation Policy include the absence of sub-district level co-ordinating structures which results in poor consultation among key players at this level and ultimately inefficient service provision in response to local need and the lack of involvement at local level in the planning and development processes.

3.2.2.107 Further, as highlighted in the National Decentralization Policy, decentralized entities under the existing system of deconcentration are not very effective with respect to decision making, resource allocation and service delivery. There are a number of challenges that are faced in this respect.

(h) Decision–making

3.2.2.108 Respondents from the APRM survey raised concern that the centralized nature of the government makes it difficult for fair participation of citizens in the conduct of the affairs of the country. They noted that there was no proper system for taking the views of the citizens into consideration especially between lower level structures and the headquarters in the capital city. Decisions that affect many citizens were seen to take place at the centre yet these impact on the communities very far away from these offices. A major concern is there is no forum for community participation in decision making on local development activities.

(i) Service Delivery

3.2.2.109 According to the Mungomba Constitutional Review Commission, it has been estimated that most councils are only providing about 30 percent of the services they are supposed to provide to the residents. Also the table below shows the findings of the State of Governance Report survey (2008), with respect to the effectiveness of local government in service delivery.

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60 National Decentralisation Policy (2002)
61 National Decentralisation Policy (2002) page 8
Table 3.15: Effectiveness of Public Service Provision, by Residence

<table>
<thead>
<tr>
<th>Residence</th>
<th>Central Government</th>
<th>Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effective</td>
<td>Ineffective</td>
</tr>
<tr>
<td>All Zambia</td>
<td>49.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Rural</td>
<td>59.4</td>
<td>25.7</td>
</tr>
<tr>
<td>Urban</td>
<td>39.3</td>
<td>53.6</td>
</tr>
</tbody>
</table>


3.2.2.110 The Report found that for local Government services, only 39.2 percent of the respondents felt that local authorities were effective in the discharge of their responsibilities. By residence, 46.3 percent of the rural population, compared to 31.3 percent for their urban counterparts felt the local authorities were effective in their provision of services. These findings indicate that local government system is currently rated very lowly in terms of its capacity to deliver on various services.

(j) Resource Allocation

3.2.2.111 With respect to resource allocation, although the Local Government Act gives Councils power to generate their own revenues, the councils are not able to take advantage of this provision due to the fact that their resource base is too small to sustain operations. Raising sufficient revenue is one of the problems being faced by local authorities.

3.2.2.112 The inadequacy of the funds being transferred from Central Government to local authorities has worsened the financial problems being faced by the local authorities. There is declining and erratic disbursement of grants from Central Government and this has impacted negatively on the local council’s capacity to deliver services. The lack of resources has left significant gaps in service delivery capacity and has placed limitations on the extent to which stakeholders can participate in development management. Without financial sustainability, local authorities are unable to provide services to their communities and their developmental capacity and autonomy are undermined.

(k) Measures taken to overcome Shortcomings

3.2.2.113 The National Decentralisation Policy has attempted to address the challenges stated above. This policy, which was officially launched in 2004, was formulated in order to facilitate the transfer of some administrative powers from the central government to local authorities to reduce costs of service delivery, reduce duplication of work and improve amount of development financing available. The Decentralization Policy clearly states the need to have a devolved governance system. It has highlighted the benefits of such devolution to Zambia.

3.2.2.114 The Policy is directed at ensuring that Zambia attains a fully decentralised and democratically elected system of governance characterized by open, predictable and transparent policy making and implementation processes, effective community participation in decision making, development and administration of their local affairs while maintaining sufficient linkages between the centre and the periphery. The following are some of the policy objectives:

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63 ibid
Empowerment of local authorities by devolving decision making authority, functions and resources from the centre to the lowest level with matching resources in order to improve efficiency and effectiveness in the delivery of services;

Provision of a legal and institutional framework to promote autonomy in decision making at local level;

Design and implementation of a mechanism to ensure a “bottom up” flow of integrated development planning and budgeting from the district to central Government; and

Development of capacity of local authorities; and,

Communities in development planning, financing, coordinating and managing the delivery of services in their areas.

To facilitate the implementation of the National Decentralisation Policy, the Government adopted the Decentralisation Implementation Plan (DIP) in December 2009. The DIP is aimed at providing a roadmap to guide the efforts of all stakeholders through the articulation of their roles in the implementation of the decentralisation policy. The DIP presents strategies and activities to be carried out through nine components namely, legal and regulatory reform, sensitization and civic education, institutional and human resource capacity building, local development planning and budgeting, financial management and accounting, fiscal decentralisation and revenue mobilisation, sector devolution, infrastructure development and service provision and monitoring and evaluation.

With the exception of the components that comprise the core of the decentralisation implementation process, that is, sector devolution, legal and regulatory reform and fiscal decentralisation, the other components comprise activities which are currently on-going through the regular mandate of different implementing agencies.

It should, however, be noted that decentralisation in Zambia from independence to date has been ineffective as it has largely been premised on the deconcentration and delegation of central government’s powers to provincial and district levels. Decentralization through devolution, as highlighted in the National Decentralization Policy, will ensure technical efficiency and effectiveness in service delivery and enhance popular participation.

The process for achieving devolution has been properly articulated in the DIP. The DIP goes further and articulates the factors on which the successful implementation of the decentralisation programme is dependent. These include sustained political will, financial sustainability, broad participation by stakeholders, flexibility and clear definition of the relationship between central government and local government. It is recommended that the Government remain committed to implementing the programmes indentified under the DIP and addressing the essential factors identified to sustain such implementation in order to ensure the successful implementation of the decentralisation policy and ultimately to ensure that Zambia has a devolved system of Government by 2013.

Contribution of Decentralisation to Quality of Governance

(a) Evidence of Improved Broad Participation of People at the Grass Root Levels

Under the current system of decentralisation, the Councils work with structures at community level that are used to promote linkages with Communities. These structures include:

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64 Decentralisation Implementation Plan 2009-2013
65 Submission by Decentralisation Secretariat
(b) **District Development Coordination Committees**

3.2.2.121 These Committees are established as administrative committees. They are not very effective as they lack a legal framework to back their operation.

(c) **Area Development Committees**

3.2.2.122 Area Development Committees (ADC’s) are intended to provide a forum under which the community can participate in planning, decision making and socio-economic development. However, these are not fully operational in some areas. Also, they are not very effective in securing broad based participation as they are not co-ordinated and lack clear guidelines for their operations.

3.2.2.123 It is envisaged under the DIP that ADC will be formally introduced as formal multi-functional developmental institutions that shall be run by citizens at ward level. These Committees will facilitate local level dialogue on developmental matters and will also support Councils through the generation of timely, reliable and accurate data for service delivery planning.66

(d) **Ward Development Committees and Village Productivity Committees**

3.2.2.124 These committees are established by the Registration and Development of Villages Act. They are intended to exist in each ward as a forum for community participation in local development activities. However these institutions are not linked to local government and are no longer functional in most districts.

3.2.2.125 Although structures exist to allow for broad based participation of people at the grass root level, these are not backed by a legal framework and are not properly organised and coordinated. As a result there is generally no effective forum for community participation in decision-making on local development activities67.

3.2.2.126 **Civil/Military Relations**

(a) **Legal Provisions and Procedures for the Accountability of the Security Services to Democratic Institutions of Government**

3.2.2.127 According to Gawthia (2007), the armed forces are part of the executive power of the democratic state. They must acknowledge the primacy of democratic and legitimate politics. The loyalty of the armed forces lies with the government of the day, parliament, the constitution, and the law, of which they should have a detailed and comprehensive knowledge. As is the case with all other institutions of executive power, the mission, role, and performance of the armed forces should be strictly defined and controlled by the constitution and relevant parliamentary institutions68.

(b) **Security Services**

3.2.2.128 Security services in Zambia comprise the Zambia Defence forces, the Zambia Police Service and the Zambia Security Intelligence Service. These are established under Articles 100, 106 and 108 of the Constitution. As in any democratic political order, the defence and security forces in Zambia are, to an extent, subjected to scrutiny and control of civil authorities. The Constitution under Article

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66 Decentralisation Implementation Plan 2009-2013
67 Submission by Decentralisation Secretariat
100(2) expressly subordinates the Zambia Defence Force to the civil authorities established there under.

3.2.2.129 The oversight role of the legislature over the defence forces emanates from the constitution which confers on the legislature the powers to make laws for the regulation of the Zambia Defence Forces, the Zambia Police and the Zambia Security Intelligence Service. The Laws that have been enacted to govern the security services are the Defence Act, the Zambia Police Act and the Zambia Security Intelligence Service Act. There are no procedures for oversight in these enactments.

3.2.2.130 Procedures for checks and balances by the legislature do however exist. These relate to policy matters and accountability for expenditure of public resources. Article 117 of the Constitution provides for estimates of revenue and expenditure of the Republic to be laid before the National Assembly for its approval. The procedures relating to parliamentary debate of the estimates are defined by the rules and conventions of the National Assembly.

(c) Policy

3.2.2.131 Legislative scrutiny of policies relating to national security falls on the Parliamentary Committee on National Security and Foreign Affairs (CNSFA). The primary responsibility of this Committee is to oversee the activities of the Ministries of Defence, Foreign Affairs and Home Affairs, and departments and agencies falling under these ministries. The Committee carries out the following functions:

(i) Study, report and make recommendations to the government through the house on the mandate, management and operations of the Ministries of Defence, Foreign Affairs and Home Affairs, and Departments and/or Agencies under their portfolio;

(ii) To carry out detailed scrutiny of certain activities being undertaken by those ministries, departments and agencies, and to make appropriate recommendations to the house for ultimate consideration by the government; and,

(iii) To make recommendations to the government on the need for necessary policy and legislative review.

3.2.2.132 Previously, deliberations of the Committee were never published. However, this has since changed and members of the public can now attend open Committee sessions. Reports of the Committee are public documents and are circulated widely to ensure proper implementation of the Committees recommendations.

(d) Expenditure

3.2.2.133 Oversight relating to expenditure is undertaken by the Public Accounts Committee (PAC) of the Parliament. The Committee’s mandate is to examine the accounts showing the appropriation of sums granted by the National Assembly to meet public expenditure and to consider reports submitted by Auditor-General on defence expenditure. The PAC performs, in not so explicit fashion, oversight over the defence forces intended to enhance the rule of law. This can be seen in the following excerpt from the Committees own Report.

3.2.2.134 “The first report of the PAC on defence expenditure was based on a special report of the Auditor-General on the procurement of goods and services in the Army and Air Force from 1992 to 1998.

69 Standing Orders 2005, National Assembly of Zambia.
70 Dr, Bizerk Jube Phiri. Democratization and Security Sector Reform in Zambia, DCAF pg 67
The Committee's Report revealed some irregularities in the way the Ministry of Defence expended approved funds. The PAC deplored the practice by which the Army command considered itself to be above the law and therefore not obliged to adhere to financial regulations. The Committee called for the cessation of malpractices and directed that service commands should comply with all established procedures and regulations. It also directed the defence forces to strengthen the Ministerial Tender Committee through which all purchases should be channelled for appropriate scrutiny and advice. The Committee observed that the above parliamentary directives were necessary to avoid the negligence and loss of public resources that were documented in the Auditor-General's report. It concluded by recommending control over the financial operations of the services. It also recommended that the Defence Act be amended to provide for a clear chain of authority in the handling of public funds in the services. 

(e) Effectiveness of the oversight role of civil authorities over the budget and the use of security services

3.2.2.135 Notwithstanding that there are Parliamentary Committees that scrutinise policy measures and expenditures of the Ministry of Defence, there are certain shortcomings in the extent to which these Parliamentary Committees oversee the operation of the security services. Although the Parliamentary Committees do, in their sessions, consider aspects of defence and security budget and expenditure, as observed by the Mungomba Constitutional Review Commission, in practice this debate and scrutiny is constrained by security considerations.

3.2.2.136 Further, despite the fact that defence policy and expenditure is deliberated by the CNSFA and PAC, these Committees have no real powers to scrutinise other operations of the defence service, which may abrogate the rule of law. The reason for this is that such scrutiny is a threat to national security. Moreover, even when these Committees deliberate on matters relating to the security forces, any pronouncements made are merely recommendations.

3.2.2.137 In addition, there does not appear to be an express mandate to scrutinise the operation of the Intelligence Services. This has been the case since independence, and this has led to a popular perception that the services abuse their mandate. There is, therefore, a need for the Intelligence service to also be subjected to the scrutiny by the two Committees.

3.2.2.138 Although there are no specific legislative provisions empowering the Legislature to exercise oversight over security forces, there are procedures in place that attempt to achieve this. These are, however, severely hampered by national security considerations. To overcome this challenge, it is imperative that, as recommended by the Mungomba Constitutional Review Commission the Constitution should expressly provide that the National Assembly shall debate and scrutinise the defence budget and expenditure, provided that the National Assembly shall not debate or scrutinise defence and security operations unless this is done in camera.

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71 Security and Democracy in Southern Africa (2007) IDRC
72 Ibid
73 Ibid
3.2.3.0 Measures to Promote and Protect Economic, Social, Cultural and Political Rights

(a) Legal Provisions that Recognize and Guarantee Human Rights

(1) The Constitution

3.2.3.1 The domestic human rights regime in Zambia is centred on Part III of the Constitution entitled “Protection of the Fundamental Rights and Freedoms of the Individual”, also referred to as the National Bill of Human Rights. This Part has been a feature of every Constitution of Zambia since 1964.

3.2.3.2 According to Article 11 of the Constitution, every person in Zambia is entitled to all fundamental rights and freedoms provided in the Constitution, without any distinction based on race, place of origin, political opinions, colour, creed, sex or marital status. Article 11 summarises the rights and freedoms contained in Part III for every person as:

(i) Life, liberty, security of the person and the protection of the law;
(ii) Freedom of conscience, expression, assembly, movement and association; Protection of young persons from exploitation; and,
(iii) Protection for the privacy of the home and other property and from deprivation of property without compensation.

3.2.3.3 The enjoyment of the rights and freedoms guaranteed in the Constitution are subject to limitations that are necessary for the maintenance of public order, public security, public safety, public health or public morality, as well as for ensuring the protection of the rights and freedoms of others. Article 23(1) of the Constitution prohibits the enactment of a law that makes any provision that is discriminatory either of itself or in its effect.

3.2.3.4 Article 28 of the Constitution gives the right to any person who feels that his or her rights, as guaranteed under the Constitution, have been or are about to be violated, to seek legal redress in the High Court. The Court has power to award the following remedies: damages; declaration; mandamus; or habeas corpus.

3.2.3.5 In Zambia, the following human rights are protected as follows:

(2) Civil rights

3.2.3.6 These include:

(i) Freedom of Expression and the Press;
(ii) Freedom of Assembly and Association;
(iii) Freedom of Conscience and Religion; and,
(iv) Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

3.2.3.7 Some detail here is necessary. Zambia acceded to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) in 1998. Article 15 of the Constitution prohibits torture and other inhuman or degrading treatment or punishment in absolute terms. The Constitutional prohibition of torture is not yet supported by the creation of a specific offence of torture under the country’s criminal law. However, some provisions in the Penal Code can, and have been,
used to punish acts that cause harm on a person. In this regard, assault occasioning actual bodily harm, grievous harm, attempting to injure by explosive substances, maliciously administering poison with intent to harm and common assault are punishable in criminal legislation.

3.2.3.8 Zambia also outlawed corporal punishment through amendments to the Criminal Procedure Code, the Penal Code, and the Education Act. The People vs John Banda (HPA/6/1998) provided a landmark decision regarding the prohibition of corporal punishment. Despite the prohibition of corporal punishment, it is still highly used by teachers, parents and police officers.

(3) Political rights

3.2.3.9 Zambia is a multiparty democracy allowing for the expression of different political views. According to Article 1 (2) of the Constitution, all power resides in the people who have the power to exercise their sovereignty through the democratic institutions of the State. All Zambians aged 18 years and above have the right to vote, and it should be noted that Article 113 (e) of the Constitution makes it a duty for every citizen to vote in national and local government elections. Article 113 (d) of the Constitution further makes it a duty of every citizen to promote democracy and the rule of law.

3.2.3.10 According to Article 34 of the Constitution, elections in Zambia are by direct universal adult suffrage and secret ballot. The Electoral Act Chapter 13 makes provision relating to elections to the Office of the President and National Assembly; empowering the Electoral Commission to make regulations providing for the registration of voters and for the manner of conducting elections. Any Zambian who meets the stipulated conditions can stand for public office at presidential, parliamentary and local levels.

3.2.3.11 Article 41(2) of the Constitution provides for the determination of election petitions on the election of a President by the full bench of the Supreme Court. Section 18 of the Electoral Act provides an opportunity to losing candidates in a National Assembly election to petition the High Court over electoral disputes. The High Court is obliged to dispose of a petition within a period of 180 days. Since 1964, Zambia has held peaceful presidential and general elections.

3.2.3.12 In spite of the adequate electoral provisions, voter turnout is still low. Not much voter education is done except towards elections. This is inadequate. Further the low voter turnout is partly attributed to the low fulfilment of electoral promises and as such, there is no motivation for persons to take part in elections.

(4) Economic, Social and Cultural Rights

3.2.3.13 Zambia implements some of the economic, social and cultural rights (ESCRs) mainly through the Directive Principles of State Policy, Part IX of the Constitution, which: may be observed only in so far as State resources permit, or if the general welfare of the public so unavoidably demands as may be determined by Cabinet; and are not justifiable and are not by themselves legally enforceable despite being referred to as rights in certain instances.

3.2.3.14 In spite of the legislative provisions, most people in Zambia are not aware of the laws that have been put in place to promote their rights. Further most persons do not use the legislative provisions. Hence the level of enjoyment of human rights remains low. It is recommended that Government should sensitise citizens more on their human rights and entitlements. There is also need for more publicity on how individuals can access the institutions that have been put in place to promote their rights.
3.2.3.15 Although there is no express national legislation that recognises the right to work and the right to equal opportunity to work, the Employment Act Chapter 268 provides: for the regulation of employment contracts; for holidays with pay; maternity leave; and prohibits the termination of employment of working mothers for reasons connected with pregnancy. Although the Act is in place, there are challenges with its implementation. Some employment contracts do not respect fundamental obligations including maternity leave.

3.2.3.16 While access to employment exists in Zambia it is worth stating that employment opportunities are sanctioned by qualifications and criteria that are relevant to the particular opportunity. However, the down side of access to employment is that most graduates from tertiary institutions fail to find employment because of their lack of experience and limited job opportunities.

3.2.3.17 It is recommended that Government should provide incentives to companies and other employers to engage graduate employees as this will assist in developing the pool of qualified potential employees. In turn, graduates will stand a good chance of being employed.

3.2.3.18 Incentives could be in form of waivers on certain taxes that companies pay to the government. The savings made from the waivers on taxes could be allocated by companies to paying a modest remuneration to the graduate employees.

3.2.3.19 The Industrial and Labour Relations Act Chapter 269 of the Laws of Zambia provides for among others the right to take part in the formation and activities of trade unions of one’s choice. Section 108 (1) of the Industrial and Labour Relations Act, Chapter 269 prohibits an employer from terminating the services of an employee or imposing any other penalty or disadvantage on any employee on grounds of race, sex, marital status, religion, political opinion or affiliation, tribal extraction or social status of the employee.

3.2.3.20 The Minimum Wages and Conditions of Employment Act, Chapter 276, provides for the regulation of wages. Pursuant to Section 3 of the Act two Statutory Instruments were passed, that is, Statutory Instrument No. 2 of 2002, which includes all types of employees and Statutory Instrument No. 3 of 2002, which relates to shop workers.

3.2.3.21 Section 3 of the Minimum Wages and Conditions of Employment Act, Chapter 276 provides for the regulation of wages as follows:

3.2.3.22 “If the Minister is of the opinion that no adequate provision exists for the effective regulation of minimum wages or minimum conditions of employment for any group of workers, he may by statutory order prescribe:

(i) rates of wages to be paid to workers by the hour, day, week or month;
(ii) normal hours of work in any day or week;
(iii) normal working days in any week or month;
(iv) rates for any work done in excess of or outside the normal hours of work or the normal working days;
(v) rates of paid holiday or any conditions attaching to the granting of such holidays;
(vi) rates for any piecework
(vii) rates of allowance for any food or housing; and,
(viii) any other matter which in the opinion of the Minister is necessary or expedient to prescribe.
3.2.3.23 Provided that if the group of workers in respect of which a statutory order is to be made is represented by a trade union, no such order shall be made before consulting such trade union."

3.2.3.24 In spite of the Act, the minimum wage of K268,000 does not meet the basic amount required for a person’s survival according to the Central Statistical Office (CSO) January 2010 bulletin that places the basic food basket at around K600,000.00.

(7) Employment of Young Persons and Children Act, Cap 274

3.2.3.25 Section 17A of the Act prohibits the employment of young persons in employment or work detrimental to their health, safety and morals. Further, the Employment of Young Persons and Children's (Amendment) Act No. 10 of 2004 has criminalised all forms of worst labour.

3.2.3.26 There are serious challenges regarding the definition of a ‘child’ and ‘young person’. Different policies and pieces of legislation assign different meanings. It is recommended that the Government should harmonize the different laws and policies so that a uniform definition can be created.

(8) Factories Act

3.2.3.27 The Factories Act Chapter 441 makes provision for the regulation of conditions of employment in factories. It takes into consideration the safety, health and welfare of persons employed thereat.

(9) National Pensions Scheme Act

3.2.3.28 The National Pension Scheme Act, No. 40 of 1996 establishes the National Pension Scheme Authority (NAPSA) which is mandated to implement the policy relating to pension schemes. The benefits available under the Act are invalidity pension, invalidity lump sum payment and survivors benefit. Under NAPSA, some employers do not contribute on behalf of their employees to NAPSA. Because of this, workers are disadvantaged.

3.2.3.29 It is recommended that Government should ensure that all employers contribute on behalf of their employees to NAPSA. Further the law must prescribe stiff penalties for employers that do not comply.

3.2.3.30 Overall, it is recommended that Government should overhaul the pension system in the country so that pensions are timely paid. Further the calculation of pensions in the public sector should be integrated into the IFMIS to avoid delays between the period when a public officer retires and when the pension is paid.

(10) Workers Compensation Act

3.2.3.31 The Workers Compensation Act, Chapter 271 provides for worker’s right to compensation. The Act makes provision for the establishment and administration of a Fund for compensation of workers disabled by accidents or diseases contracted by such workers in the course of their employment. Also, the Act does not limit the compensation to one accident.

3.2.3.32 There are challenges with the implementation of the Act. In some cases workers have to wait long periods to receive their compensation.
Local Authorities Superannuation Fund Act

Local Authorities Superannuation Fund Act Chapter 284 of the Law of Zambia makes provision for the establishment of a superannuation fund for employees of local authorities and other public bodies.

(b) Education

There is no legislation that guarantees the right to education. However, under the Constitution, Article 110 (e) takes into account considerations that will ensure the provision of equal and adequate educational opportunities in all fields at all levels. In addition, the Education Act, Chapter 134 provides for the promotion, development and control of schools, education institutions and services. The private sector and religious institutions are free to establish schools in the country. However, these are regulated by the Ministry of Education.

The Technical Education, Vocational and Entrepreneurship Training Act No. 13 of 1998 makes provisions for technical, vocational guidance and training programmes in recognition of the right to work. The Technical Education, Vocational and Entrepreneurship Training Act provides for the establishment of government institutions of technical education, vocational and entrepreneurship training and the registration and regulation of private institutions providing technical and vocational training. However, most of the TEVET accredited institutions are limited to provincial centres, thereby denying persons in rural areas the opportunity to access further education.

Although the TEVET Authority has set minimum educational standards for the operation of the TEVET accredited institutions, some continue to operate without meeting those standards. Some institutions operate with lowly trained instructors. Learning infrastructure and achievements are also low. Further the student-lecturer ratios are very high in some institutions.

It is recommended that the TEVET authority should strengthen its inspectorate division so that the quality of the institutions and teaching outcomes can be guaranteed.

(c) Health

Mental and physical health is dealt with under the following pieces of legislation:

(i) The Public Health Act Chapter 295 which provides for the prevention of diseases and regulates matters relating to public health in Zambia; The Tropical Diseases Research Centre Act provides for the conduct of research and training in tropical diseases and the support of research programmes relating to disease control and primary health care;

(ii) The Persons with Disabilities Act Chapter 65, which seeks to protect the rights of persons with disabilities;

(iii) The Environmental Protection and Pollution Control Act Chapter 204 provides for improvement of all aspects of environmental and industrial hygiene and provides for the protection of the environment and the control of pollution in respect of water, air pesticides and toxic substances, waste, including hazardous waste, noise and ionising radiation;

(iv) The National Food and Nutrition Commission Act Chapter 308 establishes the Nutrition Commission to address the issues of disseminating knowledge of the principles of nutrition;

(v) The Food Reserve Agency Act Chapter 225 assists in implementing food security. In this regard the Food Reserve Agency was established to ensure reliable supply of designated commodities which are considered essential for the food security of the country; and,

(vi) The Mental Disorders Act Chapter 305 which provides for the care of persons suffering from mental disorder or mental defect.
(d) National HIV/AIDS/STI/TB Council

3.2.3.39 The National HIV/AIDS/STI/TB Council was established by Act No. 10 of 2002. Some of the functions include: developing a data bank for HIV/AIDS/STI/TB; developing guidelines for securing the human rights of persons with HIV and AIDS; strengthening collaboration between the Council and Traditional Health Practitioners Association of Zambia dealing with HIV/AIDS; and assisting communities to create District and Community Multi-Sectoral HIV/AIDS task force committees in order to address issues pertaining to HIV/AIDS activities.

(e) Accessible and affordable housing for the ordinary citizen

3.2.3.40 The National Housing Authority Act Chapter 195 provides for the development and control of housing through the National Housing Authority. The objective and general duty of the Authority is to keep under continuous review the housing conditions in the country and to assess the needs of the country with respect to further housing accommodation. The Authority is also obligated to secure and promote the provision of housing accommodation for the country by taking all requisite or expedient steps.

3.2.3.41 Effectiveness of Existing Legal Provisions and Mechanisms to Promote and Protect Human Rights

(a) Institutional Mechanisms

3.2.3.42 Institutional mechanisms that were introduced to promote and protect human rights comprise the following:

(1) The Human Rights Commission

3.2.3.43 Article 125 of the Constitution establishes a Human Rights Commission (HRC) which is mandated to promote and protect human rights and to investigate human rights violation.

(2) The Judicial Complaints Authority

3.2.3.44 The Judicial Complaints Authority (JCA) established in 2002 by the Judicial (Code of Conduct) Act No. 13 of 1999 and amended under Act No. 13 of 2006. The JCA is mandated to objectively and thoroughly investigate misconduct against all levels of Judicial officers.

(3) The Police Public Complaints Authority

3.2.3.45 The Police Public Complaints Authority (PPCA) established under Section 57B of the Zambia Police Act as amended by Act No. 14 of 1999. The mandate of PPCA is to investigate all complaints against police actions.

(4) The Law Association of Zambia

3.2.3.46 The Law Association of Zambia (LAZ), created by an Act of Parliament, has a Human Rights Committee which plays a similar role as the Human Rights Commission.
(5) Media

3.2.3.47 The media in Zambia enjoys a high degree of freedom which allows the press to play a significant role in exposing breaches of human rights and fundamental freedoms and exert pressure for remedial action.

(6) Civil society

3.2.3.48 The civil society plays a prominent role in the promotion and protection of human rights among the members of the public and is involved in several human rights activities.

3.2.3.49 Policy Measures that have been put in place to Promote Human Rights

3.2.3.50 The key policy measures are:

(a) The Fifth National Development Plan

3.2.3.51 In 2006, Zambia articulated its long-term development objectives in the National Vision 2030. The National Vision is “to become a prosperous middle income country by the year 2030”. The Vision 2030 identifies a number of development goals, which include:

(i) Reaching middle-income status;
(ii) Significantly reducing hunger and poverty; and,
(iii) Fostering a competitive and outward-oriented economy.

3.2.3.52 Together, these goals call for policies that accelerate and sustain economic growth, and which enable the poor to participate in and benefit from, the growth process. The FNDP public spending priorities among others include – social sector spending, particularly on education and health; adequately financing agricultural development; carefully identified and well-targeted poverty reducing and poverty alleviation interventions, particularly employment creation through, inter-alia, facilitation of opportunities for small and medium-scale enterprises; fighting the HIV and AIDS pandemic; tackling health concerns such as malaria and tuberculosis, which are the major cause of mortality and morbidity in Zambia; and bridging the gender gap.

(b) National Employment and Labour Market Policy

3.2.3.53 The National Labour Market Policy has the goal of reducing the levels of unemployment and under age employment in the Country with the view to improving people’s living standards.

(c) Public Welfare Assistance Scheme

3.2.3.54 The Ministry of Community Development and Social Services has put in place the Public Welfare Assistance Scheme (PWAS) to cater for the elderly and vulnerable persons in society.

(d) National Policy on Education

3.2.3.55 The mission statement in the National Policy on Education of 1996 provides that: the Ministry of Education is to guide the provision of education for all Zambians so that they are able to pursue knowledge and skills, manifest excellence in performance and moral uprightness, defend democratic ideals and accept and value other persons on the basis of their personal worth and dignity, irrespective of gender, religion, ethnic origin or any other discriminating characteristic.
3.2.3.56 The National Education Policy contains three major principles, namely:

(i) that the State is the custodian of all human rights of an individual including the right to education;
(ii) that the demands of national development require paying special attention to the role education plays in human capital formation, particularly in developing the types of knowledge, skills, values and competences that are necessary for economic development and social welfare; and,
(iii) that decentralisation of education management demands for partnerships and the creation of an enabling environment that establishes rules and regulations that protect the rights of various educational agencies.

(e) National Health Policies and Strategies

The vision of this policy is to enable the State to achieve its commitment to the fundamental and humane principle in the development of the health care system so as to provide Zambians with equity of access to effective and quality health care as close to the family as possible.

(f) National Agriculture Policy

3.2.3.57 In order to increase production and productivity of the agricultural sector, Zambia has adopted the National Agriculture Policy.

(g) National Housing Policy

3.2.3.58 The National Housing Policy is a comprehensive assessment of the housing situation in Zambia and provides a vision for resolving the housing problem by providing adequate and affordable housing for all income groups in Zambia.

(h) Perception on the Enjoyment of Economic and Social Rights

3.2.3.59 According to the State of Governance National Survey of 2009, the level of enjoyment of economic and social rights is as shown in Figure 3.6.
3.2.3.60 The majority of the population (78.6 percent at national level) reported that they have never gone without shelter, while 9.1 percent and 6.1 percent reported that they had ‘rarely’ and ‘very often’ gone without shelter respectively.

3.2.3.61 An estimated 55.1 percent of the population at national level reported that in the 12 months prior to the survey, they had never gone without enough fuel to cook their food, while 18.6 and 15.5 percent reported that they “sometimes” and “rarely” went without fuel to cook their food, respectively.

3.2.3.62 Generally, most people reported never having gone without access to sanitation in the twelve months prior to the survey. At national level, 49.7 percent of the population stated that they and their families had never gone without sanitation where as 23.9 percent said that they had very often gone without sanitation. The pattern was similar in both rural and urban areas where the highest percentage of the population reported that they had never gone without sanitation.

3.2.3.63 At national level, 41.4 percent of the population reported that they or their families had never gone without food. The urban respondents were 1.7 times more likely than their rural counterparts to have never gone without food in the 12 months prior to the survey.

3.2.3.64 Thirty seven percent of the population reported that they and their families had never gone without safe water. While 38.4 percent of the rural residents reported that they had ‘very often’ gone without safe water. Only 16.2 percent of their urban counterparts reported having gone without safe water ‘very often’.

3.2.3.65 At national level, 39.4 percent of the population reported that they and their families ‘sometimes’ went without medication or medicine while 25.9 percent reported that they “never” went without medicine or medication and 17.1 percent reported that they ‘very often’ went without medicine or medication in the twelve months prior to the survey, respectively.
Urban residents had more access to medicine or medical treatment with 39.8 percent of the population having reported that they had never gone without medicine or medical treatment compared to 17.3 percent of the rural residents. The proportion of rural residents who reported that they sometimes went without medicines or medical treatment was 43.7 percent.

(i) Employment

In an effort to improve its service delivery, the Government embarked on reforms of its public service in order to be more responsive to the needs of the population. The implementation of these reforms and the accompanying strategies have had differential implications for men and women.

According to the 2005 Labour Force Report, the size of the labour force in Zambia was estimated at 4.9 million in 2005 (Central Statistical Office). Fifty percent of the labour force in rural areas was female compared to 42 percent in the urban areas.

### Table 3.16: The Proportion of Males and Females in the Labour Force, 2005

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
<th>Number of persons in the labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Number</td>
<td>1,672,374</td>
<td>1,679,808</td>
<td>912,592</td>
</tr>
<tr>
<td>Percent</td>
<td>50</td>
<td>50</td>
<td>58</td>
</tr>
</tbody>
</table>

Source: Central Statistical Office, 2005 Labour Force Survey

Of the 4.9 million people in the labour force, 4.1 million were employed at the time of the survey. Of the total number of employed persons in Zambia, 43 percent were self-employed, 17 percent were paid employees, 38 percent were unpaid family workers and only 1 percent were employers.

The 2005 Labour Force Survey report further revealed that about 72.4 percent of the employed persons were part time workers. The part time employment rate was higher in rural areas (83.3 percent) than in urban areas (42.4 percent). The agriculture, forestry and fishing industry had the highest proportion of part time workers.

With limited formal sector employment opportunities, most people in Zambia rely on the informal sector for their livelihood (3.17). Of the 4.1 million employed persons, 88 percent were in the informal sector; 98 percent of those employed in the rural areas were in the informal sector compared to 65 percent in the urban areas. Unfortunately, wages and conditions of service in the informal sector are generally poor and hardly contributes to poverty reduction.

### Table 3.17: The Labour Force in Zambia by Sector, 2005

<table>
<thead>
<tr>
<th></th>
<th>Formal Sector</th>
<th>Informal Sector</th>
<th>Number of persons employed (15 years and above)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>All Zambia</td>
<td>495,784</td>
<td>12</td>
<td>3,635,747</td>
</tr>
<tr>
<td>Residence</td>
<td>60,388</td>
<td>2</td>
<td>2,959,033</td>
</tr>
<tr>
<td>Rural</td>
<td>389,239</td>
<td>35</td>
<td>722,872</td>
</tr>
</tbody>
</table>

Source: Central Statistical Office, 2005 Labour Force Survey
According to the State of Governance National Survey of 2009; at the time of the survey, 61.4 percent of the population reported that they had gone without employment very often while 23 percent that reported that they had never gone without employment. At residential level, 71.5 percent and 45 percent of the rural and urban population respectively reported having gone without employment “very often”.

Findings show that at the time of the survey, most people were not engaged in formal employment. At national level, 84.5 percent of the population were not engaged in any formal employment. The results, by residence and province, show a similar pattern. In both rural and urban areas, most people reported that they were not engaged in formal employment, 92.9 and 70.9 percent, respectively.

Rating of working conditions

Generally, most Zambian workers (37.7 percent) described their working conditions as being fair (Figure 3.7). On the other hand, 23.3 percent described their working conditions as being poor; 3.9 percent stated that their working conditions were very poor.

In urban areas, 29.2 percent described their working conditions to be good with 8.2 percent reporting that the conditions were very good, compared to the rural areas where 24 percent described their working condition as being good and 5.2 percent saying they were very good.

While foreign investors and investments are welcome, the practice on the ground is that some investors do not comply with the employment laws of the country. The enforcement of employment laws is coupled with work enforcement mechanisms. Workers continue to be affected by poor working conditions. The case of the mine in Southern Province Sinazongwe where mine workers are working without any form of protective clothing, poor sanitary and housing conditions as well as meagre salaries that are not paid on time is illustrative.

Factors contributing to Unemployment

Over 80 percent of the population thought that the main difficulty to getting employed was lack of jobs (Figure 3.8). Results show that 82.1 percent at national level attributed the difficulty of getting employed to lack of jobs; 9.6 percent attributed the lack of jobs to corruption; 3.4 percent attributed it to nepotism and 2.6 percent attributed it to gender discrimination.
3.2.3.78 Since Zambia’s levels of unemployment are indicatively very high, unemployment poses a major challenge for the Zambian economy. The economy has lacked the capacity to facilitate the generation of productive and sustainable jobs in the formal economy while the informal sector which provides a livelihood, is meagre.

3.2.3.79 There are a number of policy measures and legislation supporting the right to employment. However, according to the Central Statistical Office 2005 labour force report, approximately 72.4% of personnel were employed as part-time workers, mostly in agriculture, forestry and fishing industries. There were very few numbers in the formal sector.

3.2.3.80 Recommendations

3.2.3.81 Based on the preceding findings and discussion, it is recommended that:

(i) Government continue to support and encourage private sector investments with a view to facilitating job creation in the country;
(ii) The implementation of the Labour Policy be enhanced so that working conditions for persons in both rural and urban Zambia can be improved;
(iii) The Inspectorate Unit at the Factories Department be strengthened to adequately monitor employee’s working conditions; and,
(iv) Entrepreneurship development be supported so that the issue of unemployment can be mitigated.

(I) Education

(i) Zambia’s education system consists of pre-schooling, basic, secondary and tertiary levels. The formal education system is in transition, moving from seven years of primary; five years of secondary; and four years of tertiary education to nine years of basic; three years of high school; and four to five years of university. The system is governed by the Education Act which provides for the promotion, development and control of schools, educational institutions and services. Free education is provided in Government schools from grade 1-7 (Ministry of Education Policy, 2005)
Zambia acknowledges that there are more boys than girls accessing education and training. However, there has been an increase in the gross enrolment ratio for girls and the country is now close to reaching gender parity in grades 1 – 7 with girls representing 49% of total enrolment.

According to the 2008 FNDP Annual Progress Report (Figure 3.9), the total pupil enrolment for Grades one to nine in 2008 stood at 3,336,009 compared to the 2006 and 2007 figures of 2,986,781 and 3,166,310 respectively. This represents a 105 percent increase in the period of 2006 to 2008 at the same level.

**Figure 3.9: Basic School Pupil Enrolments**

![Bar chart showing pupil enrolments](chart.png)

**Source:** FNDP Annual Progress Report 2008

(ii) According to the FNDP Annual Progress Report, in 2008, the total pupil school enrolment for Grades 10-12 stood at 236,547 compared to the 2006 and 2007 figures of 193,843 and 219,132 respectively (Figure 3.10). This represents an increase of 18.0 percent in the period 2006 to 2008 at the same level.
The completion rates measure the education systems ability to retain pupils within the system. The completion rates in particular measure the pupils completing of a specific level, expressed as a percentage of the official school-age population for that level. Higher completion rates indicate a high level of participation and retention in the education system.

The sector has managed to achieve the set targets for completion rates for Grades 1 – 7 as indicated in the table below. This can be attributed to the implementation of a free basic education policy (Grade 1 – 7) declared by the President in 2002. The policy abolished user fees for Grades 1 – 7 and wearing of uniforms is not mandatory.

According to the Ministry of Education (2008), for grades 8 – 9 the set targets were not met and this can be explained by low transition rates from grade seven to grade eight because slightly over 50 percent of the school-age population makes it into grade 8. High dropout rates and repetition rates, which averaged 3.8 percent and nine percent respectively, contributed to the low completion rates at this level. Of particular concern, the dropout rate for girls averaged five percent with a number of them leaving school as a result of being pregnant or getting married. A total of 3,960 girls dropped out of school in grades 8 – 9 as a result of being pregnant. The other reason cited for dropping out of school in grades 8 – 9 included economic reasons, children being orphaned and early marriages. For grades 10-12 a similar pattern was observed.

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</thead>
<tbody>
<tr>
<td>a) Grade 1-7</td>
<td>81.6</td>
<td>82.7</td>
<td>85.2</td>
<td>84.4</td>
<td>90.7</td>
<td>88.1</td>
<td>94.71</td>
</tr>
<tr>
<td>b) Grade 8-9</td>
<td>43.1</td>
<td>46.5</td>
<td>43.1</td>
<td>50.7</td>
<td>47.0</td>
<td>62.0</td>
<td>51.22</td>
</tr>
<tr>
<td>c) Grade 10-12</td>
<td>17.7</td>
<td>17.5</td>
<td>17.5</td>
<td>25.3</td>
<td>19.7</td>
<td>22.1</td>
<td>21.94</td>
</tr>
</tbody>
</table>

Source: FNDP Annual Progress Report 2008
The number of pupils that a teacher teaches in a classroom has an effect on the quality of education. In 2008, the PTR for Grades one to four stood at 71.8 pupils per teacher, dropping from 80.6 in the 2005, while that of Grades five to seven stood at 34.9 dropping from 37.5 in 2005 as indicated in the table below. The PTR for Grades 8 – 9 stood at 32.4 rising from 32 in 2005 while the PTR for Grades 10-12 reduced to 18.9 from 21.7 in 2005. The drop in the pupil-teacher ratios is as a result of the teacher recruitment and deployment exercises which saw 4,578 teachers in 2006, 10,300 teachers in 2007 and 6,400 in 2008.

Table 3.19: Teacher Pupil Ratios

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</thead>
<tbody>
<tr>
<td>a) Grade 1-4</td>
<td>80.6</td>
<td>75.8</td>
<td>76.6</td>
<td>71.5</td>
<td>75</td>
<td>72</td>
<td>71.8</td>
</tr>
<tr>
<td>b) Grade 5-7</td>
<td>37.5</td>
<td>38.2</td>
<td>36.4</td>
<td>38.9</td>
<td>35.8</td>
<td>35</td>
<td>34.9</td>
</tr>
<tr>
<td>c) Grade 8-9</td>
<td>32</td>
<td>33.2</td>
<td>32.3</td>
<td>33.9</td>
<td>32.6</td>
<td>32</td>
<td>32.4</td>
</tr>
<tr>
<td>d) Grade 10-12</td>
<td>21.7</td>
<td>22.8</td>
<td>20.3</td>
<td>23.9</td>
<td>19.4</td>
<td>18.70</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Source: FNDP Annual Progress Report 2008

The Gender Parity Index (GPI) measures the level of access to education of females' compared to that of males’. In 2008, there were 97 girls enrolled for every 100 boys. In terms of gender parity, the sector managed to achieve most of the set targets as shown in the table below, with the exception of the GPI for grades 1 – 7, which went down in 2007.

Table 3.20: Gender Parity Index

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</thead>
<tbody>
<tr>
<td>a) Grade 1-7</td>
<td>0.96</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.96</td>
<td>0.97</td>
<td>0.97</td>
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<tr>
<td>b) Grade 1-9</td>
<td>0.95</td>
<td>0.96</td>
<td>0.96</td>
<td>0.96</td>
<td>0.96</td>
<td>0.96</td>
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<tr>
<td>d) Grade 10-12</td>
<td>0.81</td>
<td>0.81</td>
<td>0.80</td>
<td>0.81</td>
<td>0.83</td>
<td>0.83</td>
<td>0.83</td>
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</tbody>
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Source: FNDP Annual Progress Report

In spite of the policy on free education as a way of furthering children’s access to education from grade 1 to 7; the challenge is access is still not guaranteed. Some school boards still insist on Parents Teachers Association (PTA) and other fees. Even though the compulsory wearing of school uniforms was abolished on the basis on unaffordability on the part of vulnerable children, some school authorities turn away such children from school.

3.2.3.82 Recommendations

3.2.3.83 Based on the preceding findings and discussion, it is recommended that:

(i) The building of schools in communities where there are no schools be expedited;
(ii) Government provide incentives to the private sector to build schools;
(iii) More teachers be employed with a focus on improving their competencies;
(iv) Conditions of service for teachers be improved in order to retain them;
(v) More desks and books be provided in schools especially in rural areas;
(vi) Teaching materials and aids be provided in order to improve learning achievements;
(vii) The Free For All Education Policy and the Education Decentralisation Policy both within the Ministry of Education be reviewed so that there is no conflict between the policy of free education and school boards policies; and,
(viii) Attention be given to the following concerns:
(a) High drop-out rates for girls  
(b) Low completion rates from grade 8 – 12  
(c) Teacher-pupil ratios, and  
(d) Inadequate funding to the education sector.

(m) Health

3.2.3.84 According to the FNDP Annual Progress Report 2008, the overall health goal is to improve the health status of the people in Zambia in order to contribute to socio-economic development in line with the Millennium Development Goals (MDGs) and to provide equitable access to cost effective and quality health care. The country has a decentralized approach to planning and provision of health services which broadens the scope for all individuals to access health services.

3.2.3.85 In 2008, the priority areas of focus were as follows:

(1) Disease Control Programme:

3.2.3.86 This programme has continued to focus on infectious diseases such as HIV/AIDS, Tuberculosis and Malaria.

(i) HIV/AIDS

3.2.3.87 Activities implemented under this area included intensification of HIV prevention, expansion of treatment, care and support for people affected by HIV and AIDS. As at December 2008, the country had 1,563 voluntary counselling and testing (VCT) sites. It is estimated that over 511,266 people were counseled and tested in these sites. As regards care and support for people living with HIV and AIDS (PLWHAS), it is estimated that the number of clients on Anti-retroviral therapy (ART) increased to 219,576 against the target of 220,000 persons. In the same period, 41,286 positive pregnant women out of approximately 90,000 positive pregnant women were also put on ART in order to prevent mother to child transmission. There was a noted increase in the number of pregnant women testing for HIV. Out of the estimated 500,000 annual pregnancies, 364,331 women were tested for HIV in 2008, compared with 306,000 in 2007. Most of this progress in providing ART resulted from the increase in ART sites which increased by in the review period. This made it possible for an estimated 149,199 patients to receive services, including an increase in the number of children on ART from 12,126 in 2007 to 18,040. A similar increase was recorded for infants exposed to HIV where the number increased from 15,600 to 24,026.

(ii) Tuberculosis

3.2.3.88 Tuberculosis continues to be among the ten leading causes of morbidity and mortality in Zambia. The high incidence has mainly been attributed to the high HIV prevalence rates in the country and poor socio-economic conditions. It is estimated that approximately 70 percent of TB patients are co-infected with HIV. Zambia has been implementing the Stop TB Strategy in accordance with the Global Plan to stop TB and the programme is currently being strengthened in all the 72 Districts. Most of the activities implemented were intended to expand and strengthen the DOTS with emphasis on strengthening laboratories and the MDR TB treatment facility. In addition, the sector intensified community awareness and sensitization campaigns.
(iii) **Malaria**

3.2.3.89 Malaria is endemic in all of Zamia’s nine provinces, and was the second leading cause of mortality in 2008 and the first in terms of morbidity. It accounted for 21 percent of hospitalisations and 26 percent of outpatient department visits. The burden of disease was highest among children under five years of age (up to 43 percent of the overall deaths in infants), pregnant women (accounting for up to 20 percent of the overall maternal mortality rate), and among the poor and vulnerable in society. Through the Roll Back Malaria programme, the parasitaemia rate in children under five declined by 50 percent from 21.8 percent in 2006 to 10 percent in 2008. The key outputs in 2008 included:

(i) *Increased uptake of Intermittent Preventative Treatment (IPT) to well above 62 percent;*
(ii) *Distribution of insecticide treated nets increased from three million to five million through the various channels that include Community Based Malaria Prevention and Control Program, the School Health Program and Malaria in Pregnancy (MIP) and the Mass distribution campaign;* and,
(iii) *A needs assessment was conducted to facilitate for the Indoor Residual Spraying (IRS) scale up from 15 districts in 2007 to 36 districts in 2008. Some provinces such as the Copperbelt reported covering all Districts with IRS.*

(iv) **Child health**

3.2.3.90 In order to reduce the under-five mortality rate, which is currently estimated to be 119 per 1000, the Government carried out a number of activities in 2008 including:

(i) *Expansion of the immunization program to reach every child. The immunisation coverage in 2008 reached an all time high of 90 percent from 85 percent in 2007 (Figure 3.11);* and,
(ii) *Strengthening the integrated management of childhood illness at both community and facility levels through training of health workers.*

*Figure 3.11: Immunisation Coverage in 20 worst performing districts, 2005 - 2008*

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74 Ministry of Health, 2009.
(v) **Infrastructure development and provision of equipment**

3.2.3.91 The activities undertaken in the review period under this program included:

(a) Construction of District hospitals in 15 out of the 19 districts that do not have a district hospital. The districts where hospitals are being constructed are Chama, Chadiza, Mpulungu, Shangombo, Mumbwa, Kaoma, Kapiri Mposhi, Samfya, Isoka, Kaputa, Chongw, Lufwanyama, Solwezi (Lumwana), Chiengi and Mufumbwe;

(b) Rehabilitation of 89 health centres and construction of 47 health posts and 70 staff houses;

(c) Rehabilitation of nine Provincial Hospitals and three Third-level Hospitals (Ndola, Kitwe and UTH). With regard to provincial hospitals and UTH, a pharmacy was constructed at Lewanika General Hospital at a cost of K500 million. For UTH, the X-Ray department was rehabilitated at a cost K550 million; and,

(d) Procurement of 40 ambulances and Utility vehicles for Provincial Health Offices (PHO), level II and III Hospitals.

(vi) **Drugs and medical supplies**

3.2.3.92 The following activities were undertaken to improve availability of quality and efficacious essential drugs and medical supplies:

(a) Procurement of drugs, vaccines and medical supplies at a total cost of K203.5 billion;

(b) Development of a standard medical equipment list for district, second level and tertiary hospitals in consultation with staff from the major hospitals. Tenders were done for ICU, Theatre, Laundry, surgical and Kitchen equipment for all level II and III hospitals. In addition, hospital equipment was tendered for Kapiri Mposhi, Kaoma, Chadiza and Mumbwa. A further 58 hardtop land cruisers, 10 minibuses for training schools, nine buses for second level hospitals, nine delivery trucks for Provincial Health Offices were procured. A total of 360 bikes were procured for hard to reach health centres:

(c) Refurbishment of the Medical Stores Limited at a total cost of K6 billion was completed; and,

(d) Acquiring of new Equipment at Medical stores Limited (MSL) called MACS software, which has created efficiency and effectiveness in processing of orders. In addition, three new trucks have been procured to quicken deliveries of drugs.

3.2.3.93 From the above discussion, it is evident that there is a notable increase in the number of persons assessing ART. Government has continued to invest in the main priority areas of health. However, the service delivery has a huge factor associated with poor services particularly from health personnel, over stretched health personnel to cover a high catchment area especially in highly populated urban areas, poor distribution of drugs and dilapidated health infrastructure and equipment. Distance to clinics in rural areas still continues to be a challenge. Even if health posts and clinics are spread out in the country there are not enough health workers to provide medical services.
3.2.3.94 Recommendations

3.2.3.95 Based on the preceding findings and discussion, it is recommended that:

(i) Government invest more in health by addressing the plight of health workers, infrastructure, supply of essential drugs and making health services more assessable to everyone especially pregnant women and children, and persons living with HIV/AIDS;

(ii) Government invest more resources in health training schools for health workers; and,

(iii) Conditions of service for health workers be improved in order to guarantee their retention in the health care system.

3.2.3.96 According to the 2006 Living Conditions Monitoring Survey, the most common type of housing occupied by households was traditional housing, occupied by 66 percent of the households (Table 3.21). Of these forty six percent occupied traditional huts while 20 percent occupied improved traditional houses. The next common type of housing was conventional, occupied by about one third of the total households in Zambia. Among the households that occupied conventional housing, 21 percent occupied detached housing, 6.5 percent flat/apartment and 4.6 percent semi-detached units and 1 percent occupied servants’ quarters.

3.2.3.97 In rural areas, a significant proportion of households (90 percent) occupied traditional housing units compared with only 22 percent in urban areas. Conventional housing units were the most common type of housing in urban areas occupied by 77 percent of the households; while only 9 percent of rural households occupied these types of housing units.

3.2.3.98 At provincial level, traditional huts were the most common type of housing, except in Lusaka and Copperbelt Provinces which had very low levels of 7 and 14 percent respectively. Western Province had the highest proportion (85 percent of households occupying traditional type of housing. One significant proportion of households occupying this type of housing were in Eastern, North-western and Northern provinces with about 70 percent each, respectively.
### Table 3.21: Most Common type of Housing Occupied by Households

<table>
<thead>
<tr>
<th>Type of Dwelling</th>
<th>Total Number of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Dwelling</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Residence</strong></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>100</td>
</tr>
<tr>
<td>Urban</td>
<td>100</td>
</tr>
<tr>
<td><strong>Stratum</strong></td>
<td></td>
</tr>
<tr>
<td>Small scale</td>
<td></td>
</tr>
<tr>
<td>Medium scale</td>
<td></td>
</tr>
<tr>
<td>Large scale</td>
<td></td>
</tr>
<tr>
<td>Non-Agric</td>
<td>100</td>
</tr>
<tr>
<td>Low cost</td>
<td>100</td>
</tr>
<tr>
<td>Medium cost</td>
<td>100</td>
</tr>
<tr>
<td>High cost</td>
<td>100</td>
</tr>
<tr>
<td><strong>Province</strong></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>100</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>100</td>
</tr>
<tr>
<td>Eastern</td>
<td>100</td>
</tr>
<tr>
<td>Luapula</td>
<td>100</td>
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<tr>
<td>Lusaka</td>
<td>100</td>
</tr>
<tr>
<td>Northern</td>
<td>100</td>
</tr>
<tr>
<td>Northwestern</td>
<td>100</td>
</tr>
<tr>
<td>Southern</td>
<td>100</td>
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</tbody>
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3.2.3.99 On the basis of the above evidence, there is no doubt that Zambia has been facing a very critical shortage of housing since independence. The lopsided pattern of development between rural and urban areas has resulted in very high rural–urban migration, without a corresponding effort to provide appropriate housing. Consequently the proliferation of unplanned settlements in almost all urban centres continues with inadequate social amenities such as water, roads and sanitation facilities. It is observed that the National Council for Construction (NCC) is not effective in regulating contractors, while procuring entities are not effective in supervising them. As a result of this, some of the standards in the construction industry are undesirable and contribute to the poor state of housing in the country. The other problem in the housing sector is lack of adequate finance. This is coupled with high rentals. In most cases houses are very expensive and out of reach to the ordinary Zambian. It is also difficult to secure a mortgage because of the high interest rates.
3.2.3.100 Recommendations

3.2.3.101 Based on the preceding findings and discussion, it is recommended that:

(i) Government reconsider the housing policy and ensure that it is more responsive to the contemporary issues that affect Zambia and the right to shelter;

(ii) The NCC regulate contractors more effectively and allow more trade certified builders into the market including those from within the region;

(iii) Government develop a proper housing policy throughout the country in order to upgrade the general poor housing infrastructure;

(iv) Government immediately implement the peri-urban housing plans that are ready under some municipalities such as the Lusaka and Kitwe City Councils;

(v) Government create a policy that allows persons in the construction industry to improve their skills; and,

(vi) Youth be trained in modern housing construction skills that include renewable energy utilization in rural set ups.

3.2.3.102 Steps taken to Facilitate Equal Access to Justice for All

(a) Existing legal provisions and institutions/mechanisms set up to facilitate access to justice

3.2.3.103 Government initiated the Access to Justice Programme (AtoJ) to ensure access to justice by vulnerable people in 2007 following the adoption of the Fifth National Development Plan. Key initiatives under the Access to Justice programme include improving communication, cooperation and coordination among justice institutions and other stakeholders; increasing competence and motivation of personnel in justice agencies and institutions; improving accessibility of justice agencies and institutions, especially by the poor and vulnerable women and children; improving the legislative process and policy and framework affecting the administration of justice; increase public awareness of human and civil rights and of judicial procedures and remedies; and improving record keeping and information management within and across justice agencies and institutions.

(i) Access to justice in Zambia is assessed at different levels, including:

1. Effectiveness and efficiency of justice delivery agencies – this relates to the capacity of the agencies to deliver quality services within a reasonable period of time;

2. Physical access – how close the users are to law enforcement agencies;

3. Access in financial terms – how affordable legal services are to the users;

4. Access in technical terms – how comfortable users are with the legal language and procedural requirements. This also relates to the treatment of users by the law enforcement personnel as well as their representation by experts in law and its techniques and their ability to afford them (i.e. cost);
(ii) Against this background, the main aim of the AtoJ is to improve access to justice in Zambia through a
series of interventions that aim at strengthening the coordination and cooperation between the justice
sector institutions to deliver improved and decentralised justice for all, with particular emphasis on
women and children in rural areas. These are presently disadvantaged. The activities include efforts
to improve case flow management in order to improve the quality of adjudication and case handling at
the local and subordinate courts, and improving police protection of and legal redress to the poor and
vulnerable groups exposed to abuse.

3.2.3.104 The AtoJ also aims at enhancing collaboration between the involved partner institutions in the
justice sector. It seeks to promote cooperation and dialogue between the justice institutions through
practical case handling in the criminal justice system and through interventions aimed at
developing a holistic approach to problem solving and planning among the involved institutions.

3.2.3.105 The partner institutions are:

(i) The Judiciary;
(ii) Directorate of Public Prosecutions;
(iii) Legal Aid Board;
(iv) Zambia Police; and,
(v) Zambia Prisons Services.

(iii) Whereas access to justice spans a wide range of issues, the enormity of the challenges is not all met
since the current emphasis is on criminal justice. Though narrow it ensures focus and a realistic
attempt at reforms that demonstrate what is possible. Criminal justice has a significant bearing on the
lives of the poor and vulnerable given the widely understood correlation between poverty and crime
propensity in both the public and private spheres. Moreover, the bottlenecks in the justice sector are
most visible in the criminal justice system with high remand populations, congested prisons, and a
huge case backlog all which disproportionately affect the poor who have no means at their disposal by
which to circumvent these obstacles thereby perpetuating their poverty status.

3.2.3.106 The main contents of the AtoJ and achievements are as follows:

1. Institutionalisation of coordination between justice sector institutions and support to
decentralised delivery of criminal justice through pilot initiatives in selected areas and roll out to
other areas based on experience gained:

   (i) AtoJ structure is operating well at two levels that is at policy and technical level within
       institutions;
   (ii) A model plan for improved Communication, Coordination and Co-operation (3Cs)was
devolved and approved for implementation in 2009 in the selected areas
       (Livingstone, Lusaka, Kabwe, Kitwe, and Ndola)where committees have been set up
       between the partner institutions to improve the 3Cs; and,
   (iii) A handbook for best practice guidelines for the criminal justice process which will be
       used to develop a strategy to reduce case backlog was developed in 2009.

2. Training done for local courts’ staff in all provinces and support to the development of a training
policy and delivery of courses to subordinate court staff and personnel in the access to justice
sector. Also training and strengthening of paralegals working at local level is in process:

   (i) More than 300 Local court justices and clerks in all provinces took part in a tailor-
       made training course in three modules each of one week;
More than 200 police prosecutors and investigators from all provinces were trained in prosecutions and investigations best practices including human rights in Lusaka;

More than 200 (Victim Support Unit) VSU officers from all provinces were trained in psychosocial counselling and gender in Lusaka; 20 senior managers from across the AtOJ sector were trained in leadership management in Lusaka; 20 selected officers attended a tailor-made law and justice course in Denmark in 2009; and,

Sensitization and awareness programmes in human and civil rights continue to be held through schools and the media throughout the country.

3. Facilitate development of unambiguous mandates and roles of various institutions, including adoption of policies and legislation for achieving institutional autonomy of the public prosecution and legal aid, and strategic planning for the key criminal justice institutions as input to the development of a sector plan:

(i) The Legal framework for the Legal Aid Board (LAB) de-linked from the Ministry of Justice (MoJ) is in place and support for the drafting of a broad legal aid policy covering both LAB, the Law Association of Zambia (LAZ) and paralegals working with civil society is being considered in 2010;

(ii) The Legal Framework for the de-linking of the Directorate of Public Prosecutions (DPP) from the MoJ was approved by Government in 2009 and support is being provided for the organizational and structural analysis necessary to implement the process of de-linking; and,

(iii) A Strategic Plan and Development Programme (SPDP) for the Judiciary was developed and approved in 2009 and support is being provided for the implementation of the plan.

4. Support to improve records and information management including installation of a shared criminal case flow management system for all justice institutions and provision of equipment necessary to operate computerised management systems:

(i) A programme for improved records management through digitisation was implemented in 2009 in selected courts in Lusaka (including Supreme Court, High Court and the Magistrates Court) and in Chipata and Mongu;

(ii) A Situation Analysis for the development of a computerized case flow management system was done and plans for the implementation of the recommendations will be undertaken in 201; and,

(iii) More than 150 registry clerk personnel form the Judiciary were trained in improved records management from all provinces in Lusaka in 2009.

5. Infrastructure development as a means to improve decentralised justice delivery and access to justice for the poor and vulnerable through support to rehabilitation and construction of local and subordinate courts, expansion of Victims Support Unit’s local offices within the Police Service, support to juvenile justice through establishment of approved and/or reformatory schools as well as support to improve conditions in prisons through various rehabilitation works:

(i) VSU offices were constructed in Mongu, Mansa and Lusaka between 2008 and 2009; Six local courts were rehabilitated in Senanga, Kaoma, Zambezi, Mwinilunga, Chinsali and Mpika districts between 2008 and 2009; Land was secured in 2009 for five Justice Houses to support the process of decentralising the services of the DPP and LAB in the five provinces where they are not permanently present namely, Eastern, Luapula, Northern, North-Western and Western Provinces;
A prison audit was carried out in 2009 among other things giving baseline information on the status of the infrastructure in all the 53 prisons in the country and making prioritized recommendations for improvements;

A parole office was constructed in 2009 in Lusaka to support the process of parole as an alternative to imprisonment; and,

In 2010 plans were under way for the rehabilitation of Katombora reformatory school in Livingstone as well as for the construction of a new reformatory school in the Midlands Lusaka-Mwembeshi.

6. As for the future it is expected that the AtoJ will feature strongly in the Governance Chapter of the Sixth National Development Plan (SNDP) covering the period 2011-2015 which is currently being developed.

3.2.3.107 In the second phase of the AtoJ, focus will continue to be on the consolidation of achievements made and structures that have been put in place combined with a move towards a proper Sector Wide Approach (SWAP) in the AtoJ sector. The second phase of the AtoJ will also include Administrative Justice, Civil Justice, Commercial Justice and establish closer linkages with informal justice systems with civil society.

3.2.3.108 Based on emerging broad challenges that limit access to justice in both structural and qualitative terms, priority has been given to initiate reforms in the following areas:

(i) Out of date and inaccessible laws and procedures;
(ii) Overcrowding of prisons;
(iii) Delays in court;
(iv) Absence of adequate juvenile justice provision;
(v) Lack of support mechanisms which meet the needs of the poor, vulnerable and marginalised to access justice;
(vi) Lack of connection between community needs and police operations; and,
(vii) Inefficient use of limited resources.

(b) Alternative dispute resolution mechanisms

3.2.3.109 There are two alternative dispute resolution mechanisms that are practiced in Zambia today. These are:

(1) Arbitration

3.2.3.110 This process was hardly resorted to until 2000 following its revitalization and popularization. It is guided by the Arbitration Act No. 19 of 2000. The Act repealed and replaced the Arbitration Act Chapter 40 of the Laws of Zambia. Since the enactment of the Arbitration Act the number of arbitrations conducted in Zambia have increased.

3.2.3.111 Section 6(1) states that “any dispute which the parties have agreed to submit to arbitration may be determined by arbitration”. The agreement to arbitrate can be entered into at the time of entering into the contract or after the dispute arises.

3.2.3.112 Under subsection (2), the matters that are not allowed for determination by arbitration include:

(i) Criminal matters;
(ii) Matrimonial causes and matters incidental thereto (except with leave of Court); Determination of maternity, paternity or parentage of a person; and,
Matters affecting the interests of a minor or a person lacking legal capacity.

3.2.3.113 The other method of referral to arbitration is by way of a stay of proceedings by a Judge. In such a situation the Defendant will have to bring it to the attention of the Court that there is an arbitration agreement in relation to the dispute before Court. The Judge then has an obligation to refer the parties to arbitration as their choice of dispute resolution.

(2) Mediation

3.2.3.114 In Zambia there exists Court-annexed mediation which is modelled along the lines of the Washington DC Superior Court Mediation System. It is important to state that Court-annexed mediation is not the only type of mediation that exists or is practiced in Zambia. There are other ad hoc mediations that do not have any connection with the Courts.

3.2.3.115 Court annexed mediation is provided in the High Court (Amendment) Rules 1997 Statutory Instrument No. 71 of 1997. Rule 4 states:

3.2.3.115 “Except for cases involving Constitutional issues or the liberty of an individual or an injunction or where the trial Judge considers the case to be unsuitable for referral, every action, may upon being set down for trial, be referred by the trial Judge for mediation and where the mediation fails the trial Judge shall Summon the parties to fix a hearing date.”

3.2.3.117 It is important to note that although parties are obliged to attempt mediation they are not compelled to settle. The rule merely directs persons to attend or attempt mediation.

3.2.3.118 It is worth pointing out that a Small Claims Court with simplified procedures was established in 2009 on a pilot basis in Lusaka. This is a fast track court to provide speedy justice to members of the public.

(3) Role of Civil Society and Other Stakeholders

3.2.3.119 As a step towards increased dialogue between the formal justice sector representing the supply side of service delivery and civil society organisations representing the demand side, AtoJ has been actively involved in the legal aid baseline survey. The survey is expected to provide detailed information on user perceptions and needs in relation to legal aid service provision. The survey is also expected to provide input to the development of a broad based legal aid policy involving LAB, LAZ and civil society based legal aid service providers. The results are expected in 2010.

3.2.3.120 From the legal aid policy it is expected that the roles and functions of all three players (LAB, LAZ and civil society based legal aid service providers) involved in legal aid service provision will be clarified in order to facilitate a process for the identification and introduction of new Alternative Dispute Resolution (ADR) mechanisms.

(c) Measures taken to Sustain Progress in Facilitating Equal Justice for All

3.2.3.121 The AtoJ has undertaken the following measures to sustain progress:

(i) A Situation and Gap Analysis on legal and judicial education was completed in 2009. The analysis made recommendations for the development of a curriculum within the recommended areas of human rights and improved communication, coordination and cooperation and the institutionalisation of the said training, both as pre-service and in-service within relevant training institutions;
(ii) A Gender and HIV/AIDS Mainstreaming exercise was carried out in 2009 and made recommendations that will better equip AtoJ to introduce relevant activities in these cross cutting areas; and,

(iii) The fact that AtoJ is part of Government’s FNDP programme and will feature strongly in the Sixth National Development Plan that is planned for the period 2011-15 also augers well for the sustainability of the programme.

(d) Official Assessment of the Justice System

3.2.3.122 There is no recent comprehensive study on the Status of the Justice Sector in Zambia. However, the AtoJ initiated a thorough Access to Justice Situation Analysis in 2009 as the basis for an expanded access to justice reform programme. The situation analysis aims at providing a better understanding of the various constraints faced by different segments of society that are currently disadvantaged and assess the extent to which the AtoJ could address them. The situation analysis will further provide more information about the nature, scope and qualitative importance of the informal justice mechanisms operated by traditional leaders and religious institutions and thus provide an analysis of the linkages between formal and informal justice that will better equip the AtoJ to develop intervention strategies within this important area.

3.2.3.123 Recommendations following from such analysis will also assist the AtoJ to strengthen linkages with Gender in Development Division and the implementation of the National Gender Policy as well as between social welfare and probation officers and other justice service providers. Finally, the situation analysis will provide a more recent assessment as well as data to inform the definition of baselines for monitoring the key results of planned interventions.

3.2.3.124 The situation analysis is currently ongoing and is scheduled to be concluded by April 2010. Findings and recommendations from the situation analysis will feed into a revised and expanded AtoJ that will include other aspects of justice such as civil, commercial and administrative law.

3.2.4 Upholding the Separation of Powers, including the protection of the Independence of the Judiciary and of Effective Parliament

3.2.4.0 Constitutional and Legislative Provisions Establishing the Separation and Balance of Powers among the Executive, the Legislative and the Judicial Branches of Government

(a) Constitutional and Legislative Provisions Establishing and Guaranteeing the Separation of Powers

(i) The doctrine of Separation of Powers (SOP) is not explicitly enshrined in the constitution of the Republic of Zambia. However, there are several constitutional and legislative provisions which give effect to the doctrine. The reason is that Zambia is a constitutional democracy with three organs of the state, namely, the executive, the legislature and the judiciary. The powers and functions of each of these three organs of the state are set out in the constitution and other laws of the country.

(ii) Part IV of the constitution comprising Articles 33 – 61 provides for the composition, powers and functions of the executive arm of the state. As noted in Chapter Two, the executive is headed by the President who is the Head of State and of Government and the Commander-in-Chief of the Defence Force75.

75 Article 33 of the Constitution
(iii) Part V of the constitution comprising Articles 62 – 90 provides for the composition, powers and functions of the legislative organ of the state. In addition to the constitutional provisions found in Part V of the constitution, several other constitutional provisions exist on the functions and powers of the legislature\textsuperscript{76}. The Constitutional provisions are supplemented by the provisions of the National Assembly (Powers and Privileges) Act\textsuperscript{77} and the provisions of Standing Orders\textsuperscript{78}.

(iv) Part VI of the constitution comprising Articles 91 – 99 provides for the composition, powers, functions, administration and independence of the Judiciary. These constitutional provisions are supplemented by several pieces of legislation including the Judicature Administration Act\textsuperscript{79}; the Judges (Conditions of Service) Act\textsuperscript{80}; the Supreme Court Act\textsuperscript{81}; the High Court Act\textsuperscript{82}; the Industrial and Labour Relations Act\textsuperscript{83}; the Subordinate Courts Act\textsuperscript{84}; the Small Claims Court Act\textsuperscript{85}; and the Local Courts Act\textsuperscript{86}. There also exists the Judicial (Code of Conduct) Act\textsuperscript{87} which governs the conduct of judicial officers.

(b) Mechanism to Resolve Conflicts between the different Branches Of Government

3.2.4.1 The current constitution has no specific provision on how conflicts arising between the different branches of government may be resolved. However, a proposal has since been made in the draft Constitution that the Constitutional Court, whose establishment has also been proposed in the draft constitution, shall have jurisdiction, among other things, to determine disputes between state organs or state institutions at national or local level concerning their powers or functions\textsuperscript{88}.

(c) Effectiveness of the Separation of Powers and Mechanisms for Checks and Balances

(i) In a constitutional democracy like Zambia, the principle of separation of powers is essential in ensuring equitable distribution of power and effective checks and balances among the three organs of the state which, in turn, enhances good governance and accountability\textsuperscript{89}. Separation of powers does not mean that the three organs of the state should be wholly separated from each other. Rather, it implies that they should operate in concert, but with “checks and balances” that ensure that none of them encroaches on the legitimate domain of the other\textsuperscript{90}.

(ii) In Zambia, the three arms of government provide checks on each other. The actions of the executive arm of government are checked by the National Assembly through the oversight role of the National Assembly as explained in question 3 below. The executive is also kept in check by the Judiciary by virtue of the latter’s judicial power to review the legality of decisions and actions of all public officials including those of the President of the Republic.

\textsuperscript{76} For example Articles 30, 31, 37 and 117 of the constitution.
\textsuperscript{77} Cap 12 of the Laws of Zambia
\textsuperscript{78} Section 33 of the National Assembly (Powers and Privileges) Act
\textsuperscript{79} Cap 24 of the Laws of Zambia
\textsuperscript{80} Cap 277 of the Laws of Zambia
\textsuperscript{81} Cap 27 of the Laws of Zambia.
\textsuperscript{82} Cap 25 of the Laws of Zambia.
\textsuperscript{83} Cap 269 of the Laws of Zambia.
\textsuperscript{84} Cap 28 of the Laws of Zambia.
\textsuperscript{85} Cap 47 of the Laws of Zambia.
\textsuperscript{86} Cap 29 of the Laws of Zambia.
\textsuperscript{87} Act No. 13 of 1999.
\textsuperscript{88} Article 201(1) (f) of the Draft Constitution.
\textsuperscript{89} Mung’omba CRC report at page 247.
\textsuperscript{90} Mung’omba CRC report at page 434.
3.2.4.2 Meanwhile, the decisions of the National Assembly in the performance of its functions are also subject to review by courts of law. This was confirmed in the case of Chiluba vs the Attorney General91 in which Zambia’s second republican president challenged, among other things, the procedure followed by the National Assembly in removing the immunity conferred on him by the constitution to pave way for him to face criminal charges.

(iii) The judiciary is also not immune from checks by the other arms of government. Firstly, the very fact that the appointment of judges is subject to the ratification of the National Assembly is in itself a check on the kind of persons who should be entrusted with judicial powers. Secondly, if the judiciary passes any judgment that the National Assembly is not happy with; the National assembly may amend or enact a law that changes the position taken by the judiciary in the judgment.

3.2.4.3 However, this is not to suggest that the effectiveness of the separation of powers and mechanisms for checks and balances in Zambia are not questionable. Two reasons can be advanced to support this conclusion. Firstly, a number of petitioners to the Mung’omba Constitutional Review Commission (CRC) expressed the view that the current constitutional and legislative framework makes it difficult for both the judiciary and the legislature to provide effective checks and balances on the powers and functions of the executive arm of the state. Secondly, the same petitioners submitted that in order to achieve the independence and autonomy of each of the three organs of the State and to enhance checks and balances, the doctrine of Separation of Powers should be expressly enshrined in the Constitution92.

(iv) The Mung’omba Constitutional Review Commission (CRC) heard submissions suggesting that the effectiveness of the judiciary and the National Assembly is compromised by these institutions’ lack of financial independence. The judiciary and the National Assembly themselves submitted that there was need for them to be financially autonomous so that their budgetary allocations are not left to the discretion of the executive93. If the draft constitution94 proposals on how to enhance the financial independence of the judiciary and the financial autonomy of the National Assembly are not adopted, it would be fair to conclude that the effectiveness of the judiciary and the National Assembly will remain doubtful.

(v) Regarding the effectiveness of the National Assembly, another concern has been that the current constitutional requirement whereby Cabinet Ministers and Deputy Ministers are appointed from among the Members of the National Assembly compromises the effectiveness of Members of Parliament who are Cabinet Ministers and Deputy Ministers. It would appear that both Cabinet Ministers and Deputy Ministers find it difficult to balance between the time needed to attend to their ministerial functions and the time needed to attend to their functions as Members of Parliament, particularly issues affecting their constituencies.

3.2.4.4 The fact that Cabinet Ministers are bound by the principle of collective responsibility also makes their voice and that of Deputy Ministers compromised when it comes to matters relating to the oversight role of the National Assembly on actions of the executive. This is because all Cabinet Ministers and Deputy Ministers are collectively bound by all decisions made by Cabinet.

3.2.4.5 However, a proposal has since been made requiring that Cabinet Ministers and Deputy Ministers must be appointed from outside the Members of the National Assembly95.

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91(2006) ZLR.
92 Mung’omba CRC Report at page 247
93 Mung’omba CRC Report at pages 410 and 438
94 Article 196 of the Draft Constitution
95 Articles 147 and 149 of the Draft Constitution
3.2.4.6 Judicial Independence

(a) Legal provisions establishing the independence of the judiciary

3.2.4.7 The independence of the Judiciary is specifically provided for in Article 91 of the Constitution. The Article provides that all judges, members, magistrates and justices of the Zambian Courts “shall be independent, impartial and subject only” to the constitution and the law. The Article also provides for the autonomy of the Judicature.

3.2.4.8 In addition to Article 91 of the Constitution, provisions aimed at safeguarding the independence and autonomy of the judiciary also exist in the Judicature Administration Act; the Supreme Court Act; the High Court Act; the Industrial and Labour Relations Act; the Subordinate Courts Act; the Small Claims Court Act; and the Local Courts Act.

(b) Procedure for Appointment of Judges, Magistrates and other Judicial Officers

3.2.4.9 The procedure for appointing Judges of the Supreme Court is set out in Article 93 of the Constitution while that for appointing Judges of the High Court, the Chairman and Deputy Chairman of the Industrial Relations Court is set out in Article 95 of the constitution.

3.2.4.10 The Judges of both the Supreme Court and the High Court are appointed by the President subject to ratification by the National Assembly. So are the Chairman and Deputy Chairman of the Industrial Relations Court. However, Judges of the High Court and the Chairman and Deputy Chairman of the Industrial Relations Court are appointed on the advice of the Judicial Service Commission while judges of the Supreme Court are not.

3.2.4.11 The number of Supreme Court judges and the High Court judges is specified by the Supreme Court and High Court (Number of Judges) Act. Magistrates and other judicial officers are appointed by the Judicial Service Commission in accordance with the provisions of section 4 of the Judicature Administration Act.

(c) Determination and Security of Tenure for Office of Judges, Magistrates and Other Judicial Officers

3.2.4.12 Article 98 (1) of the Constitution provides that a person holding the office of Judge of the Supreme Court or High Court shall, subject to the other provisions contained in Article 98 of the Constitution, vacate the office on attaining the age of 65 years. However, a Judge who has attained the age of 65 years may be appointed for a further period of 7 years.

3.2.4.13 A Judge of the Supreme Court, High Court, chairman or Deputy Chairman of the Industrial Relations Court may be removed from office only for inability to perform the functions of the office, whether arising from infirmity of body or mind, incompetence or misbehavior and cannot be so removed except on the advice of a tribunal constituted by the President for the purpose of investigating the question of removing such judge, Chairman or Deputy Chairman.

3.2.4.14 Magistrates and other judicial officers hold office on such terms and conditions as are determined by the Judicial Service Commission with the approval of the president.

96 Article 91 (2) of the Constitution
97 Article 91(3) of the Constitution
98 Cap 26 of the Laws of Zambia
99 Article 98 (2), (3) and (4) of the Constitution
100 Section 4(3) of the Judicature Administration Act
(d) Remuneration of Judges, Magistrates and other Judicial Officers

3.2.4.15 The emoluments, pensions and other conditions of service for Judges are provided for in the Judges (Conditions of Service) Act\textsuperscript{101}. On the other hand, the emoluments, pensions and other conditions of service for Magistrates and other judicial officers are determined by the Judicial Service Commission with the approval of the President\textsuperscript{102}.

(e) Resource Allocation to the Judiciary

3.2.4.16 The funds of the Judiciary consist of such moneys as are (a) appropriated by Parliament for the purposes of the Judicature; (b) paid to the Judicature by way of court fees or by such grants as the Chief Administrator of the Judicature may accept; and (c) vest in or accrue to the Judicature\textsuperscript{103}. All expenses incurred by the Judicature in the exercise and performance of its powers and functions including the salaries and allowances of judges, Magistrates and other judicial officers are paid out of the funds of the Judicature\textsuperscript{104}.

3.3.4.3. Degree of Independence of the Judiciary

3.2.4.17 In any country, the independence of the judiciary is essential for the impartial administration of justice, the adherence to the rule of law, and for the separation of powers\textsuperscript{105}. The judiciary is considered to be independent only if it is able to interpret the laws of the land fairly and dispense justice impartially, without fear or favour, between individuals or the individual and the State\textsuperscript{106}.

3.2.4.18 The emphasis placed on the principle of the independence and impartiality of the judiciary entails that although the Judiciary derives its judicial authority from the Constitution, the judicial service should enjoy freedom from interference by the other organs\textsuperscript{107}. Checks and balances are assumed to be inherent in the very character of the institution of courts and evidenced in the instruments and processes that define their functions\textsuperscript{108}.

3.2.4.19 In Zambia, findings from the field surveys and assessments provide a mixed picture of the independence of the judiciary. According to the 2008 State of Governance Survey, 68\% of the population in Zambia agree that the courts of law uphold the rule of law and are impartial. The results further show that 57\% of the respondents believe that the courts do not discriminate against electoral candidates regardless of which political party they belong to. These perceptions are in line with the 2009 Legatum prosperity index, which indicates that 63 \% of the population in Zambia approve of the court system, ranking the country in the top 30 worldwide.

3.2.4.20 According to the findings of the 2009 APRM Democracy and Good Political Governance Survey, less than half (43.3 \%) of the respondents perceive the courts and the judiciary, as being very independent while 56.5\% think to the contrary. The results from the same survey also show that 68\% of the respondents believe that the courts of law and the judiciary are subjected to various kinds of interference. In terms of equal and secure access to the due process of the law, many respondents feel this is not happening (60.6\%). Meanwhile, the African Governance report 2005

\textsuperscript{101} Cap 277 of the Laws of Zambia
\textsuperscript{102} Section 4(3) of the Judicature Administration Act
\textsuperscript{103} Section 6(1) of the Judicature Administration Act
\textsuperscript{104} Section 6 (3) of the Judicature Administration Act
\textsuperscript{105} Mung’omba CRC Report at page 434
\textsuperscript{106} Mung’omba CRC Report page 434
\textsuperscript{107} Mung’omba CRC Report at page 438
\textsuperscript{108} Mung’omba CRC Report at page 438
shows that, about 33% of the experts surveyed perceived the judiciary to be independent of the executive.

3.2.4.21 Given the views above, it is clear that the judiciary in Zambia is to a great extent perceived to be independent. This view is supported by the evidence from the 2008 State of Governance Survey which shows that only 10% of the population had no trust in the judiciary while 11.6% were not sure of their position. However, this does not mean that there are no issues which cast doubt on the independence of the judiciary in the country. Two issues that particularly stand out relate to the appointment of judges and the funding of the judiciary.

3.2.4.22 With regard to the appointment of judges, it can be argued that the fact that judges are appointed by the President of the Republic raises the possibility that judges might not be free to pass a fair judgment against the appointing authority. This is aggravated by the fact that instead of giving effect to the autonomy of the Judiciary as stipulated in Article 91(3) of the Constitution, the Judicature Administration Act “clearly and loudly makes the Judiciary subservient to the Presidency in matters related to administration in general, the appointment of certain members of the Judicature and staff, terms and conditions of service, and the exercise of disciplinary powers”109. Further, Section 5 of the Service Commissions Act110, which subjects the Judicial Service Commission to such general directions as the President may consider necessary and requires the Commission to comply, is in direct conflict with the principle of the independency of the judiciary111.

3.2.4.23 Indeed, the perception of some commentators on the issue is that the Executive sometimes interferes with the operations of the judiciary thereby compromising the independence of the institution. This perception prompted the Mung’omba CRC to recommend that “no member of the Executive or Legislature or any other person shall interfere with the Judges or judicial officers or other persons exercising judicial power, in the exercise of their judicial functions, and all organs of the State shall accord such assistance as courts may require to protect their independence, dignity and effectiveness, subject to the Constitution”112.

3.2.4.24 As regards the funding of the judiciary, the budget of the Judiciary, like that of any other Government institution, is subject to superintendence and prescription by the Ministry responsible for finance before submission of the estimates of revenue and expenditure by the Government to the National Assembly113. This is on the premise that the Ministry is in control of Government revenue and expenditure. Once approved by Parliament, only a portion is released and this is done through the Ministry in charge of finance114.

3.2.4.25 Clearly, therefore, the current funding mechanism for the judiciary vests too much discretionary power in the Executive (through the Minister responsible for finance) to determine budgetary allocations for the judiciary. Even the release of the funds approved in the budget is left to the discretion of the minister responsible for finance thereby creating a possibility that the release of funds may be used as a tool to cripple the judiciary if considered as anti Executive.

3.2.4.26 Against this backdrop, some petitioners to the Mung’omba Constitutional Review Commission, including the Judiciary itself, proposed that in order to ensure and enhance the independence, impartiality, dignity and efficiency of the Judiciary, the budget of the Judiciary should be paid from

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109 Mung’omba CRC Report at page 440
110 Cap 259 of the laws of Zambia
111 Mung’omba CRC Report at page 440
112 Mung’omba CRC Report at page 440
113 Mung’omba CRC Report at page 440
114 Mung’omba CRC Report at page 440
the national Budget in such a manner as to distinguish the institution as a separate arm of the Government and, in any case, not disadvantage it in proportional terms of the budgetary allocations made to the Legislature and the Executive\textsuperscript{115}.

(a) **Official Assessment of the Independence of the Judiciary**

3.2.4.27 In addition to the assessments and surveys mentioned in the preceding indicator, both the 1991 Mvunga CRC\textsuperscript{116} and the 1993 Mwanakatwe CRC received submissions from petitioners who wanted the Judiciary “to be truly independent and impartial and that this should be reflected in its being explicitly vested with the judicial power of the State, complete delinkage from the Executive, administrative and financial autonomy, and freedom from political interference”\textsuperscript{117}.

3.2.4.28 **Independence of the Legislative Body**

(a) **Powers of the Legislative body in Zambia**

3.2.4.29 The legislative power of the Republic of Zambia is vested in Parliament which consists of the President and the National Assembly\textsuperscript{118}. The power is exercised by Bills passed by the National Assembly and assented to by the President\textsuperscript{119}.

3.2.4.30 In addition to its legislative powers, the National Assembly also plays an oversight role on the powers and functions of the executive branch of the State. The powers and functions of the National Assembly are spelt out in several constitutional provisions particularly those under Part V of the constitution consisting of Articles 62 – 90. These constitutional provisions are supplemented by the provisions of the National Assembly (Powers and Privileges) Act and also the provisions of Standing Orders.

(b) **Powers and independence of the National Assembly to initiate Bills and propose amendments**

3.2.4.31 Article 44 (3) (b) of the constitution empowers the President of the Republic of Zambia to initiate legislation for submission to and consideration of the National Assembly. But the constitution is silent on whether Members of the National Assembly can initiate their own Bills.

3.2.4.32 In practice, Members of the National Assembly are at liberty to initiate their own Bills for submission to and consideration of the National Assembly. However, certain Bills with financial implications may only be introduced on the recommendation of the President\textsuperscript{120}.

3.2.4.33 A proposal has since been made to expressly recognise the right of individual Members of the National Assembly to initiate their own Bills and that the expenses of drafting and introducing such Bill must be borne by the state\textsuperscript{121}.

3.2.4.34 During the various stages that the Bill goes through during its consideration by the National Assembly, the Bill may be amended or wholly rejected by the National Assembly.

\textsuperscript{115} Mung’omba CRC Report at page 438
\textsuperscript{116} The Mvunga CRC went round the country in 1991
\textsuperscript{117} Mung’omba CRC Report at page 438
\textsuperscript{118} Article 62 of the Constitution
\textsuperscript{119} Article 78 of the Constitution
\textsuperscript{120} Article 81 of the constitution
\textsuperscript{121} Article 170 of the Draft Constitution
The process of approving the National Budget

(i) Although the Executive is responsible for planning and formulating the budget, it is important that the Legislature provides checks and balances\textsuperscript{122}. It is the role of Parliament to approve the Budget and to monitor its implementation through the work of its Committees. When approving the Budget, Parliament is expected to evaluate both the objectives and the strategies presented by the Executive, ensuring their feasibility, suitability and acceptability to the country’s needs\textsuperscript{123}.

3.2.4.35 In Zambia, the power of the National Assembly to approve the estimates of revenue and expenditure presented by the Government is found in Article 117. The power is exercised by passing Appropriation Bills. However, the role of the National Assembly in approving and monitoring the budget is hindered by several limitations.

(ii) Firstly, the process of presenting and passing of the Budget and estimates, as provided for under the Standing Orders (Rules of the National Assembly) is very brief\textsuperscript{124}. Members of Parliament do not have prior opportunity to analyse reports and other information related to the estimates\textsuperscript{125}. The whole process takes about one and half months only.

3.2.4.36 The stages\textsuperscript{126} for the whole process of approving the budget can be summarised as follows: (1) delivery of the budget speech followed by tabling of the estimates; (2) general debate on administration and policy for a period not exceeding five days; (3) consideration of the estimates in parliamentary committees; and (4) adoption of the estimates by the House.

(iii) Secondly, no amendment may be moved in the Committee without notice\textsuperscript{127}. Thirdly, despite the Standing Orders permitting an amendment to omit or reduce an expenditure item, an amendment to increase any item in a grant or alter the destination of a vote is expressly prohibited (Standing Order 88)\textsuperscript{128}. The prohibition is based on the rationale that such measures would impinge on the function of the Executive to move tax or revenue measures.

(iv) Fourthly, Article 81 of the Constitution prohibits the introduction of any Bill to alter taxation or any charge other than by reduction without the recommendation of the President. This restriction also applies to any motion which would have the same effect.

3.2.4.37 Further, Articles 115, 116 and 117 of the Constitution permits expenditure prior to the approval of estimates or supplementary estimates. In addition, expenditure which would otherwise be unconstitutional is “ratified” by the National Assembly as late as 30 months after the end of the financial year\textsuperscript{129}.

3.2.4.38 But in line with the parliamentary reforms initiated in 2005, several reforms aimed at improving both the legislative and oversight processes of the National Assembly are being implemented.

\textsuperscript{122} Mung’omba CRC Report at page 693
\textsuperscript{123} Mung’omba CRC Report at page 693
\textsuperscript{124} Mung’omba CRC Report at page 694
\textsuperscript{125} Mung’omba CRC Report at page 694
\textsuperscript{126} Mung’omba CRC Report at pages 694 and 695
\textsuperscript{127} Mung’omba CRC Report at page 695
\textsuperscript{128} Mung’omba CRC Report at page 695
\textsuperscript{129} Mung’omba CRC Report at page 695
Among the reforms which have already been implemented is the establishment of a standing committee whose functions include: (a) investigating or inquiring into the administration of government ministries and departments; (b) examining and making recommendations on Bills that are referred to it; (c) initiating any Bill within its area of competence; and (d) assessing and evaluating estimates of revenue and expenditure including the management of revenue and expenditure by government and other bodies who directly or indirectly receive resources from government.

(v) Other reforms being implemented include the requirement that the National Assembly must facilitate the involvement of public involvement in the legislative process and also to conduct its business in an open manner and hold its sittings in public. This is intended to give members of the public the opportunity to make detailed comments and recommendations on matters being considered by the National Assembly or any of its committees.

(2) Opportunity to question Executive actions

3.2.4.39 The Standing Orders allow Members of Parliament to question executive actions through both oral and written questions. The questions may be asked to the Vice President of the Republic or to any Minister responsible of the portfolio to which the question relates.

3.2.4.40 Following the 2005 parliamentary reforms, the time allocated for Members of the National Assembly to question the Vice President is thirty minutes every Friday whenever the National Assembly is sitting. During this period, members shall be free to question the Vice President on any matter without prior notice.

(3) Resource Allocation to the National Assembly

3.2.4.41 In terms of funding, the National Assembly is treated like any other government institution. It presents its “wish list” to the Ministry of Finance and National Planning and, as in the case of other government institutions; the “wish list” is subject to superintendence and prescription by the Ministry responsible before submission of the estimates of revenue and expenditure by the Government to the National Assembly for approval. The “wish list” is also subjected to a ceiling when funds are allocated.

3.2.4.42 Assessment of the Independence of the Legislature

3.2.4.43 In assessing the independence of the legislature, a distinction ought to be made between constitutional prescriptions and political realities. The Constitution may provide for the separation of powers between the three branches of government, but political realities on the ground may undermine or destroy the independence of the legislature. This can happen if the same political party controls the Presidency and has a majority in the legislature. Or the Constitution may grant the President the power to dissolve the legislature which perpetually threatens the legislators and, thus, undermines the independence of the legislature. In these circumstances it is very difficult for the legislature to balance or regulate the discretionary authority of the executive, let alone check or censure its exercise of power.

3.2.4.44 Findings from governance surveys show various perceptions on the level of independence of the legislature in Zambia. According to the African Governance report 2005, less than 30% of the experts surveyed indicated that opposition parties in parliament have a strong influence on government policy, programs and legislation. Expert opinion on whether the legislature is free of
subordination to external agencies in most or all areas of legislation shows that less than 50% perceive the legislature as free.

3.2.4.45 In view of the above, one gets the impression that the legislature in Zambia is not very independent. However, the reality is that the National Assembly is fairly independent at the moment. This is unlike in the past when it is used to be dominated by the ruling party MPs who usually sided with their party on all major issues.

3.2.4.46 In any case, parliamentary reforms aimed at improving both the legislative and oversight functions of the National Assembly have, as stated below, been going on since 2005. Further, proposals aimed at enhancing the effectiveness of the National Assembly have been made in the draft constitution\textsuperscript{130}.

3.2.4.47 Measures taken to sustain progress in Upholding the Independence of the Legislature

3.2.4.48 The Parliamentary Reform Programme initiated in 2005 has facilitated a number of capacity building programmes for Members of Parliament (MPs) and staff. The objective of the reform programme is to create a “REAL” Parliament in Zambia, that is, a Parliament that is:

R – Representative and Responsive;
E – Efficient and Effective;
A – Accountable and Accessible; and,
L – Legitimate and Linked.

3.2.4.49 The reform programme aims at improving Parliamentary responsiveness and linkages between the National Assembly and the Executive; MPs and their constituents; members of the general public and the civil society interest groups; and between the Office of the Speaker and the Members of Parliament regarding the management and administration of the National Assembly.

3.2.4.50 In this regard, the National Assembly has opened Constituency Offices in all the one hundred and fifty constituencies in order to make the Members of Parliament easily accessible to their constituents. The National Assembly has also set up a radio station. So far, the radio transmission has reached all provincial centres except Chipata whose logistics are currently being worked on.

3.2.4.51 The capacity building programmes undertaken since 2005 have included legislative drafting, budget analysis, improving relationship between Parliament and the media, monitoring and evaluation, conducting study tours to other parliaments within and outside of the African continent. Workshops have also been held focusing on best practices for both the MPs and the National Assembly.

3.2.4.52 The capacity building programmes for MPs have served to assist MPs to develop a greater understanding of their individual role as representatives of their constituents. However, there has been no corresponding programme to sensitise constituents on what to expect of their area MPs. The result is that constituents expect their area MPs to do things which are outside the role of an MP such as meeting funeral expenses for various funerals in the constituency.

\textsuperscript{130} Especially Articles 180, 181, 182 and 188 of the Draft Constitution.
3.2.4.53 Recommendations

Based on the preceding findings and discussion, it is recommended that:

(i) The Constitution expressly provide for how conflicts arising between the different arms of the state may be resolved;
(ii) The budget of the Judiciary be paid from the national budget in such a manner as to distinguish the institution as a separate arm of government;
(iii) The Judicature Administration Act be amended in order to remove the involvement of the Republican President in the determination of the terms and conditions of service for Magistrates and other judicial officers as currently required by the Act;
(iv) In the performance of its functions, the Judicial Service Commission must not be subjected to any general direction of the President as is currently required by section 5 of the Service Commissions Act because this flies in the face of the principle of the independence of the judiciary;
(v) Section 5 of the Service Commissions Act must be amended in order to allow for the Judicial Service Commission to perform its functions subject only to the law;
(vi) The budget of the National Assembly be paid from the national budget in such manner as to distinguish the institution as a separate arm of government;
(vii) The implementation of the parliamentary reforms initiated in 2005 continue in order to strengthen the effectiveness and oversight role of the National Assembly; and,
(viii) Constituents be sensitized on the role of MPs so that they know what to expect from their area MPs.

3.2.5 Ensuring Accountability, Efficiency and Effectiveness of Public Officeholders and Civil Servants

3.2.5.0 Measures taken to Strengthen Institutions for an Efficient and an Effective Public Service

(a) Legal Provisions, Institutions and Resource Allocation for an Efficient and Effective Civil Service

3.2.5.1 Under the Public Expenditure Management and Financial Accountability Programme (PEMFA), which is one of the Public Service Reform Programme (PSRP) components, there is a sub-component on Legal Reforms. The Goal of this component is to put in place a consistent and harmonized legal framework to support transformation and accountability in the public sector. The revision and harmonization of legislation on public expenditure management is to facilitate efficient and effective civil service operations.

3.2.5.2 The following are some of the pieces of the legislation that have been revised in order to strengthen the capacity of the public service institutions to enable them carry out their mandates more effectively in the provision of public services:

(i) Zambia Public Procurement Authority (ZPPA) Act;
(ii) Zambia Institute of Chartered Accountancy (ZICA) Act;
(iii) Terms and Conditions of Service for the Public Service (2003); and,

3.2.5.3 In addition to the above pieces of legislation, the code of ethics for the public sector was adopted. There are also sector specific codes for the Zambia Police Service.
3.2.5.4 The Government has been implementing the PSRP since 1993. The PSRP has three major objectives:

(i) To make the Zambian Public Service leaner so that the costs of running it can be made more manageable, hence enhancing public service management for purposes of improving the delivery and quality of public services;

(ii) To improve Human Resource Management through performance related incentives for a smaller and better remunerated work force; and,

(iii) Decentralise and devolve administrative power away from Central Ministries in Lusaka to the field stations and local government structures.

3.2.5.5 To pursue the objectives of the PSRP, Government undertook measures such as developing and reviewing ministries/institution’s strategic plans, organizational structures, job descriptions and the development and implementation of performance improvement strategies, including the Performance Management Package (PMP).

3.2.5.6 In 2000, Government buttressed these efforts through designing and beginning to implement the Public Service Capacity Building Project (PSCAP) whose main objective is to build management capacity among middle level civil servants as part of a long term management succession planning strategy. The PSCAP was supported by the International Development Agency (IDA) and the Department for International Development (DFID) of the United Kingdom.

3.2.5.7 The Government, through its resolve to implement the PSRP, has so far scored a number of achievements including completing the restructuring of all central government ministries; designing and implementing a computerised Payroll Management and Establishment Control System (PMEC) which has redressed the problem of ghost workers and ghost allowances; designing and adopting the Medium Term Expenditure Framework (MTEF) whose implementation has been underway for over three years; enhancing the commitment control system; strengthening of procurement and auditing functions; developing, adopting and beginning to implement the Medium Term Pay Reform Strategy; and, improving a number of work processes through computerisation.

(1) PSRP reform component

3.2.5.8 The PSRP has three components that were put in place to ensure that an effective and efficient public service was achieved. As part of the long term reforms defined by the GRZ, PSRP primarily focused on restructuring the Public Service institutions, management and human resource improvement and decentralisation and strengthening of the Local Government system. To build on the progress made in the past, the following components were put in place as priority areas:

(i) Improving the efficiency and effectiveness of the Public Service Management. This is being tackled through the Public Service Management (PSM) under Cabinet Office;

(ii) Improving Financial Management, Accountability and Transparency. This is being addressed through the comprehensive PEMFA Programme being led by the Ministry of Finance and National Planning; and,

(iii) Improving service delivery at the local level which is being pursued through the implementation of the Decentralisation Policy and is being led by Ministry of Local Government and Housing.
(2) Public Service Management

3.2.5.9 The Public Service Management (PSM)c of the PSRP is a key ingredient of the overall reform process. This Component focuses on the effective management of the people employed in the Public Service in order to improve their performance and that of the ministries and institutions for which they work. PSM is a prerequisite for effective implementation of the other two components. The Public Expenditure Management and Financial Accountability (PEMFA) and the Decentralization components will not succeed without a Public Service where employees are carrying out the right jobs, possess the appropriate skills to undertake them, and are motivated to perform well. Even the best designed financial management systems and service delivery machinery, for instance, must rely upon people to make them work well.

3.2.5.10 The overarching policy goal of the PSM Component is to enhance the delivery of services for Zambian citizens and to create an appropriate institutional environment for reducing poverty. This is being achieved through focusing on “demand-side” interventions, which empower citizens and clients to put legitimate pressure on the Public Service to do better, as well as on the traditional “supply side” measures such as implementing employment and pay reforms.

3.2.5.11 Under the PSM component, notable progress scored by Government include:

(i) completing the restructuring of all Central Government Ministries and development of organisation structures for the seventy-two (72) Councils;
(ii) developing and approving a Comprehensive Pay Policy whose implementation is expected to commence in 2010; and,
(iii) developing and launching of six (06) Ministerial/Institutional Service Delivery Charters, as well as re-designing Work Processes in these institutions. Continuing to enhance PMEC by rolling out the system to all provincial centres.

3.2.5.12 Public Expenditure Management and Financial Accountability

3.2.5.13 The Government’s Public Sector Reform Strategy includes as a key pillar, a comprehensive programme of reform efforts in the area of public expenditure management and improvements in financial accountability. Improvements in public expenditure management and financial accountability were identified by GRZ as the basis for achieving economic growth and poverty reduction. The PEMFA Reform Programme, which was developed in 2005, is viewed as central to meeting the targets for economic growth, poverty reduction and key to meeting Zambia’s development aspirations.

3.2.5.14 The overall objective of PEMFA is to contribute to the efforts of Government in improving its capacity to effectively and efficiently mobilize and utilise public resources (improve public expenditure management) and strengthen overall financial accountability.

3.2.5.15 PEMFA was launched in 2005 with a full time secretariat coming into place in February 2006. The programme is a fully government owned programme but supported by Cooperating Partners. The following Institutions are actively involved in implementing the PEMFA:

(i) Ministry of Finance and National Planning;
(ii) Bank of Zambia;
(iii) Zambia Public Procurement Authority;
(iv) Office of the Auditor General;
(v) Parliament;
(vi) Zambia Institute of Chartered Accountants;
(vii) Ministry of Justice; and,
(viii) Ministry of Lands.

3.2.5.16 Through PEMFA, Government has achieved a number of milestones which include:

(i) enhancing the Commitment Control and Financial Management Systems, as an intermediate measure for the Integrated Financial Management and Information System (IFMIS);
(ii) the preparatory work for the IFMIS go live was concluded in January, 2010;
(iii) development and implementation of an improved Fiscal Policy and an Economic Planning model;
(iv) a microeconomic model was developed and became operational in August 2008;
(v) reviewing and institutionalizing the MTEF. Another notable achievement was the approval of change in the Budget Cycle which will result in improvement in budget execution since the Ministries Provinces and Spending Agencies (MPSAs) will have a full year of implementing their work plans and budgets;
(vi) development and approval of an Improved Debt Policy and Strategy;
(vii) enhanced internal audit and control system;
(viii) enhanced coordination of external finance through the development of the Zambia Development Assistance Data Base (ZDAD);
(ix) development of a consistent and harmonized legal framework on public expenditure management through the revision of the Accountancy Bill which was achieved in 2008;
(x) strengthening of external audit through further decentralization of the Office of the Auditor General to the remaining five (05) Provincial centres;
(xi) enhancing parliamentary oversight through training of members of the Public Accounts and Estimates Committees, as well as improving Committee rooms to facilitate improved public participation in the work performed by the Parliamentary Committees;
(xii) strengthen the accounts profession and improve the accountancy regulatory services through the construction of a one stop accountancy Resource Centre, and enacting the revised accounts Act which came into effect in 2008; and,
(xiii) revising the Zambia National Tender Board (ZNTB) and Procurement Act which led to the establishment of the Zambia Public Procurement Authority (ZPPA) as an oversight and regulatory body for all procurement.

(c) Decentralisation and Strengthening of the Local Government System

3.2.5.17 Decentralisation is one of the three components of the PSRP. The Decentralisation component seeks to make progress on the National Decentralisation Policy which was adopted by Government on 18th November 2002 and launched on 20th August, 2004. The policy provides for the strengthening of Local Government through devolution of additional mandates and matching resources to Councils. The vision of the Government is to achieve a fully decentralised and democratically elected system of governent characterized by open, predictable and transparent policy making and implementation processes, effective community participation in decision-making, development and administration of their local affairs while maintaining sufficient linkages between the centre and the periphery.

3.2.5.18 Under the Decentralisation component, Government has made a number of achievements which include:

(i) Approved the Decentralisation Implementation Plan (DIP) to facilitate the implementation of the National Decentralisation Policy (2009);
(ii) Developing and implementing sensitisation and Civic Education initiatives for various categories and stakeholders including communities;
(iii) Developing and implementing capacity building programmes for Local Authorities;
(iv) Developing frameworks for local planning as well as carrying out preparatory work for the review of pieces of legislation;
(v) Commissioning of the consultancy to advise Government on Fiscal Decentralisation and Financial Reforms; and,
(vi) Continuing work on sector devolution through which Ministries have prepared sector devolution plans.

(d) **Annual Performance Appraisal System**

3.2.5.19 Annual Performance Appraisal System (APAS) is an integral part of the Performance Management Package which seeks to introduce the culture of work-planning and target setting. The main objective of annual performance reports is to enable the Government to assess the suitability of an officer for advancement and retention in the Public Service. The design and installation of the APAS is in line with component two of the PSRP.

(e) **Institutionalisation of Corruption Prevention**

3.2.5.20 The institutionalisation of corruption prevention in public institutions is a bold reform measure by the Government, aimed at streamlining anti-corruption as routine business in service delivery by public institutions. It, among others, entails re-engineering the work processes of targeted public institutions and developing Service Delivery Charters and Codes of ethics in such institutions. This measure links with the overall service delivery reforms of government under the Public Service Reform Programme.

(f) **Financial Sector Development Plan**

3.2.5.21 In addition to PSM, PEMFA, and the Decentralization Policy, there is also the Financial Sector Development Plan (FSDP). The FSDP is both a vision statement and a comprehensive strategy by the Government to address the current weaknesses in the Zambian financial system. It is aimed at guiding efforts to realise the vision of a financial system that is stable, sound and market-based and that would support efficient resource mobilisation necessary for economic diversification and sustainable growth.

(g) **Triangle of Hope**

3.2.5.22 In January 2005, the then President (Mwanawasa) asked Japanese International Cooperation Agency (JICA) for support in the area of investment promotion. Accordingly, JICA engaged the services of a Malaysian international consultant who came up with the Triangle of Hope (ToH) Concept. This is a Malaysian concept designed to open the eyes of the leadership of developing countries to the three forces that must work together for the economic success of any nation.

3.2.5.23 These forces are:

(i) Political will and integrity;
(ii) Civil service efficiency and integrity; and,
(iii) Private sector dynamism and integrity.

3.2.5.24 The second force – civil service efficiency and integrity – refers to the need for civil servants to understand that they are servants of the people and not civil masters. They should be dedicated, incorruptible, and totally apolitical serving the government without fear or favor.
3.2.5.25 The Evaluation of Civil Service Delivery

3.2.5.26 Starting in 2007 the Government, through the Public Service, embarked on a number of initiatives that seek to promote the evaluation of the public service delivery. In this regard, a number of Government institutions have developed and are implementing the Service Delivery Charters. Service Delivery Charters outline the level of service delivery expected from government institutions with clear efficiency benchmarks.

3.2.5.27 The following ministries/institutions have developed and are implementing the Service Delivery Charters:

(i) Ministry of Lands;
(ii) Department of Immigration;
(iii) Public Service Management Division;
(iv) Ministry of Mines and Minerals Development;
(v) Ministry of Tourism, Environment and Natural Resources;
(vi) Department of National Registration;
(vii) Zambia Revenue Authority – Tax Payer Charter;
(viii) PACRO; and,
(ix) Ministry of Health.

3.2.5.28 The efficacy of these Charters shall be evaluated periodically through client survey which will provide an opportunity for members of the public to express their views about the quality of services being delivered by the public service institutions. Despite these interventions, the respondents’ overall assessment was that the performance of the public service is inadequate in delivering services. They acknowledge that interventions have been made to reform the public service, especially in terms or regulations and structures, but the overall challenge still remained on the attitudes and mindset of civil servants.

3.2.5.29 The respondents cited lack of drugs in clinics, some of which they said were being run by unqualified personnel like cleaners because of inadequate staffing. The poor road network was also cited as a government failure and particularly that they had equipment that could at least rehabilitate gravel roads. The lack of decentralisation was a major constraint on effective service delivery. They also noted that most councils were failing to provide social services to the people.

3.2.5.30 The population also observed that, despite an improvement in the delivery of services particularly for urban areas, demand was still higher than supply. Therefore, the provision of services was not growing with demand and rural areas were getting worse off. Notwithstanding, respondents also felt that Government had the capacity to deliver social and economic services efficiently and effectively but there was a lot of corruption in the provision of contracts. The result is that the same works are done every year. There are a lot of examples of where the Government could have provided quality services but this has not happened because of corruption.

(a) Efficiency and Effectiveness of Public Service Delivery

3.2.5.31 The United Nations has recognised the efforts that the Zambian Public Service is making in promoting efficiency and effectiveness in the delivery of public services. The Economic and Social Affairs Division of the United Nations (UN), through its publication entitled “Good Practices
and Innovations in Public Governance”, has recognized Zambia as one of the countries that has made significant strides in improving public service delivery. The publication, which has documented and discussed a total of eighty-five (85) distinct efforts from across the globe, has included three (03) initiatives by the Zambian Public Service which have contributed to improved public service delivery. The institutions that have implemented these initiatives have been awarded the prestigious UN Awards for improved service delivery. These are:

(i) The Patents and Companies Registration Office (PACRO) received the UN Award in 2003 for implementing an Improved Companies Registration system;
(ii) The Masaiti District Health Management Team received the UN Award in 2006 by implementing an initiative on Reduction of Maternal Mortality through Community Participation; and
(iii) The Itezhi tezhi District Health Department received the UN Award in 2009 which implemented an Integrated Community Mobile Voluntary Counselling and Testing (VCT).

3.2.5.32 Further to this, the Zambian government has established the the Zambian Development Agency (ZDA) as a one-stop-shop for investors and business people. ZDA was established in 2006 by an Act of Parliament and became operational in January 2007 after the amalgamation of five statutory bodies that hitherto operated independently to foster economic growth and development by promoting trade and investment through an efficient, effective and coordinated private sector led economic development strategy. It is responsible for fostering economic growth and development in Zambia through promoting trade and investment and an efficient, effective and coordinated private sector led economic development strategy. The agency also has the challenge to develop an internationally competitive Zambian economy through innovations that promotes high skills, productive investment, and increased trade. These efforts show that the Zambia Public Service is making notable efforts to be responsive to the needs of the people.

3.2.5.33 The Recruitment, Training, Promotion, Management and Evaluation of Civil Servants
(a) Legal Provisions, Procedures and Institutions for Recruiting, Promoting, Managing and Evaluating Civil Servants

3.2.5.34 The legal provisions and procedures outlining the recruitment of Public Service employees are outlined in the Service Commissions Act Cap 259 of the Laws of Zambia. Subject to this Act, appointments to the Public Service are made by the President or by a service commission acting in the name and on behalf of the President, along the following lines:

(i) In the case of appointments to the Teaching Service, the Teaching Service Commission;
(ii) In the case of appointments to the Zambia Police and Prisons Services, the Police and Prisons Service Commission;
(iii) In the case of appointments to the Judiciary, the Judicial Service Commission; and
(iv) In the case of appointments to any other public office, the Public Service Commission (PSC).

3.2.5.35 Applications for appointment to the Public Service are made on the prescribed form and are sent to the Responsible Officer concerned who, in the case of an application for a post in Division I, refers it to the Service Commission. Applications for posts in Division II and III are processed by the Responsible Officer.
Appointments to the Public Service are made on the following terms:

(i) On probation with a view to admission as an Established Officer; or
(ii) On an agreement providing for a fixed period of full or part-time service, or
(iii) On temporary service for a limited period.

3.2.5.36 On first appointment to the Public Service, an applicant may be required to pass public service obligatory examinations or any other examinations as may be deemed necessary. An Officer appointed to the Public Service on probation shall not be admitted as an Established Officer until he or she has completed a minimum of six (6) months satisfactory service. It is the duty of those supervising to ensure that officers on probation are given adequate opportunity to qualify for admission as Established Officers. However, the examinations mentioned above are rarely conducted by the government. An Officer on probation who is not suitable for admission as an Established Officer is informed of the reasons why he or she has failed to qualify for confirmation and given time to make representations.

3.2.5.37 The Responsible Officer shall decide whether:

(i) To terminate or extend the Officer’s probationary appointment, in the case of a Division II or III Officer; and,
(ii) To submit the case including the Officer’s representations to the Service Commission, which, in the case of a Division I Officer shall determine whether to terminate or extend the Officer’s probationary period.

3.2.5.38 Officers other than those appointed on probation shall sign an agreement either for a specific period of service or for temporary service. An Agreement for a specific period of service may be signed on behalf of the Government by the Permanent Secretary, Public Service Management Division, or any other person duly authorised by the Service Commission. However, most recruitment is usually done through open advertisement, interview panels are constituted by the Service Commissions and persons are selected for appointments by panels.

(1) Promotions

3.2.5.39 Promotions within the Public Service are, in the case of Division I Officers, directed by a Service Commission as and when vacancies occur after taking into account the qualifications, competence, experience, good conduct and good performance of all eligible Officers. With regard to promotions of Division II and III Officers, the Responsible Officer makes such decisions when vacancies occur and takes into consideration the qualifications, competence, experience, good conduct and good performance of all eligible Officers.

3.2.5.40 However, the existence of a vacancy does not in itself entitle any Officer in a lower grade to be promoted to that vacancy and there is no obligation on the part of a Responsible Officer or the Service Commission to fill a vacant post by direct promotion.

(2) Managing and Evaluating Civil Servants

3.2.5.41 Officers in the Public Service are managed and evaluated through APAS. The main objective of annual performance reports is to enable the Government assess the suitability of an Officer for advancement and retention in the Public Service. These reports must be accurate, realistic and as informative as possible. An Annual Performance Appraisal Report is submitted on an appropriate prescribed form.
3.2.5.42 The Responsible Officer of a Ministry, Institution, or Province ensures that an annual performance appraisal report is submitted on every Officer in sufficient time. Appraisal reports for all Officers normally cover a period of 12 months. Copies of all appraisal reports are sent to the Permanent Secretary and the Public Service Management Division. A Responsible Officer’s performance is also appraised annually by the Secretary to the Cabinet in a similar manner.

3.2.5.43 In the case of an officer serving on probation a performance appraisal is submitted five (5) months after the date of appointment on probation. The report states whether or not the Officer has satisfactorily completed his or her probationary period and is suitable or unsuitable for confirmation by the Service Commission. A responsible Officer of a Ministry, Institution or Province concerned may call for special performance appraisal information on an Officer if he or she considers it necessary or if the Service Commission so requires.

(b) Incentives for Rewarding Well-Performing Civil Servants

3.2.5.44 The Government of Zambia has put in place the performance management package which, among other things, measures the individual performance of officers. The Annual Performance Appraisal System, as mentioned above, is used to measure the performance of officers in a given period, and is used to assess the eligibility of officers for promotion, and the training and payment of annual increments. Officers who perform well are recognised by being promoted to higher positions where vacancies are available and are eligible to annual increments. At national level, employees are awarded certificates in the category of most hardworking, most improved and most committed employee, during Labour Day Celebrations. Awardees of these certificates are selected by a Labour Day Celebrations committee which carefully analyses and decides who should receive a certificate.

(1) Disciplinary Sanctions For Civil Servants

3.2.5.45 The Public Service institutes disciplinary sanctions against erring officers in line with the procedures for handling disciplinary offences in the Public Service Officers that are found wanting are either dismissed or prosecuted if their offences are of a criminal nature. The disciplinary procedure prescribes sanctions for various offences including demotion, discharge or summary dismissal. A number of officers have been dismissed as a result of:

(i) Absenteeism;
(ii) Misappropriation;
(iii) Negligence of duty and,
(iv) Others have been reduced in rank.

(c) Measures taken to Sustain Progress (Monitoring, Evaluation, Training)

3.2.5.46 Regarding the measures taken to sustain progress, the Public Service conducts institutional assessments and also evaluates the performance of both officers and institutions. Training is also an important aspect that is not neglected, to this effect, government ministries and institutions are expected to produce three year training plans in order to enhance capacity and develop skills needed for officers to perform to expected standards. and, Training is usually based on training plans developed by line Ministries. However, offers of training opportunities are usually advertised first internally then in local press.
3.2.5.47 Recommendations

3.2.5.48 Based on the preceding findings and discussion, it is recommended that:

(i) An effective monitoring mechanism or department in the Government which can be overseeing all pieces of monitoring in the government be established;

(ii) In view of the on-going reforms, government invest in appropriate training for civil servants;

(iii) Donor funded training programmes conform to Government requirements and needs;

(iv) Applicants to the civil service pass public service examinations to instil a sense of seriousness to the job and also help to weed out those who may have gotten the jobs corruptly;

(v) An orientation programme be conducted for newly recruited civil servants; and,

(vi) The evaluation of civil servants through APAS be initiated.

3.2.6 Fighting Corruption in the Political Sphere

3.2.6.0 The State of Corruption in Zambia

3.2.6.1 In making a sound assessment of the perception of corruption in Zambia, an understanding of corruption is paramount. It is important to note that there is no universal or accepted comprehensive definition of the term corruption. However, most prominent definitions share a common emphasis on the abuse of public power or position for personal advantage.

3.2.6.2 At the 9th UN Congress in Cairo [1995], corruption was defined as:

3.2.6.3 'bribery or any other act relating to persons vested with responsibility, aimed at influencing the performance of their official duties and at obtaining any improper advantage for themselves or for others.'

3.2.6.4 The ACC defines corruption as:

3.2.6.5 “soliciting, accepting, obtaining, giving, promising or offering of gratification by way of a bribe or other personal temptation or inducement or the misuse or abuse of a public office or authority for private advantage or benefit through bribery, extortion, influence peddling, nepotism, fraud, rushed trials, and electoral malpractices “

(a) Overall perception of corruption in Zambia

(i) In Zambia, corruption may be classified into three main categories viz: petty corruption; which involves every day corruption that occurs at the implementation end of politics, where the public officials meet the public. Grand corruption or sometimes called high level corruption takes place at the policy formulation end of politics. It refers not so much to the amount of money involved; but rather to the level in which it takes place; at the top levels of the public spheres where policies and rules are formulated. Political corruption is any transaction between political actors through which collective goods are illegitimately converted into private gains and payoffs. It is often used synonymously with grand or high level corruption; but distinguished from bureaucratic or petty corruption because it involves the political decision-makers.

(ii) A lot of submissions arising from studies based on peoples’ perceptions on the subject of corruption indicate that Zambia’s corruption profile is not a good one. In fact, these studies suggest that corruption is systemic and has become one of the major governance and
development concerns for the citizens. According to the National Governance Baseline Survey (NGBS), conducted in 2004, corruption, both active and passive, is quite common in its many forms, and between 30% and 40% of managers and users were offered/asked for bribes and other forms of petty corruption. The report further states that corruption affects, in particular, the areas of public services delivery, permits and licences, and public procurement. Corruption is a pervasive constraint on investment.

(iii) Consistent with the National Governance Baseline Survey (NGBS) findings, the 2008 State of Governance Survey results, as shown in Table 3.22, indicate that the public has a good understanding of what acts constitute corruption. At national level, 88.7 percent of the respondents surveyed thought that paying to obtain favour from someone constituted corruption. On paying more than the prescribed fine or an offence at the police, 66 percent thought this constituted corruption. The proportions of the population who thought that using public office to enrich oneself or those around you and employing a relative/friend without following proper procedures constituted corrupt activities were 57.3 percent and 58.4 percent, respectively.

<table>
<thead>
<tr>
<th>Table 3.22: Public Understanding of Corruption, by Residence and Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Persons</strong></td>
</tr>
<tr>
<td><strong>All Zambia</strong></td>
</tr>
<tr>
<td><strong>Residence</strong></td>
</tr>
<tr>
<td><strong>Rural</strong></td>
</tr>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td><strong>Gender</strong></td>
</tr>
<tr>
<td><strong>Male</strong></td>
</tr>
<tr>
<td><strong>Female</strong></td>
</tr>
</tbody>
</table>

**Source:** State of Governance Survey, 2008

3.2.6.6 Population’s opinion on what acts constitute corruption include paying to obtain favour from someone; using public office to enrich oneself or those around you; paying more than the prescribed fine or an offence at the police; and, employing your relative/friend without following the proper procedures.

(iv) The Anti-Corruption Commission (ACC) end of year briefing (2008) revealed that the Commission received 2,008 reports of which 880 cases were categorised as corruption complaints. These numbers further underscore the fact that corruption is a major issue in Zambia. The Transparency International Zambia’s Bribe Payer’s indices (2007 and 2008) also states that corruption is still among the top-three concerns of the Zambian citizens. The Index of Economic Freedom 2008 scores Zambia poorly at 26% in terms of freedom from corruption.
From the Table above, even though corruption was deemed a serious problem and the number of reported corruption cases was relatively high over the reference period, the cases approved for investigations has been going down, except for 2006 when the ACC approved a high of 685 cases for further investigation. This problem contributed to the low levels of reporting by the members of the general public.

A field survey conducted in 2009 on the APRM process demonstrates that Zambians are highly aware of what constitutes corruption. 96.8% of surveyed respondents stated that they knew what constitutes corruption. Although there were fewer respondents admitting having offered bribes to government officials, police, teachers, tax collectors and judges or magistrates, the higher percentage (60%) indicated that they had knowledge of corrupt activities in their area. At the same time, more respondents admitted to having succumbed to paying a bribe (54%) as compared to those that declined to pay a bribe (46%). Stakeholders also pointed out that once they refused to pay a bribe, the expected service was denied. This was confirmed by 52% of the respondents.

Generally, most Zambians whether living in urban or rural areas, know what corruption is and, therefore, have full knowledge of the consequences when they get engaged into it. According to the findings in the NGBS report of 2004, over 50 percent of the respondents among households and public officials indicated that corruption was a serious/extremely serious problem. The diagram, further illustrates that; 61.1 percent of the households reported this compared to their public official counterparts at 65.7 percent. Businesses had a responses rate of 36.5 percent, implying that, they perceived corruption as not very serious problem.

Other assessments on corruption are undertaken by Transparency International, Millennium Challenge and the World Bank. Zambia has for a long time scored lowly on the Corruption Perceptions Index (CPI) of Transparency International, oscillating between the 9th and 11th categories of the most corrupt countries in the world. In 2009, the CPI score for Zambia improved to 3.0 from a score of 2.8 in 2008.

<table>
<thead>
<tr>
<th>Year</th>
<th>Ranked</th>
<th>Category</th>
<th>CPI Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>9th</td>
<td>-</td>
<td>90</td>
</tr>
<tr>
<td>2002</td>
<td>11th</td>
<td>2.6</td>
<td>102</td>
</tr>
<tr>
<td>2003</td>
<td>11th</td>
<td>2.5</td>
<td>133</td>
</tr>
<tr>
<td>2004</td>
<td>11th</td>
<td>2.6</td>
<td>146</td>
</tr>
<tr>
<td>2005</td>
<td>10th</td>
<td>2.6</td>
<td>159</td>
</tr>
<tr>
<td>2006</td>
<td>9th</td>
<td>2.6</td>
<td>163</td>
</tr>
<tr>
<td>2007</td>
<td>13th</td>
<td>2.6</td>
<td>180</td>
</tr>
<tr>
<td>2008</td>
<td>17th</td>
<td>2.8</td>
<td>180</td>
</tr>
<tr>
<td>2009</td>
<td>19th</td>
<td>3.0</td>
<td>180</td>
</tr>
</tbody>
</table>

Transparency International (Zambia) undertakes another assessment on corruption – the Bribe Payers Index (BPI). In 2007, the BPI results revealed that demand for bribes by public officials was common. In the case of business owners, 90.1% indicated that demand for bribes was as either common or very common. Only 9.5% of the business respondents said...
bribes were not common. Similarly, slightly over 80% of the civil servant respondents ranked the demand for bribes in the public sector as either common or very common.

3.2.6.7 Zambia’s score for Control of Corruption in 2007 also went up to 34.3 from 27.7 in 2006, enabling the country to qualify for the Millennium Challenge Account Compact status. Further, the World Bank’s Doing Business 2007 survey stated that the percentage of firms ranking “corruption” as a serious or major obstacle to their business dropped from 47% in 2003 to 16% in 2007 and businesses expected to “pay informal payment to public officials” to get things done dropped from: 45% in 2003; 15% in 2007.

(x) Corruption still remains a major concern among the private and public sectors. In particular, administrative corruption continues to be common it is a growing phenomenon in Zambia. Bribery is the most common form of petty corruption, and this is widespread with many Zambians being aware of instances of bribery, notably with a growing tendency for financial rewards in return for service from both public and private officials.

(xi) The Governance Baseline Survey (2004) revealed that bribery is prominent in the civil service. This is particularly the case with the Zambia Police Service, Immigration Department, Zambia Revenue Authority, Ministry of Lands, the Judiciary, Passport Office, Road Transport and Safety Agency, which continue to score poorly.

3.2.6.8 Grand corruption, though less common in terms of the number of incidents – a debilitating force in society – seems to have taken off with the liberalization of the economy and more specifically with the privatization of formerly state run enterprises. In the recent years, grand corruption has seemingly increased in procurement of services and goods for the public service.

3.2.6.9 Citizens identify a number of factors that have led to the increased incidences of corruption, including greed; demand and supply of public goods and service; conditions of employment; nepotism and favouritism. During the community meetings a submission noted that the liberalization of the economy resulted in extensive retrenchments and many Zambians found themselves facing poverty, engaging in corruption to supplement meagre incomes or getting access to scarce services while for others this was an opportunity for quick enrichment.

(xii) Recent efforts to fight corruption date back to declaration of “zero tolerance” policy against corruption. The President made the fight against corruption the strongest pillar of governance, and later created the Task Force on Corruption (TFC) to investigate the alleged plunder of public resources during former President Chiluba’s regime (1991 to 2001). Thus, the fight against corruption was primarily focused on grand corruption. Although a good number of lessons were learnt that would be instructive in future, the TFC activities and results were limited and was eventually disbanded in November 2009 as the Government found it difficult to sustain its operations given the huge amount of money that was being spent. In addition, there were already in existence a good number of other institutions that could undertake the tasks that the TFC was handling. Thus, the TFC was merged into the structure and operations of the ACC.

(xiii) Nevertheless, the investigations led by the Task Force and the ACC exposed incidences that suggest senior government officials were engaged in corrupt transactions. In the last eight years, there has been an increase in the exposure of alleged corrupt activities involving high level officials, the most recent revelation involved large amounts of money and abuse of authority in the Ministry of Lands and the Ministry of Health. The OAG audit reports continue to bring out incidences of mismanagement of public funds.
### Table 3.25: State of Issues Raised in 2007 Auditor General’s Report

<table>
<thead>
<tr>
<th>State of Issues Raised</th>
<th>Government MPSAs</th>
<th>Parastatal Companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Issues</td>
<td>% age</td>
<td>No. of Issues</td>
</tr>
<tr>
<td>Dealt with</td>
<td>165</td>
<td>38</td>
<td>36</td>
</tr>
<tr>
<td>Remedial Action still in progress</td>
<td>120</td>
<td>28</td>
<td>78</td>
</tr>
<tr>
<td>Followed up by the ST and referred back to the AG for verification</td>
<td>87</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>Before the Courts of Law</td>
<td>7</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Relevant Controlling Officers were written to, but no progress reported</td>
<td>45</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Action taken</td>
<td>10</td>
<td>98</td>
<td>6</td>
</tr>
</tbody>
</table>

**Total number of issues raised**

<table>
<thead>
<tr>
<th></th>
<th>Government MPSAs</th>
<th>Parastatal Companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Issues</td>
<td>434</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>% age</td>
<td></td>
<td></td>
<td>173</td>
</tr>
<tr>
<td>% age</td>
<td></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th></th>
<th>Government MPSAs</th>
<th>Parastatal Companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Issues</td>
<td></td>
<td></td>
<td>607</td>
</tr>
<tr>
<td>% age</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Auditor General’s Office, 2008

### 3.2.6.10 Measures and Actions taken to combat Corruption in the political sphere

#### (a) Framework for fighting Corruption

##### (1) Policy framework

3.2.6.11 The state of corruption in Zambia is contained in the NGBS Report of 2004.. The FNDP (2006-2010) acknowledges corruption to be a serious challenge in Zambia, hence the provision for streamlining anti-corruption measures in public and private institutions. Following the approval of the development of the National Anti-Corruption Policy (NACP) in 2009, the back-up legislation is being reviewed to provide for internationally accepted best practices.

3.2.6.12 The institutionalisation of corruption prevention in public service institutions is a bold reform measure by the government, aimed at streamlining anti-corruption measures in service delivery by public institutions. It entails re-engineering the work processes of targeted public institutions and developing Service Delivery Charters and Codes of Ethics in such institutions. This measure links with the overall service delivery reforms of government under the PSRP.

3.2.6.13 The NACP was approved by Cabinet on 16 March 2009 and launched in August 2009. It awaits dissemination and full implementation. Some aspects of the policy are already under implementation by the Government – for example, the institutionalisation of corruption prevention and integrity in public institutions through establishment of Integrity Committees. Zambia is also involved in international anti-Corruption initiatives at UN, AU and SADC levels. The country commemorates 9th December as UN Anti-Corruption Day and the Anti-Corruption Commission belongs to the Southern African Forum Against Corruption (SAFAC), a regional grouping of anti-corruption agencies, aimed at inter-agency co-ordination and net-working to achieve a more effective anti-corruption fight.
Legal and institutional framework

3.2.6.14 The ACC is by law the lead institution in the fight against corruption in Zambia. The ACC was established in 1982 by the Corrupt Practices Act NO 14 of 1980, later repealed and replaced by the Anti-Corruption Commission Act No. 42 of 1996. Broadly, the Act mandates the ACC to prevent and combat corruption in Zambia. Following the approval and launch of the new anti-corruption policy, the law governing operations of the ACC will be revised to incorporate the provisions contained in treaties Zambia is party to.

3.2.6.15 The law on public procurement was revised and led to enactment of the Public Procurement Authority Act (2008). The new public procurement law transformed the Zambia National Tender Board (a procuring entity) into the Zambia Public Procurement Authority (a regulatory agency to provide oversight on the procurement entities). The regulations accompanying the new Act will have best practices to reduce and prevent corruption in public procurement.

3.2.6.16 The electoral legislation was also revised and led to the enactment of the Electoral Act (2006) and the Electoral (Code of Conduct) Regulations (2006). Review and strengthening of relevant anti-corruption laws is an activity provided for under the NACP whose full implementation commences in 2010. The Electoral Commission of Zambia facilitates establishment of the Electoral Complaints Committees that receive and resolve reports on mal practices during elections. These include:

(i) Zambia Police Service – Fraud Unit;
(ii) Police Public Complaints Authority;
(iii) Auditor General’s Office;
(iv) Bank of Zambia – Financial and Banking Services Act;
(v) Patents and Companies Registration Office (Patents, Copy Rights, Trade Marks);
(vi) Directorate of Public Prosecutions;
(vii) National Assembly – Public Accounts Committee;
(viii) Commission for Investigations;
(ix) Civil Society Organisations; and,
(x) Judicial Complaints Authority.

3.2.6.17 2.4. The DEC is the lead institution in the fight against money laundering. The DEC is established under the Narcotic Drugs and Psychotropic Substances Act, CAP 96 of the Laws of Zambia. Zambia is a member of the fourteen (14) member-states Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) whose main objective is to deal with the threat posed by money laundering and terrorist financing. One of the standards set by ESAAMLG and international bodies that it is affiliated to is enhanced co-ordination at national level in fighting the vice. Zambia has set up an administrative body known as the National Task Force on Money Laundering chaired by the Permanent Secretary – finance and Administration in the MoFNP. All law enforcement agencies are members of the Task Force including key stakeholders such as the Bank of Zambia (BOZ). This Task Force is an advisory body to the Anti-Money Laundering Authority. The Authority is provided for under the Prohibition and Prevention of Money Laundering Act No. 14 of 2001 and is responsible for policy formulation in combating money laundering. The Task Force provides advice on the effective implementation of Anti-Money Laundering measures in Zambia.
3.2.6.18 Stipulation and maintenance of laws, institutions and systems that complement the fight against corruption in line with Articles 5, 6, 7, 8, 9, 11, 12 and 14 of the UN Convention, and these include:

(i) With Articles 14 and 23 of the UN Convention domesticated through the Prohibition and Prevention of Money Laundering Act No 14, 2001, complemented by the Bank of Zambia Anti-Money Laundering Directives of 2004 issued pursuant to Section 12 (4) of the above mentioned Act. The Directives require a regulated institution or commercial bank to institute anti-money laundering measures in its operations;

(ii) Conduct of public Sector Procurements by the Public Procurement Authority (in line with Article 9 of the UN Convention) established by the Public Procurement Act Number 12 of 2008;

(iii) Oversight of the management and spending of public funds through the Office of the Auditor-General which exists under Article 121 of the Constitution of Zambia;

(iv) Existence of the public Accounts Committee of Parliament to oversee the management and expenditure of public funds by the Executive. PAC relies on the Auditor-General’s reports in line with Article 9 of the UN Convention;

(v) Administering the conduct of national elections through the Electoral Commission of Zambia (ECZ) under the ECZ Act Number 12 of 2006. (Article 7 as read with Article 5 of UN Convention);

(vi) Existence of a Code of Ethics and Code of Conduct for all public officers as well as institutional codes of ethics for some public institutions. (Article 8 of Convention). The Code of Ethics for civil servants was launched in late 2008;

(vii) Existence of an Assets Declaration System for Members of Parliament (MPs) and Cabinet Ministers through the Parliamentary and Ministerial Code of Conduct Act No 35 of 1994. (Article 8 of UN Convention);

(viii) Oversight of the conduct of public officers vis-à-vis nepotism, maladministration through the office of the Investigator-General (Ombudsman) established under Article 90 of the Constitution. (Article 8 as read with Article 5 of Convention);

(ix) Extradition/International Co-operation in Criminal Matters, Extradition Act Cap 94 and Mutual Assistance in Criminal Matters Act Cap 98;

(x) Regulation of the Registration and Conduct of the Private sector through the Companies Act Cap 386 and the Banking and Financial Services Act Cap 387. (Articles 12 and 9 of the UN Convention); and,

(xi) Existence of the Judicial Complaints Authority established under the Judicial (Code of Conduct) Act NO 13 of 1999 as amended by Act No 13 of 2006 and No 17 of 2008 to investigate allegations of misconduct against judicial officers.

3.2.6.19 Zambia has signed and acceded to the United Nations Convention against Corruption, signed and acceded to the AU Conventions for the Prevention and Combating of Corruption and has signed and ratified the SADC Protocol Against Corruption. These conventions are important as they serve to:

(i) Facilitate international cooperation in the control of corruption in order to address a cross border phenomenon;

(ii) Provide governments, citizens and donors with internationally agreed reference points for their work at the national level. These reference points serve as standards which remain constant even as administrations change;

(iii) Create peer pressure on governments too comply with multilateral corruption;

(iv) Provide civil society with leverage to hold government accountable;

(v) Promote collective pressure on the private sector;

(vi) Anti-corruption conventions are especially important in providing a framework for addressing cross-border issues;
They facilitate international cooperation in law enforcement by requiring countries to make the same conduct illegal, harmonizing the legal and institutional frameworks for law enforcement and establishing cooperative mechanisms;

They also establish, to varying degrees, valuable common standards for domestic institutions, policies, processes and practices which buttress anti-corruption efforts at the national level;

The existence of anti-corruption conventions is evidence of how seriously the international community takes the anti-corruption problem and the need for common solutions;

The standards and requirements that these conventions establish for governments carry great weight, given the conventions’ binding nature and international backing, and they remain in place while national governments come and go; and,

Conventions can generate peer pressure (government to government) and public pressure on governments to act.

Notwithstanding the above, most aspects of international best practices contained in some of the instruments which Zambia has either ratified or acceded to have not yet been addressed adequately in Zambia’s current legislation and these include, inter-alia:

Harmonization of the definition of a public officer in the various laws;

Promotion of professionalism of the public service through enhanced systems of recruitment, hiring, retention and promotion and retirement of public servants that are based on merit, transparency and objective criteria in line with Article 7 of the UN Convention;

Need to enhance transparency in the funding of candidature for elected public officers and funding of political parties in line with Article 7 of the UN Convention;

Need to enhance protection of whistle blowers and witnesses and Protection of Citizens against false reports in line with Article 32 of the UN Convention. A Bill has been prepared on whistle blower and witness protection;

Need to enhance the law on Declaration of Assets, gifts, liabilities and interests by public officers in line with Article 8 of the UN Convention in order among others, to extend this law to other public officers apart from the Cabinet Ministers and Members of Parliament;

Enhanced access to public information in line with Article 10 of the UN Convention. The Freedom of Bill was tabled in Parliament underwent first reading, but was withdrawn due to numerous inadequacies. It has yet to be presented again for consideration by the National Assembly;

Further simplification of administrative procedures in public institutions (in line with Article 10 of the UN Convention) in order to enhance service delivery;

Inadequacies in internal controls and enforcement mechanisms in public institutions in line with Article 9 of the UN Convention, as not all public institutions have internal Audit Units and Committees;

Inadequacies in regulation of the private sector as seen from the lack of mandatory requirement of codes of conduct/ethics to govern the sector;

Inadequacies in the law on restrictions on post-resignation/post-retirement employment of public officers by the private sector (Article 58) of UN Convention; and,

Inadequate civil redress provisions for damage caused by a public officer on an individual or state (Article 34 and 35 of UN Convention).

Major Cases of Alleged Corruption Prosecuted and Disciplinary Sanctions

The fight against corruption was given a high profile with the coming into office of the late President Dr. Levy Mwanawasa. He personally made a commitment to rid the country of the scourge and this was followed by the impounding of property belonging to those suspected of having been involved in corrupt practice.
3.2.6.23 Some of the cases of corruption which have been prosecuted include:

(i) The second Republican President’s court case was heard in the courts of law for eight years until his acquittal in August 2009;
(ii) An Air Force Commander for theft and abuse of office. He was convicted and sentenced to 6 and 5 years imprisonment, respectively with hard labour;
(iii) A Cabinet Minister was convicted and sentenced to four years imprisonment with hard labour for abuse of office;
(iv) A Permanent Secretary for abuse of office. He was acquitted; upon appeal by ACC, the High Court ordered a re-trial. The accused died before the re-trial; and,
(v) There have been a number of election petitions, but very few have been due to corrupt conduct of the candidates and their political parties. In Mulobezi constituency the Parliamentary results were challenged by a losing candidate in the 2006 General Elections alleging corrupt conduct by the candidate who initially was declared winner. In the ensuing petition, the High Court ruled in favour of the petitioner.

3.2.6.24 Challenges

(1) Defining corruption

3.2.6.25 The definition of ‘corruption’ is all encompassing, but is too broad to warrant every corrupt activity as criminal activity. Therefore, lobbying within and across political organisations may be considered trading in favours and influences, one of the types or forms of corruption since there is a personal gain. Since corruption is a criminal activity, the standard of proof is so high that it is difficult to convict people accused of being corrupt because of trading in favours/influence as one needs to prove the case beyond any reasonable doubt, any doubt is always to the credit of the accused. Since there are people who act in bad faith, there is need to differentiate the corruption activities – those that are of a criminal nature (theft of huge amounts of money) and those that may be of a misdemeanour nature (such as bribes in administrative processes). Even with such categorisation, the different institutions that deal with such offences do not treat such offences as corruption. These institutions also tend not to prosecute along those lines, but may recommend some sanctions to appropriate authorities.

(2) Funding of Political Organisations

3.2.6.26 There are no guidelines or legislation to govern the manner in which political organisations mobilise, manage and utilise (financial) resources. Given the wide, broad definition and nature of corruption there is too much scope for corrupt activities to be transacted, including money laundering. The challenge lies in proving that there is corruption and not acting in bad faith and possibly endangering the integrity of the country. Political parties world-wide have no culture of dealing with corruption within their rank and file.

(3) Limitations in the Parliamentary and Ministerial (Code of Conduct) Act

3.2.6.27 The Parliamentary and Ministerial (Code of Conduct) Act is applicable to only 150 (out of over 150,000) people employed by the public service in Zambia. Furthermore, the Code does not require such people to declare their assets and liabilities upon leaving public office, thus defeating the whole purpose of the Act which is to ascertain whether individuals illegally acquired any wealth beyond their known sources of income. The President makes this declaration once in five years, not annually like the MPs.
The definition of what constitutes ‘misconduct’ is also limited. There is need to widen its scope and coverage. The purpose of the Act is also lost in that the Chief Justice who receives these declarations but does not have the capacity to verify the accuracy of the declarations. Moreover, the few Codes of Conduct/Ethics that are have been developed to cover other sectors (including Service Charters that operationalise them) don’t have written down sanctions in case of non-compliance.

**Pre-occupation with grand corruption**

The governance institutions that are involved in the fight against corruption are too pre-occupied with “grand” corruption, and less attention is being paid to administrative corruption that affects the majority of the poor, who are the majority voters. There is need to strengthen the provisions in the Codes of Conduct for institutions that provide public goods and services, and more importantly ensure their enforcement so that there is equitable opportunity for all to access management and utilisation of public resources. Involvement of direct beneficiaries in the design and implementation of development programmes (that have more effective checks and balances) will lead to improved delivery of value-for-money public goods and services.

**Vested and conflict of interests**

The decision-makers who are supposed to facilitate implementation of anti-corruption measures are usually the same people who engage in corruption activities. Thus, there is a tendency to resist reforms that introduce and promote good governance practices aimed at reducing opportunities for corruption. Such programmes or initiatives are frustrated and their well intended goals are never realised.

It is, therefore, important to involve people from outside the institutions whenever good governance reforms are being introduced, especially people whose core business is promotion of good governance. Conflict of interests can then be dealt with during decision-making processes as there are higher levels of accountability and transparency. It is usually a good practice to allow outsiders to preside over the proceedings.

There is also need to have a register of gifts for high-level public offices that receive gifts on behalf of members of the general public. Disposal, use of such gifts should also be subjected to the same accounting and auditing standards used for other public offices/resources.

**Inconsistencies in application of accountability and transparency standards**

Non-state actors (whether political or non-political by their organisation’s objectives/purpose) are held to lower standards of accountability and transparency compared to their counterparts in the public service. This is worrisome when it comes to accountability for (public) resources meant to deliver public goods and services to identified beneficiaries.

There is need to use the same standards and principles when holding officers holders to account for manner in which they mobilise, manage and utilise public resources. This will help reduce on incidences of corrupt activities in both the state and non-state actor institutions.

In the realm of political activity, there is need to strengthen the intra-party democratic, participatory processes/systems using more efficient, effective and transparent checks and balances. Therefore, for example all political party positions should be contestable through elections for stakeholders at an appropriate level. The candidates should declare themselves in the open and they should be known as such for a stipulated minimum period of time, and be
subjected to internal competition that is open, transparent, equitable, democratic and participatory in nature.

(7) Limitations within regulatory institutions

3.2.6.36 Some regulatory institutions, like the Judicial Complaints Authority, have difficulties constituting a body to provide oversight on the conduct of public officials. Most of the oversight institutions also merely make recommendations to appropriate authorities, which authorities may not take appropriate action against erring officers.

3.2.6.37 Recommendations

3.2.6.38 Based on the preceding findings and discussion, it is recommended that:

(i) Corruption offences be differentiated and categorised according to the gravity and circumstances of the offence;
(ii) Maximum and minimum standards be set for sentencing those found guilty of corruption;
(iii) All political organisations declare their sources of funding in order to safeguard the security and integrity of the country (and also ensure fair play);
(iv) Contributions by individuals and organisations to political parties be regulated and limited;
(v) Public enterprises be barred from making any donations to political parties;
(vi) The Parliamentary and Ministerial (Code of Conduct) Act be applicable to other public workers;
(vii) The Parliamentary and Ministerial (Code of Conduct) Act be reviewed to compel office holders to declare their assets and liabilities upon leaving public office;
(viii) A register of gifts for high level public officers be created;
(ix) More attention be paid to administrative corruption that affects the majority of the poor, who are the majority voters;
(x) Non-state actors (whether political or non-political by their organisation’s objectives/purpose) be held to the same standards of accountability and transparency as their counterparts in the public service; and,
(xi) Regulatory institutions, like the Judicial Complaints Authority, be strengthened to make them effective in fighting corruption.

3.2.7 Promoting and Protecting the Rights of Women

3.2.7.0 Measures taken to Promote and Protect the Rights of Women

(a) Legal provisions that articulate and guarantee the rights of women and mechanisms to enforce these rights

(1) International and regional human rights

3.2.7.1 The Zambian Government has signed and ratified a number of international and regional human rights instruments that protect and promote women’s rights. These include:

(i) The Convention on the Elimination of All Forms of Discrimination Against Women which it ratified on 21st June 1985;
(iii) The SADC Protocol on Gender and Development; and,

3.2.7.2 Zambia is also bound by the following instruments on women:

(i) World Social Summit for Social Development, Copenhagen (1995);
(ii) Vienna Declaration on Women’s Human Rights (1993);
(iii) Declaration on the Elimination of Violence Against Women (1993);
(iv) UN Declaration on the Elimination of Violence Against Women (1994);
(v) UN Security Council Resolution 1325 on Women, Peace and Security (2000);
(vi) Dakar Declaration, adopted by the African Platform for Action at the 5th Regional Conference on Women in Dakar (1994);
(vii) Beijing Platform for Action, adopted at the 4th World Conference on Women in Beijing (1995);
(viii) SADC Declaration on Gender and Development, and its addendum on the Prevention and Eradication of Violence Against Women (1997) and Children (1998); and,

3.2.7.3 In addition, Zambia is a party to key International Labour Organisation conventions that aim to protect the status of women in employment. These include:

(i) ILO Convention 100, promoting the principle of equal remuneration for men and women for equal work of equal values;
(ii) ILO Convention 103, providing maternity protection to women and includes granting of compulsory leave and medical benefits; and,
(iii) ILO Convention 105 concerning the abolition of forced labour. The convention states that a country ratifying this convention undertakes to declare and pursue a national policy designed to promote equality of opportunity and treatment in respect of employment and occupation, and endeavouring to eliminate any discrimination.

(2) Domestic legal and policy framework

3.2.7.4 At country level, Zambia adopted the National Gender Policy in March 2000 and launched the Strategic Plan of Action (SPA) on Gender in 2004. At the provincial and district level, gender sub-committees were established in 2005 as part of the process of strengthening the institutional framework of the National Gender Strategic Plan of Action. It is the most significant intervention as it provides a framework to ensure that socio-economic policies, programmes, plans, projects and the national budget are gender responsive. The Policy recognizes that both women and men are important in achieving sustainable economic growth and poverty reduction. Its objective is stated as “attainment of gender equality and equity.” All line ministries, provincial and district administration, other organs of government, the private sector, religious groupings and NGOs are expected to implement specific and relevant policy measures and interventions of the Strategic Plan of Action.

3.2.7.5 The National Gender Machinery for Zambia – the Gender in Development Division (GIDD) – is responsible for coordinating, monitoring and evaluating the implementation of the National Gender Policy and Strategic Plan of Action. The role of GIDD in the implementation of the Strategic Plan of Action is to provide leadership in the coordination of gender and development programmes and activities. The Office of the Minister for Gender in Development was established in April 2005 in order to ensure that gender issues were represented at the highest level of decision making in government.

3.2.7.6 In 2003, the Government constituted the Gender Consultative Forum. The forum has broader representation and its sole purpose is to provide guidance to government, in particular the GIDD, on the implementation of gender and development activities in the country. In the same year, government
adopted the National Cultural Policy that encourages positive cultural practices that are not discriminatory to women

(3) The Constitution

3.2.7.7 Article 23 of the Constitution prohibits discrimination and the enactment of discriminatory laws. However, Article 23 (4) allows discrimination on matters of personal law, customary law, inheritance and devolution of property.

(4) The Citizens Economic Empowerment Act No. 9 of 2006

3.2.7.8 The Act established the Economic Empowerment Commission whose function includes ensuring gender equality in accessing, owning, controlling, managing and exploiting economic resources and the promotion of employment of both gender.

(5) The Penal Code 133

3.2.7.9 The Penal Code prohibits practices such as trading, accepting, receiving or detaining a person as a slave; procuring or attempting to procure a woman below the age of 21 as a prostitute in a brothel in Zambia or elsewhere, either through the use of threats or other means.

(6) The Intestate Succession Act

3.2.7.10 The Intestate Succession Act makes financial and other provisions for the surviving spouse, children, dependants, and parents of an intestate. Under the Act, it is an offence for anyone to deprive beneficiaries of their inheritance.

(7) The National Constitutional Conference Act

3.2.7.11 The National Constitutional Conference Act of 2007 provides that where an institution is required to nominate three representatives, one shall be a woman, or three or more representatives, thirty percent shall be women.

3.2.7.12 Government, through the Zambia Law Development Commission commenced the process of developing comprehensive legislation against Gender-based Violence (GBV) in 2008. It is Government’s intention to table the draft Bill before Parliament in 2010.

3.2.7.13 In terms of resource allocation, the FNDP core expenditures are estimated at K38,645.4 billion. The total allocated to gender is K9.5 billion which is less than 1.0% of the FNDP budget (Table 3.26)

<table>
<thead>
<tr>
<th>Table 3.26: Core FNDP Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>All sectors</td>
</tr>
<tr>
<td>Gender</td>
</tr>
</tbody>
</table>

Source: MFNP 2007 FNDP Progress Report

133 Chapter 87 of the Laws of Zambia.
3.2.7.14 A total of ZMK1.5 billion was released in 2007 against the budgeted amount of ZMK1.8 billion for the implementation of various programmes, such as adaptation and application of regional and international instruments, capacity building, and gender mainstreaming in national development (Table 3.27).

**Table 3.27: Gender Budget performance in 2007 (ZMK' Billion)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Releases</th>
<th>Releases as % of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaption and application of regional/international instrument</td>
<td>334.7</td>
<td>310.4</td>
<td>92.7</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>326.0</td>
<td>326.8</td>
<td>100.2</td>
</tr>
<tr>
<td>Gender Mainstreaming in national development</td>
<td>386.4</td>
<td>156.9</td>
<td>40.6</td>
</tr>
<tr>
<td>Monitoring and evaluation of gender and development programmes</td>
<td>388.1</td>
<td>335.3</td>
<td>86.4</td>
</tr>
<tr>
<td>Provision and dissemination of gender information</td>
<td>1813.9</td>
<td>1475.3</td>
<td>81.3</td>
</tr>
</tbody>
</table>

**Source:** MFNP 2007 FNDP Progress Report.

(b) **Effectiveness of Gender Measures**

(i) Generally, there have been recorded improvements with regard to the rights of women and Gender mainstreaming. The number of women appointed in key positions in the public sector has been increasing. According to Cabinet Office, in 2008, 21 men and five women where appointed as Cabinet ministers while 6 men and 20 women were appointed as Deputy Ministers in 2008.

(ii) Apart from GIDD, a number of other institutions have been established to protect and promote women’s rights. Some of them include: the Zambia Women Parliamentary Caucus (ZWPC), the Gender Forum, the Human Rights Commission (HRC) and Victim Support Unit (VSU) under the Zambia Police Service. The setting up of the Victim Support Unit in police stations has made it easier for people to report cases relating to gender based violence and property grabbing. Government has responded to this violation of women’s and children’s rights and dignity by establishing the Sex Crimes Unit (2003) which will supplement the efforts of the Victim Support Unit of the Zambia Police Service.

(iii) The land policy has been engendered and has provisions to address women’s access to land, ownership and tenure. The land policy seeks to address, among other things the constraint encountered by women in accessing statutory land. The policy also reserves at least 30 percent of the available land for women.

(iv) GBV has continued to be a critical area of concern and still remains a challenge, especially as it relates to violation of women and girls rights. It therefore remains a priority for Zambia and requires a lot of advocacy and sensitisation programmes in order to ensure that all forms of violence against women and children are eliminated. Statistics indicate that generally, there has been an increase in the number of reported cases of rape, and defilement (Table 3.28).
Table 3.28: Number of Reported Cases of Rape and Defilement, 1998 – 2008

<table>
<thead>
<tr>
<th>Offence</th>
<th>Year 2002</th>
<th>Year 2004</th>
<th>Year 2006</th>
<th>Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rape</td>
<td>198</td>
<td>290</td>
<td>360</td>
<td>229</td>
</tr>
<tr>
<td>Defilement</td>
<td>865</td>
<td>1375</td>
<td>2668</td>
<td>1224</td>
</tr>
</tbody>
</table>

Source: Police Victim Support Unit

(v) In contrast, the current perception is that despite women constituting 51% of the Zambian population, they are underrepresented in many areas of socio-economic activities, and have lower levels of education, limited access and control over resources of production, face a high maternal mortality rate compared to other countries and are the ones most affected by poverty and HIV/AIDS. In the health sector, the maternal mortality ratio has been high at a rate of 729 deaths per 100,000 live births. Even though the 2007 Zambia Demographic Health Survey shows an improvement down to 442, this remains nevertheless high.

It is further argued that women are, on average, poorer than men with 70% of the female-headed households being poor, compared to 63% from the male-headed households. In education, there are gender imbalances. Despite gender parity at primary level, there is a higher drop out rate for girls as from grade 5, when girls are 12-14 years old.

(c) Measures taken to Sustain Progress in Gender

3.2.7.15 A National Gender Policy was developed in 2000, and it integrates activities of both statutory and non-statutory institutions. It also provides a framework for coordination of the different structures at different levels (national, provincial and district levels). The vision of the Government, through the National Gender Policy, is to achieve full participation of men and women in the development process at all levels in order to ensure sustainable development and attainment of equality between the sexes. The Programme of Action for Capacity Building and Mainstreaming Gender, which requires financial and technical support, was prepared in 2002 by GIDD in collaboration with cooperating partners and implementing partners.

3.2.7.16 Government has continued to strengthen the Gender Management System (GMS) in the country. The Government has established an institutional framework, mechanisms and processes to guide, plan, monitor and evaluate the process of mainstreaming gender into all areas. The exercise seeks to facilitate institutional change from gender-blind or gender-neutral to gender-aware and gender-specific policies, plans and programmes.

(d) Official Assessment of the Status of Women

3.2.7.17 The FNDP observes, inter alia, that, although the level of women’s participation in decision making has been increasing steadily from 10% in 1997 to 18% in 2003, the 1997 SADC Gender Declaration of 30% representation has not yet been attained.

3.2.7.18 Zambia’s State Report on the Implementation of the Southern African Declaration on Gender and Development and its Addendum on the Prevention of Violence against Women and Children has stated that, the Zambian government, being a party to the SADC Declaration on gender and development, has remained committed to ensuring increased female representation in political decision making positions. In this regard, Government, in collaboration with respective non-governmental organizations, has put in place various measures to ensure the rural representation
of women and men in decision-making of member states and at the SADC structures at all levels, and the achievement of at least 30 percent in political and decision making by 2005.134

3.2.7.19 Measures put in place to Enhance the Participation of Women In Society

(a) Legal Provisions, Institutions, Programmes and Policies to Enhance Women’s Role In Society

(1) Women’s Participation as Voters and as Candidates

3.2.7.20 Table 3.29 shows that 91.3% of the respondents felt that women actively participate in elections as voters. The percentage of people who thought the same at residential level were 90.1 percent for the rural and 93.4 percent for the urban residents.

3.2.7.21 When it comes to women participation in politics as candidates, the majority of the respondents thought that women did not participate as candidates. At national level, 57.6 percent of the respondents thought so. For both rural and urban residents, the same percentage (58 percent) of respondents thought women did not participate in elections as candidates.

Table 3.29: Women’s Participation in Elections as Voters and as Candidates

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>91.3</td>
<td>4.7</td>
<td>4.0</td>
<td>33.9</td>
<td>57.6</td>
<td>8.5</td>
</tr>
<tr>
<td>Rural/urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>90.1</td>
<td>4.9</td>
<td>5.1</td>
<td>32.1</td>
<td>57.5</td>
<td>10.4</td>
</tr>
<tr>
<td>Urban</td>
<td>93.4</td>
<td>4.4</td>
<td>2.3</td>
<td>36.8</td>
<td>57.8</td>
<td>5.4</td>
</tr>
</tbody>
</table>

(2) Women’s Participation as Candidates in Elections

3.2.7.22 Despite the equal distribution of men and women, it has been observed overtime that whenever there is an election, there were more male than female candidates. This situation has been a source of concern. To find out people’s views on how best to remedy this discrepancy, respondents in the 2008 State of Governance National Survey were asked if Zambian political parties should ensure that 50 percent of their candidates during elections are women.

3.2.7.23 Table 3.30 shows a high proportion (90.5 percent) of the population who indicated that political parties should ensure that 50 percent of the candidates in general elections are women. The 90.5 percent is a combination of those who strongly agreed (27.6 percent) and those who just agreed (62.9 percent). This was against 9.5 percent of the population who indicated that they disagreed. The trend was similar at residential level where 89.9 percent and 91.4 percent of the rural and urban residents, respectively, indicated that political parties should ensure 50 percent women candidates in general elections.

Table 3.30: Perceptions On Whether Political Parties ensure that 50 Percent of the Candidates in General Elections are Women

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>27.6</td>
<td>62.9</td>
<td>.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Rural/urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>27.1</td>
<td>62.8</td>
<td>.3</td>
<td>9.8</td>
</tr>
<tr>
<td>Urban</td>
<td>28.2</td>
<td>63.2</td>
<td>.1</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source: Central Statistical Office, 2008

The Citizens Economic Empowerment Act No. 9 of 2006 and the Zambia Development Agency Act No. 11 of 2006 have special provisions that relate to providing women with financial resources to enable them start their businesses as a way of reducing poverty. This is significant in the medium to long-term because of the high number of female-headed households that do not have access, control and ownership of means of production. Through the ZDA, provision has further been made for supporting the growth of small to medium business enterprises which largely targets the informal sector – mostly dominated by women.

(b) **Number and Percentage of Women Appointed to Decision-making Positions**

Although the promotion of women in parliament has risen from 6 percent in 1991 to 14 percent in 2006, it still falls significantly short of the 50 percent SADC target. Women’s representation in parliament in 2004 was 14%. At cabinet, this increased significantly from 7.3% in 2000 to 22.7 % in 2005\(^{135}\). Out of a total of 26 full Cabinet Ministers, only 5 are women, representing 19% of all Cabinet Ministers. In terms of representation the situation is similar when it comes Deputy Ministerial level, 6 (23%) are female out of a total of 26. Out of a total of 35 Permanent Secretaries in Zambia, only seven (16%) are female. The table below gives a summary of gender disaggregated senior positions in the Executive and Civil Service.

<table>
<thead>
<tr>
<th>Decision Making Position</th>
<th>Women</th>
<th>Men</th>
<th>%age for Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. President of the Republic of Zambia</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2. Vice President of the Republic of Zambia</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>3. Cabinet Ministers</td>
<td>5</td>
<td>21</td>
<td>19.23</td>
<td>26</td>
</tr>
<tr>
<td>4. Deputy Ministers</td>
<td>6</td>
<td>38</td>
<td>13.6</td>
<td>44</td>
</tr>
<tr>
<td>5. Members of Parliament</td>
<td>24</td>
<td>134</td>
<td>15.1</td>
<td>158</td>
</tr>
<tr>
<td>6. Chief Justice</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>7. Deputy Chief Justice</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>8. Secretary to the Cabinet</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>9. Speaker of the National Assembly</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>10. Deputy Speaker of the National Assembly</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>1</td>
</tr>
<tr>
<td>11. Auditor-General</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>1</td>
</tr>
<tr>
<td>12. Clerk of National Assembly</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>1</td>
</tr>
<tr>
<td>13. Deputy Secretary to the Cabinet</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>14. Secretary to the Treasury</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>15. Permanent Secretaries</td>
<td>7</td>
<td>36</td>
<td>16.2</td>
<td>43</td>
</tr>
<tr>
<td>16. Special Assistants to the President</td>
<td>1</td>
<td>3</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>17. Deputy Permanent Secretaries</td>
<td>2</td>
<td>22</td>
<td>8.33</td>
<td>24</td>
</tr>
<tr>
<td>18. Directors</td>
<td>23</td>
<td>77</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>19. Deputy Directors</td>
<td>13</td>
<td>58</td>
<td>18</td>
<td>71</td>
</tr>
<tr>
<td>20. Assistant Directors</td>
<td>37</td>
<td>140</td>
<td>20</td>
<td>177</td>
</tr>
<tr>
<td>21. Assistant Secretaries</td>
<td>11</td>
<td>24</td>
<td>31.4</td>
<td>35</td>
</tr>
<tr>
<td>22. District Commissioners</td>
<td>11</td>
<td>57</td>
<td>16.17</td>
<td>68</td>
</tr>
<tr>
<td>23. Human Rights Commission</td>
<td>2</td>
<td>5</td>
<td>28.57</td>
<td>7</td>
</tr>
<tr>
<td>24. Anti-Corruption</td>
<td>2</td>
<td>3</td>
<td>40</td>
<td>5</td>
</tr>
<tr>
<td>25. Public Service Commission</td>
<td>1</td>
<td>5</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>26. Teaching Service Commission</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>27. Police and Prisons Commission</td>
<td>1</td>
<td>6</td>
<td>16.5</td>
<td>7</td>
</tr>
<tr>
<td>28. Electoral Commission of Zambia</td>
<td>2</td>
<td>6</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>29. Commission for Investigation</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>1</td>
</tr>
</tbody>
</table>

**Source:** Cabinet Office, 2008.

(ii) Out of the 150 elected MPs, 22 are women and out of the eight MPs nominated by the President, 2 are female while the rest are male. This makes a total of 158 Members of Parliament, of which only 15.19% are female. The Deputy Speaker is female and so is the Clerk of the National Assembly.

3.2.8 Promotion and Protection of the Rights of Children

3.2.8.0 Measures taken to Promote and Protect the Rights of Children and Young People

(a) Legal Provisions, Measures and Policies that Promote and Protect the Rights of Children and Young Persons

3.2.8.1 Zambia is a party to the major international conventions dealing with the rights of children and young persons. These include:

(i) The United Nations Convention on the Rights of the Child (CRC) which was signed by Zambia in September 1990 and was ratified on 6 December 1991;
(ii) The Convention on the Worst Forms of Child Labour, which was ratified by Zambia in 2001
(iii) The ILO Convention on the Elimination of All forms of Child Abuse;
(iv) The Convention Concerning Minimum Age for Admission to Employment (ILO, 138) which was ratified by Zambia in 1976; and,

3.2.8.1 Zambia is also a party to the following international instruments that protect human rights in general:

(i) The International Covenant on Economic, Social and Cultural Rights which was acceded to in 1984, with a reservation relating to primary education;
(ii) The International Covenant on Civil and Political Rights, which was acceded to in 1984 with no reservations;
(iii) The Convention on the Elimination of All Forms of Racial Discrimination, which was ratified in 1985 with no reservations; and,
(iv) The Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, which was ratified by Zambia in 1998.

3.2.8.2 The rights of a child are enshrined in Part III of the Zambian constitution as follows:

(i) Article 11 provides for the protection of the fundamental rights and freedoms of an individual;
(ii) Article 12 provides for the protection of the right to life. (Article 12 (1) expressly prohibits a person from depriving an unborn child of life by termination of pregnancy except in accordance with the conditions explicitly stated in an Act of Parliament;
(iii) Article 6 (1) upholds the need to preserve a child’s nationality and identity;
(iv) Article 24 establishes the need to protect young persons against exploitation; and,
(v) Article 125 establishes the Human Rights Commission, whose functions include investigation of human rights abuses against children.

3.2.8.3 In addition, the provisions relating to children in conflict with the law are contained in the Juveniles Act, the Penal Code, and the Criminal Procedure Code. As previously noted, the Penal Code also prohibits owners of brothels from using such premises for men to have unlawful carnal knowledge of girls under 16 years – an offence which attracts a term of 5 years imprisonment.
3.2.8.4 Further, the Intestate Succession Act, the Widows and Orphans Pensions Act, the Affiliation and Maintenance of children Act, the Adoption Act and the Employment of Young Person and Children Act deal with civil matters related to children. The Employment of Young Persons and Children Act prohibits children from being employed in any type of work which, by its nature or the circumstances in which it is carried out, constitutes a worst form of labour. The Employment of Young Persons and Children’s (Amendment) Act No. 10 of 2004 was enacted to implement the International Labour Organisation Convention on the Minimum Age and the International Labour Organisation Convention on the Worst Forms of Child Labour.

3.2.8.5 In an attempt to supplement legislation, Zambia has also adopted the National Plan of Action to eradicate Child Labour, National Youth Policy and the National Child Policy, and has created the VSU, Child Justice Forum, the Ministry of Sport, Youth and Child Development, the Ministry of Community Development and Social Services, the Ministry of Labour and Social Security and the Ministry of Education.

3.2.8.6 In order to curb human trafficking, Zambia ratified the Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children (Palermo Protocol), supplementing the United Nations Convention Against Transnational Organised Crime (Palermo Convention) on 24th April, 2005. In 2004, Government established an Inter-ministerial Committee on Trafficking under the Ministry of Home Affairs. The mandate of the Committee is to respond to the problem of human trafficking and to develop a national policy on trafficking and a preliminary national plan of action. It is also mandated to raise public awareness amongst individuals about the vices of trafficking.

3.2.8.7 The above laws and regulations are complemented by the existence of policies and national level frameworks that guide the promotion of children’s rights. These policies include the National Youth Policy and National Child Policy of 2006. National level frameworks include such plans as the National Plan of Action, the National Aids Council Strategic Plan, the Ministry of Education HIV/AIDS Strategic Plans and the Medium Term Plan for the National Steering Committee on Orphans and Vulnerable Children. The National Youth Policy covers children and young persons in furthering survival and developmental rights while the National Plan of Action provides guidelines for achieving total development of children through various survival, developmental and protective rights.

3.2.8.8 In terms of healthcare, the 2008 State of Governance Survey revealed that the proportion of households who have children who are under the age of 5 and take their children to under – five clinics is very high in Zambia. The proportion of households who reported that their children under the age of five attended under-five clinics was 94.6 percent (Table 3.32).

<table>
<thead>
<tr>
<th>Residence</th>
<th>Does your child attend under-five clinic?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>All Zambia</td>
<td>94.6</td>
</tr>
<tr>
<td>Rural/urban</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>94.0</td>
</tr>
<tr>
<td>Urban</td>
<td>96.0</td>
</tr>
</tbody>
</table>

Source: State of Governance Survey 2009

3.2.8.9 Further, 72.5 percent of the people hold the view that children are entitled to human rights. By residence, 62.5 percent of the rural population and 89 percent of the urban population hold the view that children are entitled to human rights (Table 3.33).
Table 3.33: Human Rights of Children

<table>
<thead>
<tr>
<th>Do you think that children have human rights?</th>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>72.5</td>
<td>12.9</td>
<td>14.6</td>
</tr>
<tr>
<td>Rural/urban</td>
<td>62.5</td>
<td>17.0</td>
<td>20.5</td>
</tr>
<tr>
<td>Urban</td>
<td>89.0</td>
<td>6.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Province</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>56.2</td>
<td>21.7</td>
<td>22.1</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>85.8</td>
<td>7.6</td>
<td>6.6</td>
</tr>
<tr>
<td>Eastern</td>
<td>69.8</td>
<td>10.7</td>
<td>19.5</td>
</tr>
<tr>
<td>Luapula</td>
<td>85.8</td>
<td>9.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Lusaka</td>
<td>83.3</td>
<td>6.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Northern</td>
<td>68.8</td>
<td>19.0</td>
<td>12.3</td>
</tr>
<tr>
<td>North-Western</td>
<td>52.3</td>
<td>25.8</td>
<td>21.9</td>
</tr>
<tr>
<td>Southern</td>
<td>64.7</td>
<td>11.4</td>
<td>23.9</td>
</tr>
<tr>
<td>Western</td>
<td>67.0</td>
<td>15.5</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Source: State of Governance Survey 2009

3.2.8.10 The results of the State of Governance survey at national level and by residence showed that over 72 percent of the population thought that children’s right to health, education, and access to food and shelter are being protected. Although people thought the same for the respect of the views of the child, the percentages were much lower; only 56.9 percent of the population thought that the views of the child need to be respected (Table 3.34).

Table 3.34: Protection of Children’s Human Rights

<table>
<thead>
<tr>
<th>Of the children’s rights, which ones do you think are being protected...</th>
<th>All Zambia</th>
<th>Rural/urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rural</td>
</tr>
<tr>
<td>(a) Health</td>
<td>Yes</td>
<td>90.4</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>7.3</td>
</tr>
<tr>
<td></td>
<td>Don’t Know</td>
<td>2.3</td>
</tr>
<tr>
<td>(b) Education</td>
<td>Yes</td>
<td>88.5</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>Don’t Know</td>
<td>2.0</td>
</tr>
<tr>
<td>(c) Access to food</td>
<td>Yes</td>
<td>73.0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>Don’t Know</td>
<td>3.2</td>
</tr>
<tr>
<td>(d) Respect for view of the child</td>
<td>Yes</td>
<td>56.9</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>34.1</td>
</tr>
<tr>
<td></td>
<td>Don’t Know</td>
<td>9.0</td>
</tr>
<tr>
<td>(e) Shelter</td>
<td>Yes</td>
<td>75.2</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>21.5</td>
</tr>
<tr>
<td></td>
<td>Don’t Know</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: State of Governance Survey 2008

3.2.8.11 The Government has noted that most people are not aware of the National Child Policy (Table 3.35). At national level, only one in every five people (21.9 percent) are aware of the policy. By residence, only 13.2 percent of the rural population and 32.5 percent of the urban population were aware of the National Child Policy. The National Child Policy constitutes core guidelines for improving the welfare and quality of the life of children as well as for protecting their survival and developmental rights. Survival and development of children are the main objectives of the National Child Policy, which aims at reducing moderate to severe malnutrition in children, expanding early childhood care and development programmes throughout the country.
Table 3.35: Awareness of the National Child Policy

<table>
<thead>
<tr>
<th></th>
<th>(28) Are you aware of the national child policy?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>All Zambia</td>
<td>21.9</td>
</tr>
<tr>
<td>Rural/urban</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>13.2</td>
</tr>
<tr>
<td>Urban</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Source: CSO 2008

3.2.8.12 Effectiveness of Measures to Protect the Rights of Children and Young Persons over the past Five Years

3.2.8.13 Zambia is currently faring considerably well in relation to its response to the overall improvement of children and young persons. This consideration arises due to the following: Firstly, the country has put in place appropriate legal provisions to protect children against abuse and exploitation. Secondly, comparative percentage of national budgetary allocations made towards basic needs (especially health and education\(^{136}\)), which ultimately children and young persons are beneficiaries are relatively higher.

3.2.8.14 Despite these improvements, Zambia has an increasing number of children who are orphans spread out in both rural and urban areas as a consequence of the high prevalence of HIV/AIDS. Some children are, therefore, disadvantaged in accessing basic needs that are necessary for their growth and wellbeing.

3.2.8.15 The rising cases of defilement and children living on the street are evidence that there are some challenges in protecting these children. The number of street children in Zambia is estimated at 13,500 of which 15% are girls. Approximately 25% of children seen on the streets during the day sleep on the streets at night\(^{137}\). The ratio is less for girls. Child abuse and violence against children are problems, particularly defilement, which the law defines as the "unlawful carnal knowledge of a child under the age of 16." The police VSU recorded 696 defilement cases in 2007; prosecutions resulted in 160 convictions and 26 acquittals.

3.2.8.16 The Ministry of Sport, Youth, and Child Development continued its efforts to rehabilitate street children by providing education and skills training at two converted national service camps on the Copperbelt and Eastern Province. Government has also facilitated the establishment of homes for vulnerable children (Table 3.36).

Table 3.36: Existing Children’s Homes in Zambia

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of Homes</th>
<th>Total number of children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lusaka</td>
<td>41</td>
<td>2,702</td>
</tr>
<tr>
<td>Southern</td>
<td>19</td>
<td>555</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>22</td>
<td>961</td>
</tr>
<tr>
<td>Luapula</td>
<td>2</td>
<td>44</td>
</tr>
<tr>
<td>North Western</td>
<td>4</td>
<td>149</td>
</tr>
<tr>
<td>Eastern</td>
<td>2</td>
<td>101</td>
</tr>
<tr>
<td>Northern</td>
<td>2</td>
<td>80</td>
</tr>
<tr>
<td>Central</td>
<td>6</td>
<td>499</td>
</tr>
<tr>
<td>Western</td>
<td>3</td>
<td>104</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>4,592</td>
</tr>
</tbody>
</table>

Source: Ministry of Community Development and Social Security (2008)

\(^{136}\) The countries universal access to education policy has helped on improving this indicator.

\(^{137}\) The situation of street children in Zambia: A study by Ministry of Community Development and Social Services Ministry of Sport, Youth and Child Development Supported by UNICEF, Project Concern International and RAPIDS. Zambia 2007
3.2.9 Promotion and Protection of the Rights of Vulnerable groups, including the Disabled and the Poor, internally displaced Persons and Refugees

3.2.9.0 Measures taken to Promote and Protect the Rights of Vulnerable Groups

(a) Legal Provisions, Institutions and Resource Allocation to Promote and Protect the Rights Of Vulnerable Groups And Refugees

3.2.9.1 Zambia has implemented a number of mechanisms to promote and protect the rights of vulnerable groups, including refugees, displaced persons and disabled persons. Some of the interventions are informed and inspired by the countries signature and ratification of international covenants, instruments and principles.

3.2.9.2 Some of these include:

(i) The African Charter on Human and People’s Rights (1981);
(ii) The international Covenant on Civil and Political Rights;
(iii) The International Covenant on Economic, Social and Cultural Rights;
(iv) The International Convention on the Elimination of All Forms of Racial Discrimination;
(v) The Convention against Torture and other Cruel, Inhuman and Degrading Treatment or Punishment;
(vii) the Convention on the Rights of Persons with Disabilities (and its Optional Protocol);
(viii) The OAU Convention Governing the Specific Aspects of Refugee Problems in Africa (1969);
(ix) The UN Convention Relating to the Status of Refugees (1951);
(x) The UN Protocol Relating to the Status of Refugees (1967); and,

(1) Policy Framework

3.2.9.3 In addition to the above international standards, Government, under the Ministry of Community Development and Social Services, developed the National Welfare Policy, National Ageing Policy and the National Disability Policy. The three draft policies are awaiting approval by Cabinet. The Social Welfare Policy is intended to provide a framework through which Government will enhance the coordination of all players in the provision of social welfare services, as it is its mandate to guide programmes in all sectors.

3.2.9.4 The Disability Policy is expected to provide a framework through which the Ministry will enhance the coordination of efforts by all stakeholders engaged in promoting the rights of persons with disabilities. The policy will also ensure that the special needs of persons with disabilities are recognised in the ever changing socio-economic environment. Without a policy framework, the roles of government and other stakeholders on issues of disability and development lack direction, legitimacy and proper coordination. The Ageing Policy in the other hand aims at ensuring that citizens enter old age with dignity.

138 It must be noted that though Zambia has hosted many refugees especially from neighboring countries, there are no agreements with these countries regarding refugees.
139 Zambia has reservations to the 1951 Convention regarding the right to work, education, freedom of movement and provision of travel documents. In fact the reservation on education is not state practice, as the current policy is that all recognized refugees are able to access schools on the same basis as Zambian nationals and pay the same fees.
(2) **Institutions/Programmes**

3.2.9.5 The Ministry of Community Development and Social Services is key in providing and facilitating social to vulnerable members of society. Within the context of social protection, the ministry implements and facilitates the provision of social welfare and community development. Below is an outline of the major programmes under the two Departments:

(b) **Department of Community Development**

3.2.9.6 The overall objective of this department is to reduce poverty and suffering among vulnerable groups and to protect and promote their rights and welfare.

(1) **Public Welfare Assistance Scheme**

3.2.9.7 The Public Welfare Assistance Scheme (PWAS) is one of Government’s major social assistance programmes. The objectives of the programme are to assist the most vulnerable in the society to fulfill their basic needs particularly health, education, food and shelter and to promote community capacity to develop local and externally supported initiatives to overcome the problems of extreme poverty and vulnerability. The PWAS is administered through the district offices and has structures up to the community level where identification, prioritisation and assistance are done. PWAS targets 10% of the total national population which is vulnerable and destitute. The targeted clients mainly include orphans and vulnerable children, households affected by HIV and AIDS, the aged, the disabled, the chronically ill and female headed households. PWAS funds provide social education and health support. Under social support, clients are assisted with basic needs such as shelter, food, clothing, utensils or blankets. In 2009, K6,700,000,000.00 was released towards this scheme and 24,386 beneficiaries were assisted as tabulated below.

<table>
<thead>
<tr>
<th>Type of assistance</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>4,420</td>
<td>5,640</td>
<td>10,060</td>
</tr>
<tr>
<td>Education</td>
<td>3,009</td>
<td>3,660</td>
<td>6,669</td>
</tr>
<tr>
<td>Health</td>
<td>404</td>
<td>408</td>
<td>812</td>
</tr>
<tr>
<td>Repatriation</td>
<td>325</td>
<td>268</td>
<td>593</td>
</tr>
<tr>
<td>Shelter</td>
<td>147</td>
<td>230</td>
<td>377</td>
</tr>
<tr>
<td>Beddings and Clothing</td>
<td>2,077</td>
<td>3,309</td>
<td>5,389</td>
</tr>
<tr>
<td>Others</td>
<td>360</td>
<td>129</td>
<td>489</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>10,742</td>
<td>13,644</td>
<td>24,386</td>
</tr>
</tbody>
</table>

*Source: Ministry of Community Development and Social Services 2009*

(2) **Social Cash Transfer Scheme**

2.1. Government commenced implementation of a Social Cash Transfer Scheme in Zambia in 2003 as a pilot in Kalomo district with support from the MCDSS/GTZ Social Safety Net Project. The scheme has since been extended to four more districts and is currently operational in five districts and these are Kazungula, Monze and Kalomo in the Southern province of Zambia and Chipata and Katete districts in the Eastern province of Zambia. The scheme is administered and implemented by the Ministry of Community Development and Social Services, Department of Social Welfare through PWAS structures.

2.2. The Cash Transfer Scheme is an alternative to the in-kind assistance offered through PWAS and tries to respond to the growing number of households who have no or limited self-help potential due to the
HIV/AIDS pandemic or other difficulties. These extremely poor and incapacitated households (HH) cannot be reached by labour based or micro credit programmes and therefore need regular and continuous social assistance to survive and invest in the education of their children.

The two main objectives of the scheme are to:

(i) assist the most destitute and incapacitated households meet their basic needs, particularly health, education, food and shelter; and,

(ii) Generate information on the feasibility, costs and benefits; and impacts of a SCTS as a component of a Social Protection Strategy for Zambia.

2.3. As such each of the five pilots districts tests different design questions and options, the Kalomo cash transfer pilot which is the oldest, is meant to generate information on the feasibility and capacity requirements of operating a Cash Transfer Scheme on a district scale. The Kazungula pilot seeks to test the feasibility of unconditional cash transfers in a remote, sparsely populated, and agriculturally marginal rural area. The Chipata pilot is designed to examine the modalities of delivering cash transfers to destitute households in urban areas. The Monze pilot tests soft conditionality on education and health for under five children and the Katete scheme probes a universal targeting design through an old age pension.

In addition to the lessons learnt from the implementation of the pilots, lessons are also generated through a number of studies on targeting, delivery mechanisms, fiduciary risks, capacity assessments and several impact evaluations that have been carried.

2.4. The Social Cash Transfer Scheme in Zambia is based on the Chapter on Social Protection in the country’s Fifth National Development Plan, which is “to reduce hunger and extreme poverty in incapacitated households through welfare support” and the national Social Protection strategy. The scheme is operated through Public Welfare Assistance committee structures which exist at national, provincial, district, area and community levels.

As the Social Cash Transfer Scheme is decentralized, it is mainly implemented by the District Social Welfare Office in the five districts, with assistance from the grassroots structures, that is, the Community Welfare Assistance Committees (CWACS) and the Area Coordination Committees (ACCS). The Provincial Social Welfare Office monitors the performance of the District Social Welfare office and the Department of Social Welfare at headquarters under the Ministry of Community Development and Social Services coordinates the scheme at national level and has an oversight function.

In terms of policy, design and strategic focus the scheme is directed through the Technical Working Group on Social Assistance (SA-TWG) which is chaired by the Department Of Social Welfare, and is comprised of Donors and NGOs working in the area of Social Assistance.

2.5. The Social Cash Transfer Scheme in Zambia has moved from pilot stage and a decision has since been taken to upscale the scheme to national level. It is however, only operational in five out of the country’s 72 districts and in 2 out of the country’s 9 provinces. It is, however, expected that in 2009 the scheme should be extended to five more districts to bring the total number of districts to 10 and by 2013 it is expected that it should have been rolled out to the entire country to cover 73 districts.
2.5.1. The total number of beneficiaries on the scheme is 7,337 households and 4,580 individuals. These are split up by district as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalomo</td>
<td>3,573</td>
</tr>
<tr>
<td>Katete</td>
<td>4,580</td>
</tr>
<tr>
<td>Monze</td>
<td>1,900</td>
</tr>
<tr>
<td>Chipata</td>
<td>1,190</td>
</tr>
<tr>
<td>Kazungula</td>
<td>674</td>
</tr>
</tbody>
</table>

2.5.2. The intended beneficiaries of the Social Cash Transfer scheme are incapacitated and destitute households. All beneficiary households therefore have to meet the following criteria:

(i) *Destitute:* the household is extremely needy (hunger, malnourishment, begging) and not certain to survive without external support, meaning for instance that the household does not have enough food, has inadequate shelter, household members wear rags and have nothing to protect themselves from the cold, there is no regular source of substantive income (business in town, renting out houses, regular support from relatives) and there are also no valuable assets which can be used to help them cope.

(ii) *Incapacitated:* the household does not have enough fit household members who can take care of the dependents. This is defined as 3 or more dependents for every fit member.

In 2009, a total of K10,744,184,312.00 was disbursed to beneficiaries as cash transfers.

(c) *Enhancement of Vulnerable People's Justice System*

3.2.9.8 The object of this programme is to increase awareness and ensure the protection of legal rights for vulnerable groups. Under this programme the Department of social welfare made a number of strides in 2009 to coordinate and implement programmes and activities on gender based violence which include but are not restricted to the following:

(i) Facilitate integration of sexual and gender based violence into all training, advocacy and service delivery materials and guidelines;

(ii) Develop an activity plan in line with the FNDP;

(iii) Develop a monitoring and evaluation system to track improvements in gender equity at all levels;

(iv) Work with stakeholders to provide places of safety for victims of sexual and gender based violence; and,

(v) Create awareness on the dangers of sexual and gender based violence.

3.2.9.9 Achievements

3.2.9.10 The following programmes and activities were conducted:

(i) Launch of the National Communication Strategy on Gender Based Violence on 29th October, 2009;

(ii) Training of 515 officers in Women/Child witness court preparation. In addition 45 officers were trained as trainers. The officers that were trained included police officers, medical personnel, prosecutors, social workers and magistrates;

(iii) Awareness and sensitisation campaigns against gender based violence in Mansa, Ndola, Chipata, Mazabuka and Livingstone. The awareness campaigns involved road shows, school debates and community campaigns;

(iv) Conducting 13 series of gender based violence television and radio programmes; and,
Establishment of four additional one-stop-centres in Kitwe, Ndola, Mazabuka and Livingstone, bringing the total to eight.

3.2.9.11 Challenges

(i) Currently, there is no budget-line for anti-gender based violence activities under the Ministry of Community Development and Social Services; and,

(ii) Data on victims of gender based violence is fragmented.

(d) Care for the Aged

3.2.9.12 This is support to vulnerable persons aged 60 years and above through community or institutional care (Table 3.38). The ministry runs Maramba and Chibolya old people’s homes and provides support to Divine Providence Home (Lusaka), Maramba (Livingstone), Mitanda (Ndola), Chibote (Luanshya), Mwandi (Sesheke), and Chibolya (Mufulira). The ministry also provides financial support to community and faith-based organisations (FBOs) that look after elderly persons.

Table 3.38: Old People’s Homes and Number of Resident

<table>
<thead>
<tr>
<th>Home</th>
<th>Location</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likulwe</td>
<td>Senanga</td>
<td>13</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Mwandi</td>
<td>Sesheke</td>
<td>6</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Maramba</td>
<td>Livingtone</td>
<td>20</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>Chibolya</td>
<td>Mufulira</td>
<td>11</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>Mitanda</td>
<td>Ndola</td>
<td>8</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Chibote</td>
<td>Luanshya</td>
<td>3</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>St. Theresa</td>
<td>Ndola</td>
<td>9</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>70</td>
<td>80</td>
<td>150</td>
</tr>
</tbody>
</table>

(e) Child Protection Programme

3.2.9.13 This programme entails the removal, rehabilitation and re-integration of children into homes and communities from the streets where they are exposed to abuse and violent situations. The overall objective is to rehabilitate street children and provide support and care to orphans and vulnerable children. In 2009, K4,000,000,000.00 was expended under this programme and 256 families with children found on the streets were empowered. The families were mainly empowered with start-up capital for income generating activities such as trading, agriculture and business enterprise such as tailoring. The financial assistance ranged between K500,000.00 and K2,000,000.00 per family.

3.2.9.14 Furthermore, a total of 849 children (211 females and 638 males) were removed from the streets and re-integrated (Table 3.39). Additionally, the ministry is constructing and rehabilitating two children centres in Lusaka and Mufulira. Lastly, other resources under this programme went towards supporting non-governmental child care homes supporting 5,401 vulnerable children country wide.
Table 3.39: Number of Children Re-Integrated and Families Supported

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of children removed from the streets and reintegrated</th>
<th>No. of families empowered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Lusaka</td>
<td>69</td>
<td>368</td>
</tr>
<tr>
<td>Central</td>
<td>31</td>
<td>55</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>Northern</td>
<td>18</td>
<td>45</td>
</tr>
<tr>
<td>Eastern</td>
<td>16</td>
<td>29</td>
</tr>
<tr>
<td>Luapula</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td>Southern</td>
<td>26</td>
<td>53</td>
</tr>
<tr>
<td>Western</td>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td>N/Western</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>211</strong></td>
<td><strong>638</strong></td>
</tr>
</tbody>
</table>

3.2.9.15 This programme, however, has challenges in that the ministry depends mainly on child care facilities run NGOs to place children withdrawn from the streets and these homes do not have adequate space and finances to accommodate the children and run necessary activities.

(1) Department of Community Development

3.2.9.16 The Department runs community-based programmes that are aimed at empowering the poor and vulnerable people. The Department is responsible for implementing the following key poverty reduction programmes:

(f) Women in Development Programme

3.2.9.17 The overall objective of this programme is to empower disadvantaged groups, especially women through the provision of skills training, income generating activities, credit facilities and entrepreneurship skills. This programme is being implemented in all the districts. The Department currently has 3,388 registered groups. From an operational point of view, the Department facilitates the mobilization and sensitization of women in communities to form groups that can work together and access micro-credit for projects aimed at reducing poverty. The department also provides entrepreneurship skills training and income generation to the groups. Grants in the form of materials and finances for small scale businesses are also provided. In 2008, funds under this programme were mopped and sent to the Citizens Economic Empowerment Commission, unfortunately, women’s clubs could not access funds from there and in 2010, these resources will be brought back to the ministry for disbursement to the women clubs registered under the programme.

(g) Community Self-Help Initiative Programme

3.2.9.18 The objectives of this programme are threefold, namely (i) to mobilise communities to improve their quality of life through undertaking self help projects, (ii) to facilitate service delivery at community level through creation and/or strengthening of community based organisations and other community structures and (iii) to create a favourable socio-economic environment for sustainable development of the communities by promoting local community action. This is also a nation-wide programme which in 2009 supported 54 community self-help initiative projects. The projects range from construction and rehabilitation works such as community foot bridges, dam
expansion, community halls/markets, houses and office block renovations and also include agricultural activities such as pig farming, bee-keeping and gardening. Recent notable successes include the rehabilitation of a house in Chongwe district to be used as an office block and 13 low cost houses constructed in Petauke district. The programme received K1.5 billion for the 2009 budget year.

(h) The Food Security Pack Programme

3.2.9.19 The overall objective of this programme is to promote food security at household level in order to reduce poverty and enhance household nutrition. This is done through crop diversification, conservation farming, and creation of commercial credit banks and promotion of alternative livelihoods such as fish, pig and poultry farming. This is also a nationwide programme covering all the 72 districts and in the 2009/2010 farming season, a total of 19,827 farmers were assisted with input packs from the funding allocation amounting to K24.5 billion.

3.2.9.20 Some notable achievements under this programme include:

(i) Over the years, FSP has contributed to productivity by increasing average maize yields from less than 1 tonne per hectare to about 1.5 for FSP rural farmers;
(ii) Farming practices which were unsustainable have now improved with conservation farming practices adopted by FSP beneficiaries;
(iii) The FSP contributed to the acquisition of household assets include livestock, bicycles and home improvement for beneficiary households;
(iv) Through conducting community growth monitoring surveillance, the programme has shown that it has contributed to improved nutrition among beneficiary households;
(v) The programme has broadened the staple base by pioneering and promoting cassava production, processing and marketing. The FSP programme has distributed over 10 million cassava cuttings since inception in 2000. This has triggered seed multiplication initiatives by farmers which have contributed to the availability of improved varieties in most remote areas;
(vi) On gender assessment, a study has to be undertaken but monitoring reveals that 51 to 54% of the beneficiaries are female and this goes to show that they have access to land to till. Additionally, the programme has been raising awareness on its target group and this has led to women joining the programme; and,
(vii) Under social assessment, it has been revealed that it has raised the confidence/status of the beneficiaries as they are now able to fend for themselves and no longer dependant on the community for hand outs.

3.2.9.21 One of the biggest constraints of this programme, however, is inadequate funding. The programme has been receiving the same amount of money (K10 Billion) each year and it is expected to assist over 200,000 households every year.

(i) Disability

(a) Government has adopted laws and policies pertaining to the protection of people with disabilities, including the right to productive and decent work and to basic services, workers’ compensation, social security, and entrepreneurship development. Article 23 of the Constitution prohibits discrimination and the enactment of discriminatory laws.

The Persons with Disability Act no. 33 of 1996 has created the Zambia Agency of Persons with Disabilities. The Zambia Agency for Persons with Disabilities coordinates the implementation of the National Policy in Disability and acts as an advisory body to the Ministry of Community Development and Social Services.
(b) The Secretary to Cabinet issued a directive that disability focal persons should be appointed in every ministry and spending agency of government to ensure that matters relating to disability are planned and budgeted for. The challenge has been that the roles of disability focal persons have not been properly defined and consequently, they have been ineffective in ensuring that the interests of persons with disabilities are taken care of.

(c) The 2007 Educational Statistical Bulletin released by the Zambian Ministry of Education reveals that the dropout rate of the hearing impaired in school is 97 percent. Of the three percent who complete school, none of them progress to tertiary levels as their high school results do not meet the requirements. The bulletin further reveals that in 2007 the total hearing-impaired enrolment population (grades 1 to 12) was 29 748, followed by the visually impaired (20,309), and the physically disabled (13 797).

The Technical Education, Vocational and Entrepreneurship Training (TEVET) Act of 1998 provides that the ‘special needs of people with disabilities will be taken into consideration. Further, The Workers’ Compensation Act (No. 10 of 1999), revises the law relating to the compensation of workers for disabilities suffered or diseases contracted during the course of employment;

(d) In terms of policy, the National Policy on Education, 1996, recognizes the right to education of every individual, regardless of personal circumstances or capacities. The Fifth National Development Plan, aims to attain, inter alia the full participation, equality and empowerment of persons with disabilities. It seeks to provide enhanced support to disabled persons through increased government spending on disability; developing inclusive, mainstream policies; review of existing pieces of legislation; and, the establishment and/or strengthening of institutions and systems that cater for people with disabilities.

3.2.9.22 There are further challenges which persons with disabilities face, and these have implications on policy making, development planning and good governance. These are:

(i) Lack of disaggregated data to assist with formulation of policies, programmes and development plans for the disabled persons;
(ii) Inadequate financial and technical resources for addressing cross-cutting disability issues. Ironically, Chapter 21 of the FNDP provides for funding for cross-cutting disability programmes but the funds are hardly released by MoFNP;
(iii) Difficulties in accessing services and facilities to deal with health problems such as HIV/AIDS and Tuberculosis;
(iv) There are few organisations for disabled persons that have adequate capacity to lobby, articulate, and campaign for the rights of persons with disabilities in the country; and,
(v) Stigma and discrimination against disabled persons exists in most spheres of development.

(j) Protection and Hosting of Refugees

3.2.9.23 Zambia began hosting refugees from neighbouring countries two years after becoming independent in 1964. At its peak in 2001, Zambia hosted over 280,000 refugees – mainly from the Democratic Republic of Congo, DRC, and Angola. With improved political stability and security in many of the countries generating refugees, UN High Commissioner for Refugees (UNHCR)’s voluntary repatriation operation in recent years has helped refugees to return home to Rwanda, Burundi, Uganda, Angola and the DRC. As of August 2008, the number of refugees in Zambia significantly reduced to around 88,000.

3.2.9.24 The Zambian government continues to cooperate with the UNHCR and other humanitarian organisations in providing protection and assistance to refugees, returning refugees, asylum
seekers, stateless persons, and other persons of concern. In terms of legislation, the following pieces of legislation are relevant for the promotion and protection of the rights of refugees, including their welfare:

(i) Article 11 of the Constitution grants ‘every person in Zambia’ the right to life, liberty, security of person, protection of law, freedom of conscience, expression, assembly, movement, and association as well as other rights and proceeds to provide that the exercise of these rights is irrespective of ‘place of origin, race, political opinion, colour, creed, sex or marital status’;
(ii) Refugees (Control) Act (Cap 120);
(iii) Immigration and Deportation Act Chapter 123 of the Laws of Zambia;
(iv) Refugees (Control) Act Chapter 120 of the Laws of the Republic of Zambia;
(v) Citizenship of Zambia Act Chapter 124 of the Laws of the Republic of Zambia;
(vi) National Registration Act and Regulations Chapter 126 of the Laws of the Republic of Zambia;
and,
(vii) Extradition Act Cap. 94 of the Laws of Zambia.

(k) Internally Displaced Persons

3.2.9.25 In terms of national structures, issues relating to internally displaced persons are handled by the Disaster Management and Mitigation Unit under the office of the Vice President. Although cases of internally displaced persons are few, national structures are in place to deal with the protection of the rights of internally displaced persons at ministerial to grass roots levels whenever such cases occur. Zambia has also established a Vulnerability Assessment Committee which is responsible for, among other things, assessing disasters and recommending appropriate action.

3.2.9.26 Recommendations

3.2.9.27 Based on the preceding findings and discussion, it is recommended that:

(i) The Social Cash Transfer Scheme and social pension be legislated to ensure continuity of the Scheme;
(ii) Funding towards social welfare programmes be increased;
(iii) Coordination between the Zambia Association of Persons with Disabilities and the Ministry of Community Development and Social Services in providing service to persons with disabilities be enhanced;
(iv) The Convention on the Rights of Persons with Disabilities and its Optional Protocol be domesticated;
(v) The Public Welfare Assistance Scheme (PWAS) and the Social Cash Transfer Scheme be harmonised to avoid duplication;
(vi) Government clearly define who qualifies to be an internally displaced person;
(vii) The Refugee (Control) Act Chapter 120 of the laws of Zambia be reviewed to bring the law into conformity with internationally accepted standards;
(viii) Government strengthen, expand and decentralise the existing gender machinery; and,
(ix) Positive cultural practices that promote the rights of women be encouraged and synergies identified between these practices and international norms and standards on the promotion and protection of the rights of women.
4.0. Overview

4.0.1. The significance of the economic governance and management pillar derives from the recognition by African Heads of State and Governance that good economic governance, including transparency in financial management, is an essential pre-requisite for promoting socio-economic development and reducing poverty. Against this backdrop, the present Zambian Government has pursued a market-based, private sector-led economic growth strategy geared towards poverty eradication and improved living conditions for all Zambians.

4.0.2. When the MMD government came to power in 1991, it was confronted with daunting economic challenges. Macroeconomic disequilibria and disruptions characterised the economy as attempts by the previous government to restore the economy to growth and stability were unsuccessful. The government, consequently, sought to create a stable, predictable and integrated economy through a macroeconomic and structural adjustment programme entailing far-reaching economic reforms, under the close guidance of the IMF and World Bank. The key policies adopted by the government are discussed in the sections below.

4.1. Key Policies

(a) Monetary Policy

4.1.1. The fundamental task of monetary policies is to achieve price stability upon which the sustainability of long-term economic growth can be secured. Explicitly, the mission of the Bank of Zambia is to formulate and implement monetary and supervisory policies that achieve and maintain price stability and promote financial system stability in the Republic of Zambia. As earlier noted, this objective represents an evolution from past practices that gave prominence to multiple objectives, including supporting economic growth and maintaining fixed exchange rates.

(b) Fiscal Policy

4.1.2. Fiscal policy has been aimed at increasing spending on infrastructure to encourage diversification of the economy while safeguarding the macroeconomic stability. This was to be achieved by domestic and external borrowing to remain within sustainable levels. Additionally, the Government’s focus was to reduce non-priority spending to ensure that the capital expenditures and social sectors remain a priority. On the revenue side, Government continues to enhance resource mobilisation by improved tax administration and broadening the tax base.

4.1.3. Fiscal decentralisation has been an integral part of fiscal reforms, within the context of the Public Sector Reform Program (PRSP) in general and the National Decentralization Policy launched in 2004 in particular. Fiscal decentralisation aims at ensuring that the financial resources reach the intended targets and also foster transparent and efficient mobilisation, management and utilisation of resources.

(c) Investment Policy

4.1.4. Investment policy reforms in this Sub-Saharan nation also commenced in 1991 with the enactment of pro-business legislations to support a liberalised economic environment that promotes private sector investment by both local and foreign investors. Following the enactment of the 1991 Investment Act,
the Zambia Investment Centre (ZIC) was established in 1992, primarily to promote and coordinate government policies on investment.

4.1.5. Privatisation of state enterprises was vital to the government’s efforts to raise efficiency, promote private sector development, and bolster economic growth. As part of the programme, the Government enacted the Privatisation Act in 1995, which established the Zambia Privatisation Agency (ZPA). The keystone for the entire programme was the privatization of the Zambia Consolidated Copper Mines (ZCCM), the state’s mining monopoly, which was completed in 2002.

4.1.6. In 2006, a new Investment Act – the Zambia Development Agency (ZDA) Act – was enacted, to address among other things, the high cost of doing business in Zambia and also to facilitate the establishment of the Multi-Facility Economic Zones (MFEZ) designed to diversify the economy and promote exports. The ZDA Act also established the Trade and Industrial Development Fund to support economic growth and development by promoting trade and investment. The Development Fund is especially designed to support micro and small business enterprises and rural business enterprises.

4.1.7. As a signatory to the World Trade Organization (WTO), Zambia is committed to the principal of non-discrimination, thus, the Zambia Development Agency Act does not discriminate. However, a new Citizens Economic Empowerment Act provides for an Empowerment Fund for the economically disadvantaged Zambians.

(d) Trade Policy

4.1.8. The trade liberalization policy has been broadly aimed at strengthening the viability of external accounts by enhancing international competitiveness, and with Zambia’s active participation in the multilateral trading system as well as various regional and bilateral trade arrangements, at securing global market access. Regional integration, particularly with SADC countries and COMESA markets are the key areas of focus.

(e) Corruption and Money Laundering Policy

4.1.9. The Government has declared zero tolerance on corruption and launched the National Movement Against Corruption (NMAC) in March 2002. As part of the movement, the NACP was approved in March 2009 and launched by H.E. President Rupiah B. Banda in August 2009. The policy seeks to provide a framework for a more inclusive approach to the fight against corruption using best practices in the international instruments that Zambia has acceded, signed and/or ratified. The FNDP dedicated a Chapter to Governance issues, including programmes and activities aimed at fighting and preventing corruption.

4.1.10. Zambia has also made some significant progress in combating money laundering and the financing of terrorism. This is evidenced by the enactment of various pieces of legislation on money laundering, the financing of terrorism, corruption, criminalising of many predicate offences and enhancing of the integrity of the judicial system and law enforcement. Specifically, the Government has set the tone for the development of an anti-money laundering culture through enactment of the following\(^\text{140}\):

(i) the Narcotic Drugs and Psychotropic Substances Act, 1993;
(ii) the Prohibition and Prevention of Money Laundering Act, 2001;
(iii) the Anti-Terrorism Act, 2007;

(iv) issuances of Anti-Money Laundering Statutory Directives by the financial regulatory authorities to financial institutions in 2004; and,
(v) adoption by the Bank of Zambia of the Basel Committee on Banking Supervision 1988 Statement of Principles on the Prevention of the criminal use of the banking system for the purpose of money laundering by issuing the Know Your Customer and Foreign Currency Cash Transactions in 1998.

4.1.11. In addition, Zambia has addressed issues of integrity in the judiciary and law enforcement agencies through the following:

(i) enactment of the Judicial Code of Conduct Act No. 13 of 1999;
(ii) establishment of the Judicial Complaints Authority by Act No. 13 of 2006;
(iii) establishment of the Police Public Complaints Authority by the Zambia Police Amendment Act No. 14 of 1999;
(iv) establishment of the Office of the Investigator General (the ombudsman) by Act No 21 of 1991; and,
(v) establishment of Integrity Committees within the Judiciary and Law Enforcement Agencies pursuant to the National Corruption Prevention Policy.

4.1.12. In June 2009, the President of the Republic of Zambia directed that an independent Financial Intelligence Unit (FIU) be established in Zambia. Following the directive, a multi-disciplinary Task Team was formed in October 2009 to spearhead the formation of the FIU. The FIU is going to be housed at the Bank of Zambia in the interim period with a view to moving to its own permanent location in the future. Work to develop the FIU law, the organization structure and other logistics has commenced. It is expected that preparation for a functional FIU will be completed during 2010.

4.1.13 Impact of the Economic Reforms

4.1.14 The economic policies of the Government have largely succeeded in reversing the macroeconomic disequilibria which the economy suffered from for most of the period between the early 1970s and the early 1990s. Sustained sound macro-economic policies have ensured remarkable economic growth rates averaging 5.0 percent per annum since 2005.

4.1.15 Zambia’s target inflation rate has been programmed at less than 10.0% per annum in order to achieve high economic growth rates and create a stable business climate. Since the early 2000s, the country has successfully attained macroeconomic stability, and in recent years has controlled inflation at single digits and close to the target.

4.2 Standards and Codes

4.2.13 This section discusses the extent to which Zambia has ratified and domesticated various standards and codes that define best practice in various areas relating to the APRM Economic Governance and Management theme. In addition, the accompanying institutional arrangements for attainment of internationally accepted practices are also discussed.

4.2.1 Transparency in Monetary and Financial Affairs

(a) Clarity of Roles and Responsibilities

4.2.14 The Bank of Zambia (Amendment) Act, 1996 is the law in Zambia that gives a statutory basis for the operations of the central bank. The Act stipulates that The Bank of Zambia (BoZ) shall formulate and
implement monetary and supervisory policies that will ensure the maintenance of price and financial systems stability so as to promote balanced macro economic development.

4.2.15 The Act gives powers to BoZ to:

(i) licence, supervise and regulate the activities of banks and financial institutions so as to promote the safe, sound and efficient operation and development of the financial system;
(ii) promote efficient payment mechanisms;
(iii) issue notes and coins to be legal tender in the Republic and regulate all matters relating to the currency of the Republic;
(iv) act as banker and fiscal agent to the Republic;
(v) support the efficient operation of the exchange system; and,
(vi) act as adviser to the Government on matters relating to economic and monetary management.

4.2.16 In addition, the relationship with Government, banks and financial institutions is clearly stated in the Act as well as the various agency roles that BoZ performs for Government.

4.2.17 Using the mandate from the BoZ Act, the Reserve Bank, has, in its operations, come up with subsidiary laws, regulations and guidelines to facilitate the formulation and implementation of monetary policy. Examples of these are:

4.2.18 National Payment Systems Act subsidiary instruments are:

(i) The Bank of Zambia anti-money laundering directives;
(ii) The Bank of Zambia corporate governance guidelines;
(iii) Restructuring of the discount window guidelines;
(iv) Non residents money market activities guidelines;
(v) Introduction of overnight lending facility window; and
(vi) Review of broad based interbank foreign exchange market system

4.2.19 The central bank has had to issue directives, guidelines and laws to ensure effective formulation and implementation of monetary policy. It has enhanced its vigilance and interaction with the domestic financial system to ensure adherence to its supervisory guidelines and to enhance information flows. A recent example is the issue of directives to commercial banks prohibiting the extension of loans and/or credits and providing other sources of Kwacha funding to non residents for a maturity of less than a year. In turn, the Government issued a statutory instrument to clarify this position in order to protect the integrity of the financial market.

4.2.20 BoZ cooperates with other regulators regarding measures to stem any practice that may erode the effectiveness of monetary policy. The growing trend of dollarisation was one such case. An instrument was issued to ban quoting, invoicing and settling in foreign currency of domestic transactions for goods and services in Zambia. Measures have been introduced to ensure that financial markets players under the BoZ supervision provide detailed information on every activity and transaction they carry out.

4.2.21 Formulation and Reporting of Monetary Policy Decisions

4.2.22 The formulation and implementation of monetary policy is done in a transparent manner through the Monetary Policy Committee (MPC) that meets weekly and monthly. The weekly MPC membership includes senior management of the Bank and Core Departments that deal with formulation and
implementation of monetary policy. The membership of the monthly MPC is that of the weekly MPC with two additional members from the Ministry of Finance.

4.2.23 In addition to the MPC, there is the Monetary Policy Advisory Committee (MPAC) that meets semi-annually to advise senior management on monetary and financial systems policies. Its membership is derived from various stakeholder institutions such as the University of Zambia (UNZA), the Central Statistical Office (CSO), Ministry of Finance and Members of the BoZ Board.

4.2.24 Public availability of Information on Monetary Policy

4.2.25 The Bank frequently communicates with Government authorities, the National Assembly and the public concerning its policies, operations and financial condition. In addition, releases of data to the public and to stakeholders are done periodically through publications, meetings and the media. The following publications are released by the Bank:

(i) Annual Reports which includes the audited accounts of the Bank of Zambia;
(ii) Semi annual Monetary Policy Statement;
(iii) Quarterly Statistics Reports; and,
(iv) Fortnightly statistics.

4.2.26 Information about monetary developments is also provided at meetings that the Central Bank Governor holds with various stakeholders. The standard meetings include:

(i) Governors quarterly Media briefings;
(ii) Meetings with CEOs of Banks;
(iii) Meetings with CEOs of Nonbank institutions; and,
(iv) A seminar with parliamentarians

4.2.27 In addition to the above meetings, the Governor of the Bank of Zambia and/or other senior members of the Bank may from time to time appear on television or on Radio to explain various monetary policy issues to the public.

4.2.28 In terms of personal financial affairs of staff, the BoZ disciplinary code ensures that members of staff conduct themselves in a manner befitting the image of the Bank. Where a member of staff brings the integrity of the Bank into disrepute, disciplinary measures are taken against the culprit in line with the disciplinary code.

4.2.29 Effective Banking Supervision

(a) Basel Core Principles for Effective Banking Supervision

4.2.30 The Core Principles for Effective Banking Supervision were developed by the Basel Committee on Banking Supervision (the Basel Committee) in cooperation with other supervisors. The Basel Committee on Banking Supervision is a Committee of banking supervisory authorities which was established by Central Bank Governors of the G10 countries in 1975. It is made up of senior representatives of supervisory authorities and central banks from Belgium, Canada, France, Germany, Italy, Japan, Luxemburg, Netherlands, Sweden, Switzerland, United Kingdom and the United States. The Basel Principles have become the de facto standard for sound prudential regulation and supervision of banks.
(b) Zambia’s Assessment for Basel Core Principles

4.2.31 BoZ as the main banking supervisory authority in Zambia has conducted four self assessments on its compliance to the Core Principles. The assessments were conducted in 1998, 2001, 2002 and 2008 respectively. The self assessment reports have formed the basis of assessments carried out by the Financial Sector Assessment Programme (FSAP) joint teams of the International Monetary Fund and World Bank.

4.2.32 The self assessments conducted by the Bank of Zambia were aimed at identifying weaknesses in the current system of supervision and regulation so as to institute corrective measures to enhance the strength of the financial system in Zambia which will also contribute to the strengthening of financial stability in the world. The assessments were carried out using the Core Principles Methodology formulated by the Basel Committee.

4.2.33 The 2008 self assessment revealed that the Bank of Zambia was largely compliant with the Core Principles. The compliance status of Zambia is indicated in the Table 4.1 below:

<table>
<thead>
<tr>
<th>Compliant status</th>
<th>No of Core Principles</th>
<th>Core Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliant</td>
<td>25</td>
<td>1.1, 1.3, 1.4, 1.5, 1.6, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20, 21, 22, 23, 24, 25.</td>
</tr>
<tr>
<td>Largely Compliant</td>
<td>3</td>
<td>13, 14, 16</td>
</tr>
<tr>
<td>Materially Non Complaint</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>Non Compliant</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Not Applicable</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Bank of Zambia Self Assessment Report for 2008

4.2.34 The recommended action to overcome the weakness is to amend the Bank of Zambia Act to specifically provide for the requirements of publishing the reasons for the removal of the head of supervision and the increasing staffing levels in the supervision department.

4.2.35 The Bank of Zambia has also adopted and implemented some supervisory guidelines issued by the Basel Committee. For instance, the central bank adopted the Capital Accord issued by the Basel Committee in 1988 through promulgation of Statutory Instrument No. 184 of 1995, the Banking and Financial Services (Capital Adequacy) Regulations, 1995. The Statutory Instrument stipulates the minimum capital requirements for banks and financial institutions that they have to comply with.

4.2.36 Apart from adopting the Basel Core Principles for Effective Banking Supervision, Zambia is a member of regional bodies such as COMESA and SADC Committee of Central Bank Governors. Zambia is part to COMESA’s initiative to have minimum capital requirements for banks in the regional and SADC’s initiative to harmonise banking supervisory practices in the region.

4.2.37 Good Practices on Fiscal Transparency

(a) Clarity of Roles and Responsibilities

4.2.38 The roles of the executive, legislature and judicial branches of government are clearly set out in the Constitution. Part VII of the Constitution deals with public finances and Article 107 of the Constitution deals with the appointment and the duties of the Auditor General. The MoFNP is the lead agency for implementing the Code of Good Practices on Fiscal Transparency.
Public Availability of Information

4.2.39 The public has access to several sources of fiscal information, including annual budget documentation, year-end Financial Statements and Auditor-General's reports. However, only a limited number of these documents are printed and free circulation is targeted to particular institutions and quasi-government institutions. Moreover, these documents are not readily available at Provincial and District Centres although a few government offices have copies for their own use. Other fiscal information can be accessed from the MOFNP website.

4.2.40 It has been observed that, whilst budget documentation is available to the public for purchase, the public has shown little interest in acquiring the documents. Publication of all the documents on the MoFNP’s website and sensitisation of the public on the availability of these documents at various locations would enhance public demand for these documents. At the same time, presentation of these documents in a manner easily understood by a majority of people would enhance public utilisation of these documents.

Open Budget Preparation, Execution, and Reporting

4.2.41 Measures taken to ensure fiscal transparency include the involvement of stakeholders in the preparation of policy instruments, such as the MTEF and the annual budgets. The introduction of Activity Based Budgeting (ABB) has led to improvements in the quality of the budgeting in MPSAs. However, there are inconsistencies in the way that ABB is being applied in the different MPSAs. It is therefore recommended that the Government embarks on a review to ensure consistency in the way that programmes are defined across all MPSAs.

Assurances of Integrity

4.2.42 Government, through the MoFNP, produces fiscal data which is validated by the IMF. Fiscal information is further subjected to independent scrutiny by Parliamentary Committees.

Debt Management

Clarity of Roles and Responsibilities

4.2.44 The MoFNP is charged with managing the debt contraction and management process. The Loans and Guarantees Act gives authority to the Minister to borrow domestically and from abroad. In terms of the day-to-day management of debt, a department in the Ministry handles all matters pertaining to both domestic and external debt. During the process of obtaining debt relief under HIPC and the Multilateral Debt Relief Initiative (MDRI), civil society was also actively involved in lobbying for debt relief.

Process for obtaining debt

4.2.45 The Government of the Republic of Zambia has vested borrowing authority in the Minister of Finance and National Planning. New loans are in principle, not supposed to be contracted without the express permission from the Ministry of Finance. This is meant as a control measure to ensure that debt is kept within sustainable levels.
(c) **Public availability of information**

4.2.46 Information on debt is generally widely available. Government publications such as the national budget, the mid-year and yearly economic reports, as well as the Green Paper, provide details about both domestic and external debt. In the recent past, the yearly economic reports also provide information about any new loans that have been contracted, including the terms of the loans.

4.2.47 The above notwithstanding, although the above documents are available to members of the public, there is limited circulation. Consequently, sub-national areas may not readily have access to the documents.

(d) **Challenges and steps to address the challenges**

4.2.48 The Management of domestic debt has been problematic due to, among others, poor record keeping, lack of a clear dichotomy in the use of the treasury bills as a monetary operation instrument and to finance Government operations. In addition, despite Government’s to policy to dismantle domestic arrears, funding has not been commensurate with this commitment.

4.2.49 The Government introduced the Commitment Control System (CCS) as a way of reducing the build up of domestic arrears by the MPSA’s. However, the inadequate and untimely release of funds has resulted in MPSA’s accumulating arrears. This has been observed on utilities and institutions that acquire goods and services without cash (e.g. prisoners’ rations).

4.2.50 In an effort to counter these shortcomings, Government has been preparing a debt management strategy, which is aimed at among others, providing a clear framework for borrowing. The major call by stakeholders is to enhance the process so that institutions such as Parliament are informed about the loans being contracted, their purpose and any possible economic benefits.

### 4.2.51 Corruption and Money Laundering

4.2.52 Zambia has signed, acceded to and ratified a number of international treaties against corruption. These include the UN Convention against corruption, the AU convention on preventing and combating corruption and others (see Table 4.2). Other membership affiliations for Zambia include SARPCO, the Southern African Forum Against Corruption and Interpol.

4.2.53 Although the ACC participates in some of the activities under the above mentioned international instruments that contain the best practices in the combating and prevention of corruption, the Zambian Government has not been as active. In fact, it has yet to start preparing reports as required under these instruments. The Ministry of Justice has not taken the lead to facilitate and coordinate the process of meeting international obligations under these instruments.

<table>
<thead>
<tr>
<th>Codes and Standards</th>
<th>Date when Zambia ....</th>
<th>Responsible Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations Convention against Corruption</td>
<td>11th December 2003</td>
<td>ACC</td>
</tr>
<tr>
<td>African Union Convention on Preventing and</td>
<td>3rd August 2005</td>
<td>ACC</td>
</tr>
<tr>
<td>Combating Corruption</td>
<td>8th January 2007</td>
<td></td>
</tr>
<tr>
<td>Southern Africa Development Community (SADC)</td>
<td>14th August 2001</td>
<td>ACC</td>
</tr>
<tr>
<td>Protocol against Corruption</td>
<td>8th July 2003</td>
<td></td>
</tr>
<tr>
<td>Bangalore Principles of Judicial Conduct</td>
<td></td>
<td>JCA</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Justice.
4.2.54 Zambia has also signed, acceded to and ratified a number of United Nations and African Union conventions and protocols related to curbing crime and money laundering as indicated in Table 4.3 below. However, Zambia’s participation in the international activities or arrangements that promote the prevention and reduction of corruption is low.

4.2.55 In addition to the ratification of conventions and protocols, Zambia is a member of the African Heads of Narcotics Law Enforcement Agencies (HONLEA) and is a founder member of ESAAMLG. ESAAMLG is a Financial Action Task Force (FATF) style regional body (FSRB) committed to taking measures to combat money laundering which was created in 1999 in Arusha Tanzania. In 2007, Zambia underwent a mutual evaluation of its anti-money laundering regime by ESAAMLG. The evaluation of the AML/CFT was based on the FATF 40+9 Recommendations. The ESAAMLG Mutual Evaluation Report (MER) of Zambia’s Anti-Money Laundering and Combating of Financing of Terrorism Regime was approved by the Cabinet of the Republic of Zambia in December 2009 and is due for publication on the ESAAMLG website.

Table 4.3: Ratification and Implementation of Standards and Codes and Membership

<table>
<thead>
<tr>
<th>Standards and Codes</th>
<th>Signed</th>
<th>Ratified</th>
<th>Acceded</th>
<th>Party to</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 1961 UN Convention on Narcotic Drugs as amended by the 1972 Protocol.</td>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The UN Convention on Psychotropic Substances 1971 (as amended by the 1972 protocol)</td>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic substances</td>
<td>28th May 1993</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UN Convention against Transnational Organised Crime and the protocols thereto</td>
<td></td>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UN Convention against Corruption</td>
<td>11th December 2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UN Convention on the suppression of Terrorism;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SADC Protocol on Combating Illicit Drug Trafficking which was endorsed by Heads of State summit in Maseru</td>
<td>24th August 1996</td>
<td>30th October 1998</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SADC Protocol against Corruption</td>
<td>14th August 2001</td>
<td>8th July 2003</td>
<td>14th August 2001</td>
<td></td>
</tr>
<tr>
<td>Bilateral Agreement between India and Zambia on Combating Illicit Trafficking in Narcotics Drugs and Psychotropic Substances and Money Laundering</td>
<td>5th October 1993</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Assessment of Objectives

4.3.0. This section looks at the extent to which Zambia has achieved the nine objectives under the APRM’s EGM thematic area.

4.3.1 Promote Macroeconomic Policies that support Sustainable Development

4.3.1.1. The formulation of macroeconomic policies is important for poverty reduction and the attainment of sustainable development. In this chapter, the extent to which Zambia has formulated macroeconomic policies that are supportive of sustainable development with the ultimate goal of economic and sustainable development are reviewed. In order to undertake the assessment, trends in selected key macroeconomic indicators are analysed.

4.3.1.2. Trends in Selected Key Macro-economic Indicators

4.3.1.3. Below is a presentation of key trends in selected key macroeconomic indicators for Zambia.

(a) Inflation

4.3.1.4. The level of inflation has been reduced from triple digit levels recorded in the 1990s. However, it has remained stubbornly in double digits in the 2000s. Over the past five years, the rate of inflation has generally trended downwards, with end-year inflation registering single digit levels in 2006, and 2007 at 8.2% and 8.9%, respectively (Table 4.4). This was attributed to the decline in food inflation due to increased supply of food stuff from the domestic sources and the decline in the global food prices. In addition, inflationary pressures were mitigated by the Central Bank not printing money to finance the budget deficit in line with Government policy.

Table 4.4: Selected Macroeconomic Indicators, 2004-2009

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-year Inflation(%)</td>
<td>17.5</td>
<td>15.9</td>
<td>8.2</td>
<td>8.9</td>
<td>16.6</td>
<td>9.9</td>
</tr>
<tr>
<td>Average Annual inflation(%)</td>
<td>17.5</td>
<td>17.1</td>
<td>10.2</td>
<td>9.4</td>
<td>13.0</td>
<td>13.5</td>
</tr>
<tr>
<td>Real GDP growth(%)</td>
<td>5.0</td>
<td>5.2</td>
<td>6.2</td>
<td>6.2</td>
<td>6.0</td>
<td>6.3</td>
</tr>
<tr>
<td>Real GDP per capita growth(%)</td>
<td>4.7</td>
<td>5.2</td>
<td>7.6</td>
<td>6.2</td>
<td>6.0</td>
<td>6.1</td>
</tr>
<tr>
<td>Debt servicing to revenue ratio</td>
<td>6.9</td>
<td>4.7</td>
<td>2.2</td>
<td>2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of domestic debt to total debt ratio</td>
<td>13.7</td>
<td>28.5</td>
<td>59.5</td>
<td>54.8</td>
<td>52.3</td>
<td></td>
</tr>
<tr>
<td>External Debt to exports ratio</td>
<td>381.7</td>
<td>204.6</td>
<td>47.3</td>
<td>44.3</td>
<td>44.6</td>
<td></td>
</tr>
<tr>
<td>Domestic Debt/GDP ratio</td>
<td>20.2</td>
<td>25.4</td>
<td>22.9</td>
<td>17.9</td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td>Total debt to GDP ratio</td>
<td>147.4</td>
<td>89.1</td>
<td>38.5</td>
<td>32.6</td>
<td>29.4</td>
<td></td>
</tr>
<tr>
<td>Fiscal deficit to GDP ratio</td>
<td>1.7</td>
<td>2.6</td>
<td>2.9</td>
<td>0.2</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Share of fiscal deficit financed by the Central Bank</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Domestic Credit (%)</td>
<td>13.1</td>
<td>6.0</td>
<td>28</td>
<td>17.7</td>
<td>38.3</td>
<td></td>
</tr>
<tr>
<td>Private Sector Credit</td>
<td>59.4</td>
<td>7.6</td>
<td>62.6</td>
<td>41.1</td>
<td>26.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and National Planning & Bank of Zambia.

4.3.1.5. The single digit inflation outturns in 2008, were, however, not maintained in 2008 with end year inflation edging upwards to 16.6%. This was attributed largely to the sharp rise in global fuel and food prices in the first half of 2008 which were correspondingly passed on to the domestic economy creating marked upward pressure on the general price level. Additionally, the fall in copper prices and
consequently the depreciation of the exchange rate partly caused average inflation to rise to 13.0% in 2008 from about 9.0% registered in 2007.

4.3.1.6. Challenges

4.3.1.7. Zambia faces challenges in containing inflation at low levels, in particular, single digit levels, coming from demand and supply-side factors. The notable demand side factor is the exchange rate movements, which is tied to developments in copper prices. The supply-side factors are notably reflected in food inflation. Drought and poor marketing have resulted in the rise in food inflation. For example, in 2008, food inflation doubled to around 12% due to the inadequate supply of most food items particularly maize-related products and beef products (BoZ, 2005). The supply of maize grain and beef was constrained by floods in most farming areas and the ban on the movement of cattle from the southern part of the country in an effort to contain the spread of Contagious Bovine Pleural Pneumonia (CBPP), a cattle disease.

4.3.1.8. Another challenge relates to the methodology in the measurement of inflation. Currently the weights given to various items in the basket in computing the inflation rate does not reflect the relative importance attached to them by the stakeholders.

(a) Real GDP per Capita

4.3.1.9. Real GDP per capita growth has averaged around 2.0% over the past few years. Fairly robust growth in sectors such as mining and construction, aided by a much lower population growth rate have resulted in the significant improvement over the period compared to negative growth recorded in the 1990s.

4.3.1.10. Despite the overall improvement in the aggregate per capita figures in recent years, this has not translated into significant declines in poverty. There are several factors that may explain the persistent high poverty levels which include the changing structure of growth which during the period 2004 to 2008 was largely driven by the mining and construction sectors. Agriculture, which the majority of poor people depend on, did not on average perform well due to low productivity by small-scale farmers and the over-dependence on rain-fed and seasonal production. Inadequate infrastructure and generally poor access to the market further hindered growth for the sector.

(b) Fiscal Deficit

4.3.1.11. The Government’s fiscal policy is focused on sustaining macroeconomic stability. Emphasis has been placed on ensuring fiscal prudence by containing the fiscal deficit within sustainable limits. The medium term objective of the Government, as stated in the FNDP, is to contain the overall deficit (including grants) to within 2% of GDP and domestic borrowing to less than 1 percent of GDP from 2008 onwards. The reduction in domestic borrowing was expected to allow for an expansion of credit to the private sector to stimulate much needed economic growth. Additionally, it would facilitate a reduction in interest rates, thereby reducing budgetary payments to service the debt.

4.3.1.12. Over the period 2004-2009, the overall deficit (including grants) was generally above the limits set by the Government, except in 2004 and 2007. The larger outturn in the fiscal deficit over the period was largely on account of shortfalls in revenue collection and lower than budgeted grant receipts. In 2006 for instance, projections for total revenue were estimated at 22.9% of GDP, while the outturn was only 21.0%.
(c) **Budget Allocation to Social Sectors**

4.3.1.13. The allocation of resources to the social sectors during the period 2005 to 2008 increased by 24.4 percentage points to 48.2% in 2008 from 23.8% in 2005, (see Table 4.5). The increase was in line with the Government Policy of investing in Education and Health.

| Table 4.5: Budget Allocation to Social Sectors (K’ billion) 2005-2009 |
|-----------------|--------|--------|--------|--------|
|                | 2005   | 2006   | 2007   | 2008   |
| **GRZ Budget** | 6568   | 7903.2 | 9678   | 9350.7 |
| **Sectors**    |        |        |        |        |
| Health         | 432    | 570.3  | 859    | 1098.9 |
| Education      | 913.5  | 1315.7 | 1651.3 | 2146.1 |
| Social Protection | 93.3  | 45.7   | 343.5  | 588.1  |
| Housing and Community amenities | 78.5  | 110.1  | 286.4  | 289.1  |
| Recreation, Culture and Religion | 42.6  | 29.7   | 106.7  | 384    |
| **Total Social Sector allocation** | 1559.9 | 2071.5 | 3246.9 | 4506.2 |
| **% of Budget** | 23.8   | 26.2   | 33.5   | 48.2   |

*Source: Ministry of Finance and National Planning.*

4.3.1.14. In the Health sector, allocations increased by over 50% in 2008 compared to 2007. This was attributed to the need by the Government to recruit additional medical personnel, improve primary and community health by increasing funding to hospitals and clinics and the procurement of equipment and drugs.

(d) **Domestic Debt**

4.3.1.15. A key macroeconomic objective of the Government is to reduce domestic debt to sustainable levels. This would be achieved by, among others, reducing Government domestic borrowing, curtailing the accumulation of new debt and clearing outstanding arrears.

4.3.1.16. Despite these policy measures, the stock of domestic debt increased over the period 2005 and 2009. The stock of debt increased from K8,283 billion as at end 2005 to an estimated K8, 389.5 billion by end-June 2009. The increase was primarily on account of a rise in the stock of awards and compensation, domestic arrears and government securities.

4.3.1.17. The stock of Government securities increased by 4.8 per cent to K8, 389.5 billion by end-June 2009 from K8, 026.8 at end-December 2008, (see Table 4.6) The increase in government securities was a result of a rise in the stock of treasury bills due to market participants’ preference for shorter duration instruments caused by uncertainties brought about by the global financial crisis.

4.3.1.18. The Government continued to make efforts to reduce the stock of domestic arrears to road contractors and suppliers of goods and services since 2002. In 2007, the stock declined by almost 50% to K223.1 billion from K504.2 billion registered in 2006. However, the stock of arrears increased from K197.9 billion in December 2008 to K215.5 billion by end-June 2009 on account of new arrears accumulated by Government. Similarly, awards and compensation have shown an increasing trend from K 87.5 billion in to K733.4 billion by end-June 2009. This is as a result of increased judgements passed against the State. However, the stock of pension arrears reduced by 19.8% from K149.6 billion as at end-December 2008 to K120 billion by end-June 2009.
### Table 4.6: Domestic Debt Stock, end-Dec 2005 to end-June 2009 (K’ Billion)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Government Securities</strong></td>
<td>6,983.72</td>
<td>7,827.41</td>
<td>7,612.52</td>
<td>8,026.5</td>
<td>8,389.5</td>
<td>4.52</td>
</tr>
<tr>
<td><strong>Treasury Bills</strong></td>
<td>2,088.65</td>
<td>3,261.99</td>
<td>3,416.36</td>
<td>3,280.4</td>
<td>3,662.3</td>
<td>11.64</td>
</tr>
<tr>
<td><strong>GRZ Bonds</strong></td>
<td>4,895.07</td>
<td>4,565.42</td>
<td>4,196.16</td>
<td>4,746.1</td>
<td>4,727.2</td>
<td>(0.40)</td>
</tr>
<tr>
<td><strong>Borrowing from BOZ</strong></td>
<td>288.96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Kwacha Bridge Loan</strong></td>
<td>288.96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Domestic Arrears</strong></td>
<td>509.3</td>
<td>504.2</td>
<td>223.1</td>
<td>197.9</td>
<td>215.5</td>
<td>8.89</td>
</tr>
<tr>
<td>(Capital)</td>
<td>335.5</td>
<td>338.5</td>
<td>132.7</td>
<td>23.9</td>
<td>26.3</td>
<td>9.84</td>
</tr>
<tr>
<td>(PE’s &amp; RDC’s)</td>
<td>173.8</td>
<td>165.7</td>
<td>90.3</td>
<td>174.0</td>
<td>189.2</td>
<td>8.76</td>
</tr>
<tr>
<td><strong>Pension Arrears</strong></td>
<td>414.0</td>
<td>417.7</td>
<td>302.7</td>
<td>149.6</td>
<td>120.0</td>
<td>(19.79)</td>
</tr>
<tr>
<td>(Employer’s Contributions)</td>
<td>414.0</td>
<td>417.7</td>
<td>302.7</td>
<td>149.6</td>
<td>120.0</td>
<td>(19.79)</td>
</tr>
<tr>
<td>(Employee’s Contributions)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Awards &amp; Compensations</strong></td>
<td>87.5</td>
<td>92.5</td>
<td>158.0</td>
<td>143.3</td>
<td>733.4</td>
<td>411.79</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>8,283.43</td>
<td>8,841.83</td>
<td>8,296.29</td>
<td>8,517.3</td>
<td>9,458.4</td>
<td>11.05</td>
</tr>
</tbody>
</table>

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

#### 4.3.1.19. Challenges

4.3.1.20. The management of domestic debt has been problematic due to, among others, poor record keeping, lack of a clear dichotomy in the use of treasury bills as a monetary operation instrument and to finance Government operations. In addition, despite Government’s to policy to dismantle domestic arrears, funding has not been commensurate with this commitment.

4.3.1.21. The government introduced the CCS as a way of reducing the build-up of domestic arrears by the MPSA’s. However, the inadequate and untimely release of funds has resulted in MPSA’s accumulating arrears. This has been observed on utilities and institutions that acquire goods and services without cash (e.g. prisoners’ rations).

#### (e) External Debt

4.3.1.22. The stock of external debt reduced substantially between 2005 and 2008 declining by 51.4% to US $2,267 million in 2008 from US $ 4,661.8 million in 2005 (see Table 4.7). This was on account of debt relief obtained in 2006 under the enhanced HIPC Initiative and the MDRI debt cancellation amounting to 21.4% of GDP which greatly reduced Zambia’s external debt burden.
Table 4.7: External Debt Stock (US $’million), 2005-2008

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Multilateral</strong></td>
<td>3,715.70</td>
<td>562.4</td>
<td>656.1</td>
<td>781.4</td>
<td>19.1</td>
</tr>
<tr>
<td>ADB/ADF</td>
<td>377.5</td>
<td>72.3</td>
<td>94</td>
<td>126</td>
<td>34.0</td>
</tr>
<tr>
<td><strong>World Bank</strong></td>
<td>2,436.40</td>
<td>257.3</td>
<td>315.5</td>
<td>365</td>
<td>15.7</td>
</tr>
<tr>
<td>IMF</td>
<td>591.1</td>
<td>32.5</td>
<td>34.2</td>
<td>96.6</td>
<td>182.5</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>310.7</td>
<td>200.3</td>
<td>212.4</td>
<td>193.8</td>
<td>(8.8)</td>
</tr>
<tr>
<td><strong>Bilateral</strong></td>
<td>408.1</td>
<td>395</td>
<td>287</td>
<td>295.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Paris Club</td>
<td>117.5</td>
<td>212</td>
<td>212.9</td>
<td>220.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Non-Paris Club</td>
<td>290.6</td>
<td>183</td>
<td>74.1</td>
<td>74.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Suppliers Credit</td>
<td>133.8</td>
<td>61.6</td>
<td>111.4</td>
<td>142.1</td>
<td>27.6</td>
</tr>
<tr>
<td><strong>Total Government External Debt</strong></td>
<td>4,257.60</td>
<td>1,019.00</td>
<td>1,054.50</td>
<td>1218.7</td>
<td>15.6</td>
</tr>
<tr>
<td>Private and Parastatal Debt</td>
<td>404.2</td>
<td>840.3</td>
<td>980.7</td>
<td>1048.5</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total External Debt</strong></td>
<td>4,661.80</td>
<td>1,859.30</td>
<td>2,035.20</td>
<td>2267.2</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and National Planning and Bank of Zambia

4.3.1.23. Recommendations

4.3.1.24. Based on the preceding findings and discussion, it is recommended that:

(i) Government continue to pursue prudent fiscal and monetary policies should continue in order to sustain inflation at single digit levels;
(ii) Exports be increased to assist in stabilising the exchange rate and thereby assist in containing demand-driven inflationary pressures;
(iii) Food production and marketing be improved to avoid falling back into the high inflationary pressures of the mid 1990s;
(iv) Government and BoZ consider the issue of changing the methodology of computing inflation from Laspeyres formula\(^\text{141}\) to Geometric mean\(^\text{142}\) as a matter of urgency for a number of reasons;\(^\text{143}\);
(v) The Government continue to address supply-side constraints in the agriculture sector;
(vi) Government continue to support oil exploration activities country-wide;
(vii) Government must as a matter of urgency implement the domestic debt strategy;
(viii) Measures be put in place to ensure debt sustainability; and,
(ix) Government protect and scale up resources earmarked for the social sector.

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\(^{141}\) It is calculated from a set (“basket”) of fixed quantities of a finite list of goods. We are assumed to know the prices in two different periods. Let the price index be one in the first period, which is then the base period. Then the value of the index in the second period is equal to this ratio: the total price of the basket of goods in period two divided by the total price of exactly the same basket in period one.

\(^{142}\) The average of a set of products, the calculation of which is commonly used to determine the performance results of an investment or portfolio.

\(^{143}\) First, inflation in countries which have moved to the geometric method has dropped sharply. For example, Kenya experienced an average annual inflation rate of 23.4% for the periods September 2008 to September 2009. When Kenya adopted the geometric mean in computing the CPI in October 2009, it recorded an annual inflation of 6.6% and 5.0% in November 2009. Second, geometric mean approach reduces what is called the “functional form bias” which is the upward bias that ties the weight of a CPI sample item to its expected price change. Third, inflation is an important variable in the determination of lending rates by commercial banks. The high lending rates, which are an hindrance to investment and thus growth, is partly due to high inflation.
4.3.2 Implement Sound, Transparent and Predictable Government Economic Policies

4.3.2.1 The Macroeconomic Framework

(a) Development Planning

4.3.2.2 Zambia’s development has been anchored on the long term vision of becoming a prosperous middle-income country by the year 2030. This vision, which was developed after country-wide consultations, is operationalised through a series of five year national development plans, the first of which was the Fifth National Development Plan (2006-2010). As with the national vision, national development plans will all be prepared through a consultative process to ensure consensus in the development agenda.

4.3.2.3 National development programmes must, at the minimum, have the following pre-requisites for sustainable growth:

(i) A significant reduction in poverty levels aimed at among others, bridging the rural-urban divide;
(ii) Maintenance of macroeconomic stability;
(iii) Environmentally friendly development programmes;
(iv) Addressing risks to the economy;
(v) Defining possible resource mobilization efforts; and,
(vi) Be gender sensitive; and must address the HIV/AIDS problem.

4.3.2.4 On the basis of these benchmarks, the Atlas\textsuperscript{144} method of the World Bank is then used to determine the level of growth required, and is more often than not, the most appropriate scenario for the next national development plan. Over the FNDP period, for instance, the country needed to grow faster than the average growth rate of 6 percent that had been achieved in the period between 2002 and 2005. Growth rates of 7.0 percent and above were determined as the most appropriate in tackling the economic malaise of the nation. In addition, the main driver of growth needed to be diversified away from copper as this maintained the external vulnerability of the country and was unlikely to generate the jobs and income levels needed to reduce the high poverty levels in the country.

4.3.2.5 Although the appropriate growth rate would be required, in preparing the macroeconomic framework for the medium term, there has to be realism in terms of the growth target, given the infrastructure, resource, and human resource constraints. In this regard, the preparation of the three year budget expenditure framework, does take into account limitations in factor productivity, available resources, macroeconomic stability and other key economic fundamentals.

4.3.2.6 In trying to ensure that constraints and the key objectives of the Government are in place, resource projections and sectoral allocations are based on national priorities. The national budget preparation process, which is also highly consultative, provides an opportunity for Government to refine policy in light of circumstances prevailing on the ground. This is a prudent measure which does, however, impact negatively on policy credibility, as some policies require a considerable period of time before the impact can be felt.

4.3.2.7 In summary, steps taken to ensure a sound macroeconomic framework are as follows:

(i) A highly consultative process of defining national priorities, from preparation of the Vision, national development plans, medium term expenditure framework and the national budget;
(ii) Aligning medium term planning to the long term ambition of the country; and,
(iii) Basing sectoral resource allocations on national priorities.

\textsuperscript{144} The Atlas Method enables comparison of countries with regard to real GNI per capita
4.3.2.8 The process of preparing the macroeconomic framework, although consultative, does have significant flaws. The macroeconomic framework is generally defined at three tiers:

(i) The national development plan (5 year duration);
(ii) The medium term expenditure framework (3 year duration); and,
(iii) The national budget (1 year duration).

4.3.2.9 As a result of this multi-structure, the concept of the framework is highly fluid. More often than not, the framework at national development planning level is different from the MTEF and the national budget. Conceptually, this should not raise problems as the lesser duration programmes take into account the much longer plans. However, recognition should be made of the following problems and challenges:

(i) Some programmes require a longer period before the outcomes and impact can be felt in the economy. By being very flexible in refining targets and goals, the Government risks losing its longer term perspective;
(ii) The MTEF is theoretically a rolling programme over a period of three years. With limited analysis of the effects of programmes undertaken in a year prior to the next MTEF (whose programmes are changed annually), this planning document is essentially an annual budget, and not a medium term planning instrument; and,
(iii) Ministries, provinces and other spending agencies do not strictly adhere to the programmes agreed in the national development plan. This is due to several reasons:

a) Multiplicity of planning documents: Other than the national development plans, MPSAs also have their sectoral plans (some of which are defined over a longer time horizon than the national development plans), donor influence and personal interests by heads of MPSAs to influence priorities during annual planning and implementation; and,

b) Lack of coherence in the fulfilment of all targets for the medium term planning documents such as the MTEF. Inconsistency in finalizing programmes and suspension of programmes leads to difficulties for the Ministry of Finance to fund such development programmes.

(b) Measures to Monitor and Make Impact Assessment

4.3.2.10 The structure for the monitoring and evaluation of the FNDP as well as the MTEF and the national budget is outlined from the national to the community level. At national level, checks and balances are provided through a consultative process that includes Sector Advisory Groups (SAGs). At community level, community based organisations and traditional rulers are part of the organisational structure (see Figure 4.1 below).

4.3.2.11 The fundamental areas that address the weaknesses with regard to the M&E function in the country were as follows:

(i) Review of the existing regulatory and legislative systems for planning and budgeting with a view to securing congruency between the two processes and ensure that the state systems, procedures and structures are in tune with the decision to use planning as an overarching tool to address the challenges of wealth creation and poverty reduction;

(ii) Review of the role of Parliament in both the planning and budgeting processes was to be reviewed. The Constitution gives Parliament the legal authority necessary to provide oversight of public financial management. To the extent that national development plans would form the basis of financial resource allocations, and that Parliament is empowered by the Constitution to monitor budget execution by the Executive, the role of this legislative arm of the State at both the planning and budgeting levels should be explicitly defined and streamlined; and,
Cabinet Office, through the Policy Analysis and Coordination (PAC) unit, has to work closely with the Ministry of Finance and National Planning in monitoring policy and programme implementation of the FNDP.

Figure 4.1: Monitoring and Evaluation of FNDP

Source: Fifth National Development Plan (2006-2010), Ministry of Finance and National Planning

4.3.2.12 In addition to the above, key performance indicators are used to provide both qualitative and quantitative measures on progress made in implementing the programmes in the FNDP. Monitoring and evaluation of the FNDP is done on the basis of the logical framework, which entails:

(i) Input (resource) and output tracking;
(ii) Outcomes; and,
(iii) Impact.

4.3.2.13 In tracking progress, the Ministry of Finance and National Planning, through the Monitoring and evaluation department, coordinates the above processes. The key reports envisaged to be produced include: Input Tracking and Implementation Reports; Annual Evaluation Reports; Mid-Term Evaluation Reports; and, the End-of-plan Evaluation (Impact Assessment) Report.

4.3.2.14 In this regard, the FNDP does have an elaborate system for undertaking monitoring and evaluation of programmes. As the FNDP comes to an end in 2010, the impact assessment will only be undertaken after 2010. So far, all the other reports to track progress have been produced, although there are weakness with regard to input tracking and implementation reports.

4.3.2.15 Other challenges faced include inadequate and unreliable statistics in the various sectors. Across the board, there is need to enhance the capacity of data generating bodies if information on the indicators is to be more reliable and accurate. Furthermore, although participation in monitoring and evaluation is supposed to be broadly participatory, there has been limited involvement by key stakeholders, from the national to sub-national levels. For instance, although SAGs are supposed to be actively involved in M&E activities, SAGs
rarely meet. The practice has been to engage the SAGs at planning stage but ignore non-state actors during implementation. This has been compounded by limited non-state actor’s capacity to engage technical people which has resulted in ineffective consultations. In addition, the National Development Coordination Committee, one of the key institutions to ensure that Ministries implement the plan exists only in name and could not, therefore, hold ministries to account for non-implementation of programmes.

4.3.2.16 Challenges

(a) The attainment of the goals and targets in the macroeconomic framework over the past few years has faced a number of challenges. Zambia is a small-open economy which is highly dependent on mineral exports. This puts pressure on the economy whether there is a boom or collapse in copper prices on the international market. In the case of a boom, a well known challenge is the Dutch disease, whose effect is often an appreciation of the national currency. Appreciation of the currency generally tends to put pressure on the competitiveness of the non-commodity sector and therefore, hampers diversification. In the case of a collapse of copper prices, as the experience in 2009 highlighted, there is massive loss of jobs in the mining and satellite sectors, leading to a reduction in domestic demand. These adverse effects have resulted in calls for diversification of the economy;

(b) The other key challenge in meeting medium term development objectives is the high cost of doing business in the country. This is largely on account of various structural rigidities, such as a cumbersome licensing and regulatory framework, poor infrastructure, and the high cost of borrowing. In the transport sector, for example, studies suggest that transport costs are five times higher in Zambia than in advanced economies. These high costs have negatively affected the competitiveness of Zambian enterprises at home and abroad;

(c) An attempt has been made to tackle the above challenges by the Zambian Government. In order to reduce the overdependence on copper, a diversification master plan was developed in 2004, and its recommendations included in the FNDP. The diversification programme identified and prioritised four sectors (agriculture, gemstone and non-copper mining, tourism and manufacturing) as potential drivers of the Zambian economy. A programme of action was clearly spelt out to undertake the diversification process. In manufacturing for instance, a key milestone was the establishment of the Zambia Development Agency, a one-stop investment office that would take over the operations of five statutory bodies that had previously facilitated local and foreign investment; and,

(d) A review of performance in these sectors suggests that the diversification programmes has not been very successful in meeting the projected growth rates not being attained in most of the selected sectors. The agricultural sector grew at an average rate of 2.2 percent between 2006 and 2009, which was far below the envisaged growth rate of 7.2 percent in the FNDP. This underperformance was on account of non-implementation of some of the programmes that were earmarked under the plan, such as land development and extension of irrigation services. Similarly, Zambia’s manufacturing base shrunken during the FNDP period. Between 2001-2005, manufacturing growth averaged 5.0 percent, but declined to 2.8 percent or 4.7 percentage points below the FNDP period target. The narrow concentration on food-processing and the rapid decline in the textile sector are key factors accounting for the reduction in performance.
4.3.2.17 Recommendations

4.3.2.18 Based on the preceding findings and discussion, it is recommended that:

(i) Government consider widening participation and consultation in the development of the macroeconomic forecasts;

(ii) the capacity of non-state actors in macroeconomic analysis be enhanced in order to ensure effective consultations;

(iii) Government align the national planning stage very closely with the annual budgeting process at which point actual programmes to be implemented in a single year are identified;

(iv) The monitoring of the macroeconomic framework be strengthened. Issues that require to be addressed are:

(v) enhancing data capture by MPSAs; and,

(vi) Ensuring that the institutional arrangement for M&E as outlined in Figure 4.1 are operationalized.

(vii) Government ensure that all the legal and administrative structures defined in the FNDP are either operational or do not operate in a haphazard manner;

(viii) Enhanced interface between MPSAs and the respective SAGs be established; and,

(ix) There be a greater role for non-state actors to hold the Government accountable to the programmes that have been identified in the macroeconomic framework.

4.3.2.19 Macroeconomic Projections

(a) Methods to make Projections

4.3.2.20 When making projections, reference is made to the long-term vision of the country, as well as the national development plans. At this stage, the key institutions involved in the process are the Central Statistical Office, the Central bank and the Ministry of Finance and National Planning.

4.3.2.21 On the basis of information that is readily available, projections such as mining output, expected policy changes and forecast for commodity prices, an initial indication of the likely direction of key macroeconomic variables such as real GDP growth are made. These projections are then discussed by the Macroeconomic Sector Advisory Group and approved by Cabinet before being made public, usually using the MTEF paper. At this stage, comments are received and incorporated from members of the public. However, very few comments are received from the general public.

4.3.2.22 The methodology of making the projections utilises various tools, including the IMF’s Financial Programming and Policies package and the macroeconomic model developed at the Ministry of Finance and National Planning in 2008. For forecasting inflation, the inflation models developed at the Bank of Zambia complements the forecast from the macro model.

(b) Effectiveness of Macroeconomic Projections

4.3.2.23 The effectiveness of macroeconomic projections regarding end-year inflation and GDP growth show that there is a higher degree of reliability for the GDP compared to end year inflation. End year inflation targets were only met for 2007 and 2008, whilst the GDP targets were met for 2006, 2008 and 2009 (See Table 4.8).
Table 4.8: Selected macroeconomic indicators, 2005-2009

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</thead>
<tbody>
<tr>
<td>Projections</td>
<td>15.0</td>
<td>6.0</td>
<td>9.0</td>
<td>6.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Outturn</td>
<td>15.9</td>
<td>5.0</td>
<td>8.2</td>
<td>6.0</td>
<td>16.6</td>
</tr>
<tr>
<td>Deviation</td>
<td>(0.9)</td>
<td>(1.0)</td>
<td>0.8</td>
<td>0.0</td>
<td>-9.6</td>
</tr>
</tbody>
</table>

Source: Bank of Zambia
* Preliminary Estimates

(c) Current projections for real GDP growth and Government Revenue

It is observed that real GDP growth averaged 5.0 percent for the past five years, largely driven by the Mining and Quarrying sector and the Communications sector. In 2009 preliminary data indicated that the economy grew by 6.3 percent, which was higher than the average growth experienced in the last 10 years.

Higher future growth is anticipated, largely driven by a recovery in the mining and tertiary sectors. In the medium term, growth is expected to be 5.5 percent in 2010 and 6.0 percent in 2011. It is further projected at 6.2 percent in 2012. Growth over the medium term is premised on the realization of policy initiatives and structural reforms aimed at economic diversification and enhanced competitiveness. Additionally, growth will be boosted by new investments in mining and electricity generation. It is also expected that the tourism sector will rebound in view of Government interventions on selected tourist destinations in the Northern Tourism corridor such as Kasaba bay.

According to the 2010-2012 Medium Term Expenditure Framework, Government revenues are expected to increase as a share of GDP from 17.30 percent in 2010 to 17.80 percent in 2011. This is on account of the expected improvement in excise duties, VAT and customs duty largely due to improved tax administration.

(d) Independent Advice/Analysis in the Macroeconomic Outlook

Under the Poverty Reduction and Growth Programme (PRGF) of the International Monetary Fund, there are routine discussions on the macroeconomic outlook. In view of the foregoing, and considering that the preparation of macroeconomic projections involves use of international publications, such as the World Economic Outlook on prospects for growth in various regions of the world, preparation of the macroeconomic outlook does utilise independent analysis.

It should further be noted that there is no regular independent body that analyses the Governments macroeconomic outlook. This could either be attributed to capacity constraints amongst non-state actors or lack of public interest in macroeconomic projections. The few comments that are made are more of strong opinions on projections than well informed assessments.

Recommendations

1. Government enhance the capacity of the Central Statistical Office to collect, analyze and disseminate data. Important surveys, such as labour force surveys, poverty and other important measures must be undertaken on a timely and regular basis;

The PRGF has since January 2010 been renamed the Extended Credit Facility (ECF)
2. Non-state actors play a more active role with regard to making macroeconomic projections. Currently, non-state actors generally play a reactionary role with regard to making projections; and,

3. The Ministry of Finance and National Planning, the Central Bank and the Central Statistical Office define the institutional framework to engage research institutions in defining macroeconomic projections so as to enhance ownership. The current set-up of utilising the macro SAG is clearly inadequate.

4.3.2.3. Sectoral or Microeconomic Policies

(a) Policies

4.3.2.31 The Government has articulated a number of policies that are aimed at fostering growth and sustainable development. The focus of the policies is to provide an enabling environment for private sector investment as the main vehicle for economic development. The role of Government is to provide a stable macroeconomic environment and enhance the productivity of citizens through investments in education, health and public order and safety (see also Section 6.3.1.2 in Chapter Six).

(1) Agriculture

4.3.2.32 Agriculture has been defined as a major priority of the Government for the period 2006-2010. With the majority of Zambians living in rural areas who are dependent on agriculture and given their high poverty levels, this is a ‘natural’ choice by the Zambian Government. The plan is to ensure adequate funding to the sector that would be in tandem with its importance. In this regard, it is envisaged that Government spending would be scaled up from about 1.6 percent of GDP prior to 2006 to 2.3 percent of GDP by 2010.

4.3.2.33 Key interventions to improve agricultural productivity, especially for small-scale farmers include, among others, reviving and strengthening agricultural extension services. Other programmes are the enhancement of animal health and livestock production and extension; agricultural research; and technological development. The encouragement of diversification in the production of both staple and cash crops to ensure food security and the development of irrigation and support services has also been accorded priority. Other key interventions include the opening up of new farming blocks for commercial development.

(2) Infrastructure

4.3.2.34 The augmentation of existing infrastructure as well as construction of new infrastructure such as roads, electricity, irrigation and dams has been identified as paramount to the realization of the goal of poverty reduction. In terms of resources, it is the intention of Government to raise funding to the sector from both Government and donors to at least 2.8 percent of GDP by 2010 from 2.5 percent in 2006. With these resources, it is projected that roads in maintainable condition would improve from 51.0 percent in 2005 to 90.1 percent by 2010.

4.3.2.35 The Government recognises that the national treasury has limited resources to embark on all economic programmes that include infrastructure development and delivery of social services. Realising that infrastructure development is a key factor in linking business activities that contribute to the growth of an economy, the Government enacted a Public Private Partnership Act in 2009. The Act provides for an arrangement between the public and private sectors (consistent with broad range of possible partnership structures) with clear agreement on shared objectives for the delivery of public infrastructure and/or public services by the private sector that would otherwise have been provided through traditional public sector procurement. At this assessment stage, it is still too early to assess how the PPP arrangement has facilitated infrastructural development in the country as implementation of the policy is still in its infancy.
(3) Health Sector

4.3.2.36 Internationally, Zambia ranks poorly with regard to socio-economic development. The prevalence of HIV/AIDS, high mortality from malaria, malnutrition, stunting and other diseases are often cited as the main reasons for the poor performance. In addition to the low ranking, a number of studies have found poor health status to be a major binding constraint to growth for Zambia\(^{146}\).

4.3.2.37 Arising from the foregoing, health has identified as one of the priority sectors for the FNDP. The Government planned to raise total health spending to 3.6 percent of GDP from both Government and donors by 2010, from 2.9 percent in 2006. Its annual budget is to be scaled-up to at least 11.5 percent of budget by 2010 from 7.0 percent in 2006. The health budget (both GRZ and donor) would be increased to around 14.1 percent by 2010 from 10.6 percent in 2006. The key interventions in the sector would be human resource development, medical supplies and infrastructure.

(4) Education and Skills Development

4.3.2.38 In the education sector, three priority areas have been targeted, which are the recruitment of teachers, procurement of educational materials and the construction of classrooms and teachers’ houses. These programmes are aimed at improving education indicators such as enrolment rates and the pupil-teacher ratio. Other policy measures include the removal of user fees at basic school level and the re-entry policy for female pupils that fall pregnant.

(5) Water and Sanitation

4.3.2.39 The proportion of the Zambian population without access to safe drinking water remains high, and is estimated at 47 percent, with rural dwellers being the worst affected. In this regard, the Government has proposed to scale up funds on water and sanitation in both the urban and rural areas. Interventions include the sinking of boreholes in rural areas and the improvement of drainage systems and solid waste management in urban areas.

(6) Public Order and Safety

4.3.2.40 Sustainable development cannot occur without public order and safety. The FNDP identified this area as a priority in terms of resource allocation. The Government focuses on recruitment and improving the conditions of service for the Zambia Police officers.

4.3.2.4. Measures to target Cross-cutting Issues and Employment Creation

(a) Gender

4.3.2.41 The issue of Gender mainstreaming is of vital importance to Zambia. (See also Chapter Six) The country subscribes to the SADC Gender Declaration that calls for 50 percent representation of women in decision making positions and the AU Protocol on Women’s rights. This act is in recognition of the importance of equal participation by men and women in the development process. However, due to a myriad of reasons, such as low education, the participation of women in decision making in the country has been low. For example, in the mid 2000s women representation in Parliament and Cabinet was only 14 percent and 22.7 percent, respectively.

4.3.2.42 Low levels of education, limited access and control over resources, and the well entrenched beliefs and stereotypes about gender roles explain the prevalence of poverty among women. In 2006, poverty among female headed households was estimated at 64.1 percent compared to only 58.1 percent for male headed households. In order to raise the levels of education among women, the Government has instituted free basic education, discouragement of early marriages, and school re-entry policy.

\(^{146}\) See for example the Constraints analysis by the Millennium Challenge Account Zambia
4.3.2.43 Another area of concern with regard to gender is the dual legal system (customary and statutory), under which customary law tends to be biased against women. Consequently, cases of gender biased violence have been reported in the country with little meaningful action. To address the increase in gender-based violence (GBV), the Government has enacted anti-domestic gender legislation.

(b) Environment

4.3.2.44 With respect to promoting a sustainable environment, the goal of the Government over the period 2006-2010 has been to ensure environmental sustainability by reversing environmental damage, maintaining essential environmental and biological processes and sustainable use of natural resources. However, there are various constraints adversely that are affecting the attainment of sustainable development, such as:

(i) Coordination problems arising from a multiplicity of institutions involved in ensuring sustainable use of resources;

(ii) Lack of a comprehensive policy on environmental issues, which in part results in lack of clear understanding on how best to domesticate international conventions that the country has signed; and

(iii) Limited public awareness about environmental issues;

4.3.2.45 In response, a number of programmes were identified to address these challenges. These include:

(i) Environmental Institutional Capacity Building;

(ii) Sustainable environmental management; and

(iii) Public participation and awareness.

4.3.2.46 In general, programme performance over the period 2006-2008 was rated as satisfactory, according to an assessment done in the mid-term review of the FNDP. This was on the basis of achievement of milestones such as reaching agreement at bilateral and multi-lateral level on the management of the Okavango-Zambezi conservation frontier with Botswana, Zimbabwe, Namibia and Angola; commencement of the Environmental and natural resources mainstreaming programme. Furthermore, a fund was established for forestry development.

4.3.2.47 Progress Towards Sustainable Development

(a) National Output

4.3.2.48 Real GDP growth between 2004 and 2009 averaged 5 percent driven primarily by the construction and continued expansion in the mining sector. This growth was complimented by growth in the agriculture and telecommunications sectors, leading to the partial realisation of the broad-based economic expansion goal of the FNDP. Preliminary data indicate that the economy grew by 6.3 percent in 2009.

(b) Sectoral Contributions to GDP growth

4.3.2.49 The mining and quarrying sector registered an average growth of 7.1 percent between 2004 and 2008. In 2009, preliminary data showed that the sector grew by 15.5 percent despite the turbulences associated with the global financial crisis. Growth mainly emanated from the metal sub-sector on account of commencement of commercial production at Lumwana mine and productivity improvements in the existing mines.

4.3.2.50 Growth in the construction sector averaged 16.6 percent between 2004 and 2009, largely driven by commercial and residential construction activities. The agriculture sector grew at an average of 1.8 percent between 2004 and 2008. Preliminary data indicated that the sector recorded higher growth of 7.1 percent in 2009 (see Table 4.9). This was partly on account of favourable weather conditions and the timely distribution of inputs.

147 See the FNDP Mid-Term Review, Ministry of Finance and National Planning, 2009
In terms of sector contribution to GDP growth, the mining and quarrying sector and the construction sector continued to provide a greater effect on overall GDP registered at an average of 0.7 percent and 1.8 percent respectively (see Table 4.10).

### Table 4.9: Percentage Change in GDP, 2004-2009, Constant-1994 Prices

<table>
<thead>
<tr>
<th>KIND OF ECONOMIC ACTIVITY</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>4.3 (0.6)</td>
<td>2.2</td>
<td>0.4</td>
<td>2.6</td>
<td>7.1</td>
<td></td>
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<tr>
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<td>7.9</td>
<td>7.3</td>
<td>3.6</td>
<td>2.5</td>
<td>15.8</td>
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<td><strong>1.7</strong></td>
<td><strong>2.5</strong></td>
<td><strong>10.5</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
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<td>2.9</td>
<td>5.7</td>
<td>3.0</td>
<td>1.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>(1.7)</td>
<td>5.4</td>
<td>10.5</td>
<td>1.0</td>
<td>(1.2)</td>
<td>8.6</td>
</tr>
<tr>
<td>Construction</td>
<td>20.5</td>
<td>21.2</td>
<td>14.4</td>
<td>20.0</td>
<td>8.7</td>
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<td><strong>10.0</strong></td>
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<td><strong>10.0</strong></td>
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<td><strong>9.4</strong></td>
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<td>(14.5)</td>
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<td>22.1</td>
<td>19.2</td>
<td>15.8</td>
<td>3.1</td>
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<td>4.1</td>
<td>8.7</td>
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<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
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<td>9.0</td>
<td>12.5</td>
<td>11.7</td>
<td>6.8</td>
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<td><strong>5.4</strong></td>
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<td><strong>7.1</strong></td>
<td><strong>7.1</strong></td>
<td><strong>3.0</strong></td>
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<tr>
<td>Less: FiSIM</td>
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<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
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<tr>
<td>Taxes less subsidies on Products</td>
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<td>(0.1)</td>
<td>(3.1)</td>
<td>(0.3)</td>
<td>5.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Real GDP</td>
<td><strong>5.4</strong></td>
<td><strong>5.3</strong></td>
<td><strong>6.2</strong></td>
<td><strong>6.2</strong></td>
<td><strong>5.7</strong></td>
<td><strong>6.3</strong></td>
</tr>
</tbody>
</table>

**Source:** Central Statistical Office.

### Table 4.10: Sectoral Contribution to GDP growth, 2004-2009, Constant-1994 Prices

<table>
<thead>
<tr>
<th>KIND OF ECONOMIC ACTIVITY</th>
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<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
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<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>Mining and Quarrying</td>
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<td>0.6</td>
<td>0.3</td>
<td>0.2</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>PRIMARY SECTOR</strong></td>
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<td><strong>0.6</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.4</strong></td>
<td><strong>0.5</strong></td>
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</tr>
<tr>
<td>Manufacturing</td>
<td>0.5</td>
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<td>0.6</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>(0.0)</td>
<td>0.1</td>
<td>0.3</td>
<td>0.0</td>
<td>(0.0)</td>
<td>0.2</td>
</tr>
<tr>
<td>Construction</td>
<td>1.4</td>
<td>1.7</td>
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<td>2.0</td>
<td>1.0</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>SECONDARY SECTOR</strong></td>
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<td><strong>2.1</strong></td>
<td><strong>2.2</strong></td>
<td><strong>2.3</strong></td>
<td><strong>1.1</strong></td>
<td><strong>2.2</strong></td>
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<tr>
<td>Wholesale and Retail trade</td>
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<td>0.4</td>
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<td>Restaurants, Bars and Hotels</td>
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<td>(0.4)</td>
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<tr>
<td>Transport, Storage and Communications</td>
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<td>1.4</td>
<td>1.3</td>
<td>0.3</td>
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<td>0.6</td>
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<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
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<td>1.0</td>
<td>0.9</td>
<td>0.6</td>
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<tr>
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<td><strong>2.8</strong></td>
<td><strong>3.5</strong></td>
<td><strong>3.6</strong></td>
<td><strong>3.7</strong></td>
<td><strong>1.6</strong></td>
</tr>
<tr>
<td>Less: FiSIM</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>TOTAL GROSS VALUE ADDED</td>
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<td>6.5</td>
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<td>5.9</td>
</tr>
<tr>
<td>Taxes less subsidies on Products</td>
<td>(0.2)</td>
<td>(0.0)</td>
<td>(0.2)</td>
<td>(0.0)</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>Real GDP</td>
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<td><strong>5.3</strong></td>
<td><strong>6.2</strong></td>
<td><strong>6.2</strong></td>
<td><strong>5.7</strong></td>
<td><strong>6.3</strong></td>
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</tbody>
</table>

**Source:** Central Statistical Office.
In terms of industrial share of GDP, the Agriculture, Forestry and Fishing sector recorded a 12.6 percent share of GDP in 2009 compared to the mining and quarrying sector at 8.9 percent. For the construction sector, its industrial share of GDP was 12.4 percent (see Table 4.11).

**Table 4.11: Industrial Shares of GDP by kind of Economic activity at constant 1994 prices**

<table>
<thead>
<tr>
<th>KIND OF ECONOMIC ACTIVITY</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>14.2</td>
<td>13.7</td>
<td>12.9</td>
<td>12.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
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<td>8.5</td>
<td>8.2</td>
<td>8.9</td>
</tr>
<tr>
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<td>21.4</td>
<td>20.7</td>
<td>21.6</td>
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<tr>
<td>Manufacturing</td>
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<td>10.6</td>
<td>10.2</td>
<td>9.9</td>
<td>9.5</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
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<td>2.7</td>
<td>2.5</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Construction</td>
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<td>9.8</td>
<td>11.1</td>
<td>11.4</td>
<td>12.4</td>
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<tr>
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<td>23.8</td>
<td>23.6</td>
<td>24.3</td>
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<td>Wholesale and Retail trade</td>
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<td>16.9</td>
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<td>15.9</td>
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<tr>
<td>Restaurants, Bars and Hotels</td>
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<td>2.8</td>
<td>2.9</td>
<td>2.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Transport, Storage and Communications</td>
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<td>7.4</td>
<td>8.3</td>
<td>9.1</td>
<td>8.9</td>
</tr>
<tr>
<td>Financial Institutions and Insurance</td>
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<td>7.3</td>
<td>7.1</td>
<td>7.3</td>
<td>7.3</td>
</tr>
<tr>
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<td>8.8</td>
<td>8.6</td>
<td>8.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
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<td>7.7</td>
<td>8.1</td>
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<td>8.6</td>
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<td>(3.8)</td>
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<td>6.9</td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
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</table>

**Source:** Central Statistical Office.

(c) Employment

Formal sector employment was estimated at 416,228 in 2004, and increased by 8.7 per cent to 544,339 in 2008 (see Table 4.12). The growth was largely driven by an increase of 36.6 percent in the trade sector. However, employment in the primary sectors of Mining and Quarrying, and the manufacturing sector declined by 0.8 percent and 14.8 percent, respectively. This was largely attributed to the effects of the global crisis that resulted in the loss of jobs especially for the mining sectors as most mines were put on care and maintenance.

**Table 4.12: Sector Employment, 2004-2008**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2004</th>
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<th>2007</th>
<th>2008</th>
</tr>
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<td>32,103</td>
<td>32,611</td>
<td>48,318</td>
<td>47,910</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>45,340</td>
<td>40,151</td>
<td>53,021</td>
<td>53,152</td>
<td>45,287</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>12,346</td>
<td>6,309</td>
<td>12,873</td>
<td>9,895</td>
<td>11,054</td>
</tr>
<tr>
<td>Construction</td>
<td>5,787</td>
<td>7,953</td>
<td>11,589</td>
<td>14,731</td>
<td>14,075</td>
</tr>
<tr>
<td>Trade</td>
<td>44,460</td>
<td>67,521</td>
<td>57,451</td>
<td>63,901</td>
<td>87,296</td>
</tr>
<tr>
<td>Transport</td>
<td>26,510</td>
<td>20,679</td>
<td>19,487</td>
<td>21,646</td>
<td>28,098</td>
</tr>
<tr>
<td>Business &amp; Financial Service</td>
<td>31,880</td>
<td>22,313</td>
<td>45,193</td>
<td>51,202</td>
<td>52,550</td>
</tr>
<tr>
<td>Personal &amp; community services</td>
<td>138,691</td>
<td>173,811</td>
<td>177,013</td>
<td>178,741</td>
<td>197,804</td>
</tr>
<tr>
<td>Total</td>
<td>416,228</td>
<td>436,336</td>
<td>475,835</td>
<td>500,616</td>
<td>544,339</td>
</tr>
</tbody>
</table>

**Source:** Central Statistical Office.
(d) **Socio-economic Indicators**

4.3.2.54 In assessment of the key performance indicators in the medium term review indicate that the performance of selected FNDP health indicators were generally positive, except for the percentage of releases to the districts which showed a decline from the 55 percent recorded in 2005 baseline to 14 percent recorded in 2007 (see Table 4.13). The decline was on account of the Ministry of Health revision of the formula for calculating the share of the budget for the district which currently excluded funds for centrally purchased medical supplies.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baseline Value 2005</th>
<th>Target 2006</th>
<th>Actual 2006</th>
<th>Target 2007</th>
<th>Actual 2007</th>
<th>Target Value 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of deliveries assisted by midwives, nurse, doctors or clinical officers</td>
<td>43</td>
<td>45</td>
<td>43</td>
<td>43.4</td>
<td>47</td>
<td>60</td>
</tr>
<tr>
<td>% of fully immunised children under one year of age in 20 worst performing</td>
<td>50</td>
<td>65</td>
<td>82</td>
<td>70</td>
<td>85</td>
<td>70</td>
</tr>
<tr>
<td>Malaria fatality rate among children below 5 years</td>
<td>24/1000</td>
<td>-</td>
<td>35/1000</td>
<td>22/1000</td>
<td>41/1000</td>
<td>15/1000</td>
</tr>
<tr>
<td>Utilisation rate of PHI facilities</td>
<td>0.48</td>
<td>0.5</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>0.8</td>
</tr>
<tr>
<td>Percentage of Ministry releases to District level.</td>
<td>55</td>
<td>57</td>
<td>62</td>
<td>13</td>
<td>14</td>
<td>13</td>
</tr>
</tbody>
</table>

**Source:** FNDP, Mid Term Review, 2009.

4.3.2.55 In the education sector, an assessment of the indicators showed that net enrolment ratios (access and participation), the completion rates (efficiency), teacher/pupil ratio, teacher qualification, and the Gender Parity Index (Equity) all registered significant progress and most of the targets met.

**Challenges**

(i) Programme implementation during the period 2006-2009 for these priority sectors was to a large extent less than projected. In agriculture, although more funding was received than budgeted, (re)allocation was skewed towards the Fertilizer Support Programme. Strategic budget lines such as irrigation development, agricultural infrastructure, livestock development and agricultural marketing received less than programmed funding, resulting in lower than projected outputs. Even though four new agricultural areas were supposed to be opened up for development, significant progress was only made in developing infrastructure in one such farm block in the central part of Zambia.

A similar trend occurred in the infrastructure sector. There was significant underperformance with regard to road infrastructure and limited progress in railways development. In terms of human development, Zambia ranked 165 in the world out of 174 countries in 2008.

The HIV prevalence among the adult population reduced marginally from 15.6 percent in 2002 to 14.3 percent in 2007. Despite this slight reduction, Zambia still faces a hyper-epidemic, especially as the prevalence among young male people recorded a rising trend compared to young women.

(ii) In education, Zambia is on course to attain universal primary education by the year 2015, with the net primary enrolment ratio (percent of relevant age group) estimated at more than 95.4 percent in 2007. The ratio of girls to boys in primary and secondary education was estimated at 93.0 percent.
In health, the under five mortality rate (per 1,000) live births reduced to 170 in 2007 from 182 in 2000. Similarly, the maternal mortality rate reduced from 729 per 100,000 live births in 2002 to 499 per 100,000 live births in 2007.

In environment, a number of challenges still remain to be addressed. Firstly, environmental issues have not been fully integrated into the developmental process. Many programmes remain environmentally unfriendly, especially in the mining and tourism sectors. In addition, coordination problems, lack of an effective disaster response system, and public awareness on environmental concerns, all of which were identified in the FNDP still remain a challenge.

4.3.2.56 Recommendations

4.3.2.57 The Government has over the past few years formulated and started implementation of sectoral policies that are aimed at attaining sustainable development. The FNDP defines policies in six key sectors of agriculture, infrastructure, education, health, water and sanitation and public order and safety. Assessment of key indicators in these sectors shows that limited progress has been attained, except in the social sectors where the country is on track to meet at least four of the MDGs.

4.3.2.58 Based on the preceding findings and discussion, it is recommended that:

(1) Diversification

4.3.2.59 The country continues with its diversification programme away from sectors such as mining which have a detrimental effect on the environment. Programme implementation in identified sectors, therefore, should not be skewed to a few programmes. Rather, an integrated approach that will facilitate the competitiveness of the economy must be undertaken. For instance, the Fertiliser Support Programme could be augmented by the provision of an efficient feeder road network; provision of agriculture extension services; provision of quality health care; and skills training of farmers.

(2) Mainstreaming environmental concerns

4.3.2.60 The mid-term review of the FNDP highlights that mainstreaming of environmental considerations has been inadequate for the FNDP. Developmental programmes have continued to be environmental-insensitive, especially in the mining and tourism sectors. This is compounded by continued inadequacies with regard to coordination on environmental management, lack of appreciation of the full impact of environmental degradation in the country. All these constraints be addressed in order for the country to attain growth that is sustainable.

(3) Policy credibility

4.3.2.61 A key problem with regard to policy pronouncements made in documents such as the FNDP is lack of policy credibility. The public perceives most policy pronouncements as not being in line with priorities of the Government. Consequently, ownership of the development process is sometimes lost, leading to limited interest by the public with regard to following programme implementation. It is, therefore, important that Government enhance policy credibility to ensure ownership of the development programme from inception to programme implementation and M&E.

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See Mid-Term Review, Fifth National Development Plan, pages 114-115.
4.3.2.62 Domestic Resource Mobilization

(a) Policies

4.3.2.63 The Government have taken steps to improve resource mobilization to finance government expenditure and for domestic private investment. The government has sought to expand the tax base, improve tax administration and improve the efficiency of financial markets as well as promote financial intermediation.

4.3.2.64 The domestic financial resources of the Government comprise tax, non-tax revenues and domestic financing (domestic borrowing). The powers to mobilise resources for the Government are drawn from Part X of the Constitution and subsidiary laws. For tax revenue mobilisation, the powers to charge and collect revenues are drawn from the Income Tax Act of 1996, the Value Added Tax Act of 1996 and the Customs and Excise Act of 1996. The above Acts also give powers to the Minister responsible for Finance to make amendments to the legislation that affect domestic resource mobilisation. However, such amendments are subject to Parliamentary approval.

4.3.2.65 The powers to charge and collect non-tax revenues are provided for in the Fines and Fees Act, the Zambia Police Act, the Road Transport Act, the Passports and Citizenship Act, and the Lands Act, among others. Under these Acts, respective Ministers have powers to alter the rates and bases, by statutory orders. Such charges are also subject to Parliamentary approval.

4.3.2.66 With respect to domestic borrowing, the Loans and Guarantees Authorisation Act of 1996 gives powers to the Minister responsible for Finance to raise financing from the domestic financial market. This is done through the issuance of Government bonds and securities.

4.3.2.67 As a share of total resources for the Government, domestic resources constitute about 80 percent but this has been fluctuating over the last five years. The largest contribution to domestic resources comes from tax revenues, followed by domestic borrowing and lastly non-tax revenues (see Table 4.14).

### Table 4.14: Sources of Domestic revenue, 2006-2009

<table>
<thead>
<tr>
<th></th>
<th>2006 (K' million)</th>
<th>2007 (K' million)</th>
<th>2008 (K' million)</th>
<th>2009 (K' million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue &amp; Grant</td>
<td>8,240.88</td>
<td>10,625.85</td>
<td>12,293.00</td>
<td>13,414.50</td>
</tr>
<tr>
<td>Tax</td>
<td>6,316.99</td>
<td>8,183.57</td>
<td>9,653.00</td>
<td>10,646.00</td>
</tr>
<tr>
<td>Non Tax</td>
<td>277.22</td>
<td>338.49</td>
<td>567.00</td>
<td>454.00</td>
</tr>
<tr>
<td>Financing</td>
<td>810.18</td>
<td>582.59</td>
<td>808.00</td>
<td>1,564.00</td>
</tr>
<tr>
<td>Domestic</td>
<td>706.00</td>
<td>526.98</td>
<td>551.00</td>
<td>1,069.00</td>
</tr>
<tr>
<td>External</td>
<td>104.18</td>
<td>55.61</td>
<td>257.00</td>
<td>495.00</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and National Planning*

4.3.2.68 The Government has implemented a number of policies and programmes aimed at enhancing domestic resource mobilisation to finance its expenditures and reduce heavy dependence on foreign assistance. The Zambia Revenue Authority Act of 1994 established the Zambia Revenue Authority as an agent entrusted with the responsibility of collecting tax on behalf of the Government.

4.3.2.69 The introduction of a value-added tax (VAT) through the VAT Act of 1996, significant reduction of the company income tax (CIT) rate, and the slashing of the maximum import tariff were some of the measures introduced to increase revenue. Between 1993 and 1996, the Government also eliminated tax incentives based on tax holidays and adopted incentives based on cost recovery and CIT rate reduction.
4.3.2.70 Since 2004, the Government has made significant strides in direct taxes by successfully implementing the following measures:

(i) The introduction of a 3 percent presumptive tax in 2005, which is a replacement of VAT and income tax registration, aimed at capturing the hard-to-tax activities whose turnover is less than K200 million (approximately US $ 55,000). This measure has brought into the tax net activities that take place in the informal sector, particularly small and medium-sized businesses, by subjecting them to a lower tax rate and simplifying administrative procedures;

(ii) The introduction of Advanced Income Tax in 2007, currently at 6.0 percent of gross import value, was aimed at compelling non-registered traders, particularly those involved in cross-border trade, to register for income tax and pay their fair share of income tax. The Treasury has witnessed an improvement in compliance among this category of tax payers, from total collections of K8.7 billion in 2007 to over K30.4 billion in 2008; and,

(iii) The introduction of a new fiscal regime for the mining sector has improved the performance of mineral royalty and CIT. Although windfall tax has been abolished, the Government managed to collect a total of K317 billion. Since the abolition of development agreements through the enactment of the Mines and Minerals Development Act of 2008, a number of mining companies have protested against the new fiscal regime and the resultant tax measures. It is for this reason that some of the mining houses have not complied with the new law and have threatened to take legal action against the Government. The Government has, however, indicated its willingness to negotiate with the mining houses with a view to finding an amicable solution.

(b) Financial Sector Development Plan

4.3.2.71 The Zambian Government, in recognition of the strategic importance of the financial sector in national development, in general and financial deepening in particular, formulated a five year Financial Sector Development Plan (FSDP) for Zambia in 2004 covering the period 2004 to 2009. The FSDP is both a vision statement and a comprehensive strategy by the Government to address the current weaknesses in the Zambian financial system. It is aimed at guiding efforts to realize the vision of a financial system that is ‘stable, sound and market-based and that would support efficient resource mobilization necessary for economic diversification and sustainable growth. 149

4.3.2.72 The FSDP was formulated after a comprehensive assessment of the Zambian financial sector by the International Monetary Fund (IMF) and the World Bank (WB) under the Financial Sector Assessment Programme (FSAP) in 2002. The FSAP identified weaknesses in the Zambia Sector which included the following:

(i) Unstable macro-environment;
(ii) Low financial intermediation;
(iii) No formal structures for a financial safety net;
(iv) Poor credit culture; and,
(v) Weaknesses in the regulation and supervision of non-bank financial institutions.

4.3.2.73 The FSDP is being implemented in two phases; the first phase covering the period from 2004 to December 2009 and the second phase commenced in 2010. The implementation of the FSDP addresses the weaknesses identified in the FSAP. The first phase which began in 2004 involved developing policy priorities from the specific recommendations under each key financial sub-sector and included the following:

4.3.2.74 Establishment of the implementation structure in May 2005 to coordinate the implementation process;

(i) Harmonisation of the financial sector legislation;
(ii) Resolution of weaknesses in the insolvent state-owned financial institutions; and,
(iii) Production of market knowledge on the supply and demand of financial services in Zambia.

4.3.2.75 In addition to the above measures, a number of weaknesses that were identified in the 2002 FSAP have been addressed. These include:

(i) Achievement of a stable macroeconomic environment as reflected in the reduction of the inflation rate, lending interest rates and a stable exchange rate;
(ii) Establishment of a credit reference bureau in 2006 to enhance the credit culture;
(iii) Issuance of the regulations for the microfinance sub-sector; and,
(iv) The Bank of Zambia has drafted the Deposit protection Bill as part of the financial sector safety net.

4.3.2.76 The second phase will deal with the following:

(i) Developing of guidelines for contractual savings providers;
(ii) Strengthening the autonomy and enhancing capacities of the regulatory authorities in the financial sector such as the central bank, Pensions and Insurance; and,
(iii) Pensions and Insurance Authority (PIA) and Securities and Exchange Commission (SEC).

(c) Effectiveness of the Measures

4.3.2.77 There has been an increase in national savings from 15 percent of GDP in 2004 to 20 percent of GDP in 2008. A similar upward movement was observed with regard to the Investment/GDP ratio which rose to 25 percent in 2008 from 24.3 percent in 2006 (see Table 4.15). Domestic revenue as a ratio of GDP generally remained flat during the period 2004 to 2008.

**Table 4.15: Domestic Revenue, National Savings and Investment 2004-2008**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Money (M2)/GDP</td>
<td>22.3</td>
<td>17.8</td>
<td>21.9</td>
<td>22.9</td>
<td>19.2</td>
</tr>
<tr>
<td>Domestic Revenue/GDP</td>
<td>18.3</td>
<td>17.3</td>
<td>17.2</td>
<td>18.4</td>
<td>18.4</td>
</tr>
<tr>
<td>National savings/GDP</td>
<td>15.4</td>
<td>16.0</td>
<td>17.4</td>
<td>25.5</td>
<td>20.1</td>
</tr>
<tr>
<td>Investment/GDP</td>
<td>24.3</td>
<td>22.6</td>
<td>23.6</td>
<td>25.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Bank of Zambia.*

(d) Savings Interest Rates

4.3.2.78 In the last five years, the annual inflation rate has been particularly volatile while the savings rate earned on deposits has remained relatively stable. Figure 4.2 below shows that in real terms, the savings rate has been negative over the period, providing a disincentive for private saving in the economy.
4.3.2.79 In order to encourage saving, the savings rate should be higher than inflation, in order to protect the purchasing power of savings deposits held in banks. However, Figure 3.2 shows that for the period December 2005 to December 2008, the savings rate was lower than the annual inflation rate. Moreover, while inflation increased marginally to 8.9% in 2007 (from 8.2% in 2006), the savings rate decreased to 4.8% (from 6.1% in 2006); and when the inflation rate peaked at 16.6% in 2008, there was no significant change in the savings rate. As a result of a negative real savings rate, there is no incentive for private businesses and households to save in the domestic economy. This has limited the amount of funds available for lending, thus restricting investments and economic growth.

(e) Domestic Revenue

4.3.2.80 Domestic revenue, as a share of GDP, has been falling since the beginning of this decade from around 19.2 percent in 2000 to just about 16 percent in 2009. The fall in domestic revenues is as a result of the fall in tax and non-tax revenue collections. This decline is expected to continue due to:

(i) Scheduled tariff reductions under the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC);
(ii) the granting of tax concessions;
(iii) the frequent suspensions of excises and customs duty on petroleum and other products;
(iv) reductions in indirect tax rates (such as excise rates); and,
(v) an increase in tax evasion reflected by the sharp decline in the VAT collections.

4.3.2.81 The consequence of the decline in the tax-to-GDP ratio, particularly in indirect taxes, has been that the tax burden is skewed towards the Personal Income Tax (PIT), while the shares of VAT, excises and import duties have declined. A narrow tax base has made controlling the overall budget deficit heavily dependent on cutting down capital expenditure and being heavily reliant on foreign aid.

4.3.2.82 With regard to non-tax revenues, its ratio to GDP has declined over the years from around 0.7 percent in 2003 to 0.5 percent in 2009. This has partly been attributed to the decline in dividends, on-lending and the generally low collection levels of fees, fines and other charges.
(f) **Financial Deepening**

4.3.2.83 The financial sector has not deepened as reflected by the M2/GDP ratio which has remained around 20 percent over the past 5 years (see Table 3.11). This has been partly due to high interest rates and barriers of access to finance.

(g) **Population with access to Finance and Financial facilities**

4.3.2.84 The FinMark Trust study (2005) revealed that less than 15 percent of the Zambian adult population had access to banking services; 8.0 percent were serviced by microfinance institutions; and, 11 percent were serviced by informal providers. The study also revealed that only 33 percent of the adult Zambian population was considered to be financially serviced. \(^{150}\) FinMark

4.3.2.85 The barriers to accessing financial services include the following:

(i) the high cost of accessing financial services;
(ii) the long distances to access financial services;
(iii) non availability of financial services especially in rural areas;
(iv) lack of access to credit facilities;
(v) high lending rates;
(vi) financial services and products which are skewed towards formal and salaried employees;
(vii) High poverty levels; and,
(viii) Poor infrastructure.

**Challenges**

4.3.2.86 One of the key factors constraining domestic resource mobilisation is the narrow tax base. Although the Income Tax, Value Added Tax and Customs and Excise Acts provide for the tax bases, the scope of the current tax base is narrow.

4.3.2.87 The reasons for the narrow tax base include the following, among other factors:

1. **Proliferation of tax exemptions**

4.3.2.88 One of the major factors that have constrained efforts to broaden the tax base is the Government’s policy response to the tax and incentives competition in the region in an effort to attract foreign investment. In the recent past, the Government has become aggressive in attracting foreign Investment through various tax concessions. Some of these tax concessions have resulted in companies not paying income taxes for a period of about five years from the year they make profits. Examples include tax holidays provided for under the Income Tax Act and tax exemptions granted to mining houses through issuance of statutory instruments.

4.3.2.89 This is exacerbated by the discretionary powers which the Minister responsible for Finance has to waive or suspend taxes such as customs and excise duties on certain commodities or companies. Examples here include the waiving of export levy on copper concentrates for some mining companies. In addition, the granting of discretionary incentives under the Investment Promotion and Protection and Agreements has resulted in a narrower tax base.

\(^{150}\) Ibid page 9
(2) Large agricultural and informal sector

4.3.2.90 Most workers in Zambia are employed in agriculture or informal enterprises. As they are seldom paid a regular, fixed wage, their earnings fluctuate, and many are paid in cash, i.e. “off the books.” The base for an income tax is, therefore, hard to calculate.

4.3.2.91 On the other hand, the high level of unemployment in the country has given rise to an economy characterised by a large informal sector, which by their nature are unregistered and unregulated and thus fall outside the taxation net. Further, owing to its importance to the vulnerable and poor, most tax exemptions are awarded to the agriculture sector.

(3) Vulnerability of the economy to external factors

4.3.2.92 The vulnerability of the economy to external factors implies that, in many instances, the Government has to reduce or remove taxes in response to rising prices of commodities on the international market, such as fuel and food. A case in point was the removal of duty energy efficient equipment to mitigate the energy crisis (Statutory Instrument No.32 of 2008), removal of excise duty on kerosene (Statutory Instrument No. 68 of 2008), the reduction on Petrol from 45 percent to 36 percent (Statutory Instrument No. 100 of 2008) and the reduction of excise duty on diesel from 15 percent to 7.0 percent (Statutory Instrument No. 100 of 2008). While it is recognised that such responses constrain broadening the tax base, these measures have the impact of mitigating the adverse effects on the poor arising from external factors.

(4) Political considerations

4.3.2.93 While Government aims at formulating broad based policy on taxation, these efforts are constrained by political considerations and pressure from voters. Therefore, the ability to broaden the tax base is constrained by the willingness of the tax payers to pay, which in-turn dictates identification of sectors where to place the burden of tax.

(5) Technology

4.3.2.94 Limited use of Information Communications and Technology (ICT) has hampered the effort to broaden the tax base. Many new technologies represent a problem for the tax systems since they support inputs or outputs that are inherently intangible. Technology may allow production to take place from multiple locations compromising the definition of origin-based principles of economic activity and tax bases. Intangibles are not new but technologies like the internet exacerbate the problem of observing the tax base and enforcing compliance with both direct and indirect taxes.

4.3.2.95 Recommendations

4.3.2.96 Based on the preceding findings and discussion, it is recommended that:

(i) The VAT base be broadened by limiting and revisiting exemptions and zero rated categories;
(ii) The income tax base be expanded by limiting tax concessions;
(iii) Ad hoc exemptions on the import duty tax base be eliminated or reduced;
(iv) Ensuring efficient customs administration so as to facilitate the movement of goods and services; and,
(v) The Government strengthen all revenue points by adequately providing the necessary logistical support and monitoring system to improve non-tax revenue collection; and,
(vi) Various laws relating to fees and other levies be reviewed so as to reflect cost of providing the related services.
4.3.2.97 Challenges

4.3.2.98 Financial intermediation is the main conduit in the savings-investment process. An investor may not be able to finance all the investment from his/her own resources and will have to borrow some or all of the required funds. An individual with surplus funds out of his/her current income may lend these funds in order to obtain a return. In Zambia, as a result of the negative real savings rate, the savings culture is poor resulting in limited availability of local loanable funds. The situation is compounded by the poor credit culture and the high cost of banking services.

4.3.2.99 It must be recognized that the non-bank financial institutions (NBFIs) also play a complementary role to banks mobilizing and distrusting funds. For example, Micro Finance Institutions (MFIs) have risen to fill the gap in the provision of financial services. MFIs offer financial services, such as small loans and savings facilities in the peri-urban and rural areas. Although expansion is much slower in rural areas, growth is evident along the line of rail and the peri-urban areas of the country. The provision of financial services in the rural areas has been slow due to unsatisfactory supportive infrastructure and absence of an appropriate regulatory and supervisory framework.

(6) Steps taken to address the shortfalls in financial intermediation

4.3.2.100 Given the low level of financial inclusion, a number of strategies are currently being implemented by both the private and public sectors to make the financial sector more inclusive, thereby increasing the benefits for the poor to participate in the formal economy.

4.3.2.101 The Government in collaboration with cooperating partners (CPs) is attempting to expand access to financial services in rural areas through the Rural Finance Project. The main objective of the project is to increase the use of sustainable rural financial services whose main goal is to improve the livelihoods of rural households including poor households, small-scale entrepreneurs and salaried workers.

4.3.2.102 The Government’s financial policy emphasises improved access to financial services through programmes such as the Citizens Economic Empowerment, aimed at empowering the underprivileged citizens who would ideally not be able to access finance under normal commercial terms.

4.3.2.103 The Government has now adopted financial inclusion as an indicator in the Performance Assessment Framework (PAFs) of the Budget Support Programme under the FSDP. This measure will ensure that progress is made towards meeting the objective of financial inclusion at desirable pace.

4.3.2.104 BoZ has also adopted financial inclusion as one of its strategic objectives. The Bank of Zambia has designated a number of financial services and payment system providers to offer mobile banking and money transfer systems as part of the measures to improve financial inclusion.

4.3.2.105 The regulation and supervision of MFIs is still at an embryonic stage. BoZ, through a comprehensive research and consultative process with stakeholders continues to work on microfinance regulations in order to create a safe, sound, stable and efficient environment in which microfinance institutions should operate.

4.3.2.106 Internal and External Vulnerability of the Economy

(a) Internal Shocks

4.3.2.107 The main source of internal shocks is largely associated with adverse weather conditions that tend to affect real output particularly food production. For example in the 2004 /2005 agriculture season when the country experienced a partial drought, maize production, the country’s staple food declined by 28.6 percent. Consequently, food inflation increased to 48% in December 2005 from 36% in December 2004.

4.3.2.108 Secondly, political discourse particularly during the time of major elections (presidential and general elections) tends to adversely affect asset prices especially the exchange rate that usually depreciates steeply.
(b) External Shocks

4.3.2.109 Zambia’s external vulnerability is generally associated with her linkage to the global economy through the trade and financial channels. Any impulse in global demand for Zambia’s chief export (metals) is transmitted in the domestic economy through the foreign exchange inflow.

4.3.2.110 During the period 2004-2008, external sector developments were mixed. In 2005 the current account balance was favourable reflected in improved terms of trade (TOT) on account of high copper prices which increased by 32.5 percent to US$ 1.59 per pound from US$1.2 per pound on the world market. The upswing in the copper prices contributed significantly to the increase in metal earnings.

4.3.2.111 In 2008, the continued rise in copper prices experienced during the first half of the year resulted in high copper earnings. Subsequently, the country recorded higher export performance and there was a modest build up in foreign exchange reserves which increased from 2.5 months of import cover in 2007 to 2.8 months of import cover in 2008 (see Table 4.16). However, in the latter part of 2008, the current account deficit widened negatively (Zambia has no foreign exchange controls, therefore higher copper export earnings in the earlier part of the year were not recorded in the current account) affected by the adverse effects of the global crisis as merchandise export earnings dropped.

4.3.2.112 The external position was further worsened by the rise in food prices, resulting in an increase in the maize import bill. Consequently, the terms of trade declined from 22.1 percent in 2004 to 0.3 percent in 2005.

Table 4.16: Selected Macroeconomic Indicators, 2004-2008

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account (US$ m)</td>
<td>(539.7)</td>
<td>(608.0)</td>
<td>142.8</td>
<td>(754.5)</td>
<td>(1054.9)</td>
</tr>
<tr>
<td>NFA (US $ m)</td>
<td>412.6</td>
<td>69.9</td>
<td>1202.7</td>
<td>1495.9</td>
<td>1478.7</td>
</tr>
<tr>
<td>TOT(%)</td>
<td>22.1</td>
<td>0.3</td>
<td>5.2</td>
<td>(9.7)</td>
<td>(7.0)</td>
</tr>
<tr>
<td>International Reserves (months of imports)</td>
<td>1.2</td>
<td>1.6</td>
<td>2.2</td>
<td>2.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Bank of Zambia.

(c) Steps to Reduce Vulnerability

4.3.2.113 One of the key steps taken to reduce vulnerability is diversifying the economy from the dependence on copper. Government continues to enhance national competitiveness through structural reforms and infrastructure development. This is reflected in various Medium Term Expenditure Frameworks which have prioritized infrastructure development with the view to opening investment opportunities for diversification, particularly in agriculture, tourism, and manufacturing sectors.

4.3.2.114 Public administration, Legislative System and Fiscal Authorities

(a) Public Administration

4.3.2.115 The institutions involved in public administration are the executive arm of Government whose activities are coordinated by Cabinet Office. In terms of policy formulation, Ministries prepare draft policy proposals and advise through Cabinet Memorandum whose contents are a result of wide stakeholder consultations.

(1) Public Service Reform Programme

4.3.2.116 Over the last few years, the Government has, together with the support of Co-operating Partners, initiated and undertaken a number of reforms in the area of public administration, the legislative system and fiscal authorities aimed at improving the organisational structures. The main objective of the Public Service Reform Programme (PSRP) is to enhance the delivery of services to Zambian citizens and to create an institutional environment for reducing poverty. In terms of reforming public administration, some of the reform programmes undertaken by the Government were Public Service Management and Decentralization.
Public Service Management

The main underlying objective of Public Service Management (PSM) is to ensure a public service where employees are carrying out the right jobs, possess the appropriate skills to undertake them, and are motivated to perform well. The areas of concern are pay reforms where following the restructuring and partial rightsizing exercise, Government intend to adopt an appropriate pay structure and remuneration for public service workers. Currently, poor pay and conditions of service in Government has brought about an allowance-seeking culture which poses a threat to the reform process.

The Government also approved the Decentralisation Policy in 2002 whose main objective was to devolve authority for managing public affairs to lower government administrative structures. Decentralisation will involve the devolution of responsibilities from the central government to local government authorities. It will lead to increased participation of local people in the management of public affairs. The decentralisation policy will establish delivery mechanisms for achieving Government’s strategic objectives and most critically those related to service delivery for citizens at lower levels of government administrative structure.

Challenges

Whilst reforms have included the introduction of an annual appraisal system that links performance to an employee’s input, its overall impact has not met its intended objective. Most employees view the exercise as academic whilst no sanctions exist for officers that do not comply with the annual assessment.

It has further been observed that not all MPSAs have been restructured, resulting in some institutions operating at less than full capacity.

Recommendation

Based on the preceding findings and discussion, it is recommended that the Government ensure that all MPSAs are restructured. Sanctions should be placed on MPSAs that do not comply with the APAS (Annual Performance Appraisal System).

Legislative System

In order to enhance the oversight role of Parliament, the Government has initiated reforms which have included the broadcasting of parliamentary debate, creation of constituency offices and employment of support staff for MPs, opening up of and publishing of the schedule of meetings of the Portfolio Committees to the general public and the modernisation of Parliamentary infrastructure. During consideration of proposals approved by Cabinet, Parliament through the relevant Portfolio Committee may invite stakeholders to comment on the draft bill. If Parliament is satisfied with the outcome of the work of the Committee in scrutinising and examining the proposed bill, it is enacted into law.

The implementation process entails costing the activities, which implies linkages with the Budget process. The Ministry involved has the responsibility to ensure that budget estimates for their proposed activities are prepared, which would guide the implementation of policy and law. The implementation of the reforms has been facilitated by an increased allocation of resources in the national budget and support from cooperating partners.

Fiscal Authorities

The Minister responsible for Finance is charged with the responsibility of mobilising and managing financial resources. (For details on revenue mobilisation, refer to Objective 1). The line Ministries and other government institutions prepare budget estimates for compilation by the Ministry of Finance which assesses and makes recommendations for consideration by Cabinet. Once Cabinet approves the estimates they are submitted for consideration by Parliament. Once approved by Parliament,
authority is given to the Minister of Finance to raise and expend the resources as proposed and approved.

(ii) ZRA is an agent of the Ministry of Finance responsible for collecting tax revenue, and non-tax revenues are collected by other delegated Government agencies. To improve the effectiveness of fiscal policy, the Government is undertaking a number of reforms including PEMFA. The overall objective of PEMFA is to contribute to the efforts of Government in improving capacity to effectively and efficiently mobilise and utilise public resources (improve public expenditure management) and to strengthen overall financial accountability.

The Programme is coordinated by the Ministry of Finance and National Planning. PEMFA has 13 components, covering: (i) commitment control and financial management systems; (ii) IFMIS implementation; (iii) improved fiscal policy and economic planning; (iv) reformed budget preparation and budget execution; (v) improved debt management; (vi) improved internal audit; (vii) better external finance and coordination; (viii) legal and regulatory framework; (ix) strengthened external audit; (x) enhancing parliamentary oversight; (xi) accountancy training and regulation; (xii) public procurement reform; and (xiii) centralised computer services department.

(iii) The PEMFA programme commenced in January 2005 following the signing of the MoU in December 2004 by GRZ and a group of donors: DFID, the European commission, the Netherlands, Ireland, Denmark, Norway, Sweden, the World Bank, Finland, Germany and the UN country team.

The MTEF is used to strategically allocate resources to achieve the national objectives articulated in the developmental plans. The consultative process for preparation of development plans and budgets is transparent as all most relevant and important stakeholders belong to the institutional structures that are widely consulted by the Ministry of Finance that coordinates the process.

4.3.2.126 Challenges

4.3.2.127 However, there are still significant capacity constraints, particularly in the line ministries, in provincial and district administrations, to implement some of the reforms. This has a negative impact on programme implementation,

(iv) Lack of familiarity with new concepts can adversely affect Government’s ability to meet its public finance management reform. Therefore, key institutions (MoFNP and Cabinet Office) need to ensure continued awareness and orientation towards new methods/systems and best practices developed and also continue to train and maintain organisational capacity to ensure that the gains made under the PEMFA Programme and other PFM reforms continue beyond the programme life.

4.3.2.9. Measures to Make Economic Policies Predictable

(a) Consultation with Stakeholders

4.3.2.128 The provisions and processes established to ensure consultation with all stakeholders in Zambia is mixed. At the more general level of planning and defining economic policies, there are administrative provisions relating to the planning process, but there is no backup legislation. However, provisions relating to monetary and budget policy exist.

4.3.2.129 Zambia returned to national development planning in 2002 as the key way through which scarce national resources would be allocated. Prior to 2002, four national development plans had been prepared until 1991, when there was a preference for an open market system.
4.3.2.130 At the time of articulating the FNDP, it was recognised that the existing regulatory and legislative systems with regard to planning and budgeting were not in tandem. The Public Finance Act gave powers to the Executive to provide management, supervision and control and direction of all matters relating to the financial affairs of the country. However, there was no legislation that explicitly dealt with planning, including the institutions and processes that would guide the process. Arising from this realization, it was envisaged that within the first few years of the FNDP, a legal and administrative framework to guide planning would be put in place. As at end 2009, this has not been effected. Consequently, the Government has no legal obligation to undertake any consultations with stakeholders in identifying economic policies for the country.

4.3.2.131 The above notwithstanding, there are some provisions relating to specific policies such as Monetary Policy. The Bank of Zambia Act stipulates that the Bank of Zambia (BoZ) shall formulate and implement monetary and supervisory policies that will ensure the maintenance of price and financial systems stability so as to promote balanced macro economic development. There is a great level of transparency in the system with the Bank communicating its policy objectives to the general public on a regular basis.

(b) Process to Formulate and Monitor Economic Policies

4.3.2.132 At national level, SAGs work closely with sector ministries to first review and then identify relevant policies required to be included in the national development plan. Similar consultations are then undertaken at provincial and district level. On the basis of the recommendations from all these levels, economic policies are then identified and included in the national development plans.

4.3.2.133 With regard to monitoring and evaluation, a similar inclusive process exists. At national level, a key structure to be utilised is the SAG that ensures that non-state actors are fully involved in M&E. At community level, community based organisations and traditional rulers are some of the key stakeholders expected to play a role in monitoring whether the agreed upon policies are adhered to.

(c) Public Awareness of National Economic Policies

4.3.2.134 The preparation of policy in Zambia is a highly consultative process. Any proposed new policy, in any sector of the economy, generally receives wide publicity as well as wide consultations, especially for key stakeholders. As a result of the foregoing, there is usually a lot of awareness among key stakeholders on the intentions of Government with regard to specific policies.

4.3.2.135 Challenges

4.3.2.136 There are a number of challenges that the country faces with regard to making economic policies predictable. These generally relate to the legal and institutional framework to guide the formulation process. With the exception largely of monetary policy, there is no legislative guiding principle with regard to the direction of Government economic policy. Consequently, Government cannot be held accountable, through a legislative requirement for not undertaking a policy measure in the national development framework. This has tended to cause the public to lose confidence in Government economic policy, which in turn tends to affect implementation due to a low sense of ownership.

4.3.2.137 Recommendations

4.3.2.138 Based on the preceding findings and discussion, it is recommended that Government clearly articulate its economic policies in a specific legislation framework which will provide for wider consultation, such as the proposed planning and budgeting Act.

4.3.2.139 Policy Co-ordination Challenges

4.3.2.140 The general assessment is that currently there is limited engagement or collaboration from the central Government and the sub-national structures other than the administrative structure that exist between the Headquarters and the their departments at provincial and district level.
4.3.2.141 To specifically assess the current status of coordination and capacity development within relevant departments in implementing sound, transparent and predictable economic policies, the following are addressed:

(a) **Resource transfers to Ministries and Agencies**

4.3.2.142 In any given year, the Ministry of Finance and National Planning prepares a cash flow forecast that outlines the expected revenues and expenditures for that particular year. It is further updated on a quarterly basis taking into account new developments and findings. MPSAs profile their monthly cash flow requirements for the quarter and submit these to the Ministry of Finance and National Planning. However, whilst the MPSAs submit their funding profiles, the MoFNP does not provide timely information of the resources the institution is expected to receive, thereby, creating uncertainty and planning challenges amongst spending agencies.

(b) **Abandoning of public projects and programmes**

4.3.2.143 Instructions by the Treasury through the Budget Call Circular instruct MPSAs to derive their respective programmes from the FNDP. In addition, MPSAs are advised to complete on-going projects before embarking on new ones. Whilst these instructions prevent MPSAs from diverting from national priorities, there is no formal provision that may prevent the Treasury from not funding public projects.

4.3.2.144 It should further be observed that public projects to a large extent could be considered abandoned given the meagre resources attached to the project in a given year. Examples can be observed in areas such as roads and other infrastructure projects where the amount allocated does not reflect the realistic cost of the project.

(c) **Absorptive capacity of spending ministries and agencies**

4.3.2.145 In the period, 2006-2009, absorptive capacity on capital programmes continued to be a challenge for MPSAs. The underperformance on capital programmes was a result on the non-release of funds by the Treasury on account of the slow pace of implementation of projects/programmes, thereby resulting in the low absorption of funds. Further evidence of the low absorptive capacity is the huge carry over balances by MPSAs at the end of the financial year. However, MPSAs attribute the late release of funds by the Treasury as the major problem in MPSAs failing to absorb funds quickly.

4.3.2.146 **Recommendation**

4.3.2.147 Based on the preceding findings and discussion, it is recommended that the absorptive capacity of MPSAs to implement government programmes be strengthened.

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**4.3.3 Promote Sound Public Finance Management**

4.3.3.1. **Medium-term Fiscal Framework**

4.3.3.2. The medium term fiscal framework is implemented through the MTEF, introduced in 2004, as a measure to address weaknesses in the budgetary and planning processes. The MTEF translates the Government policy objectives over a three-year horizon into financial resource allocations. In addition, it details the fiscal framework within which the policy objectives will be met and in turn, provide the ceilings under which Ministries, Provinces, and Spending Agencies prepare their budgets.

4.3.3.3. In this regard, all spending agencies use the ABB procedures to link their budgets to service delivery and other targets. As a result of the ABB, members of Parliament and the public have more detailed information on the various aspects of the budget.
4.3.3.4. Zambia has put in place an integrated MTEF and budget planning process that reflects international good practice. It has culminated in a more structured and phased approach to budget preparation (see Figure 4.3). The salient features involved in the development of the medium term fiscal framework undertaken annually are:

(1) **The preparation of a Budget Consultation Paper**

4.3.3.5. As of 2007, the Ministry of Finance and National Planning commenced the process of engaging the political leadership (Cabinet) on the strategic focus of the MTEF and the annual budget. The aim was to reach a consensus and seek guidance in advance of the budgeting process on the key areas of focus given competing demands from various sectors. It is a positive step that Cabinet has an input into the fiscal frame before it is developed and finalized.

(2) **The finalization of the MTEF and Green Paper**

4.3.3.6. Several steps are undertaken before the MTEF is finalised which include consultations with key stakeholders such as the Co-operating Partners and Sector Advisory Group meetings. In addition, the three-year macro-fiscal framework is rolled forward and updated. It is at this stage that Cabinet approves the medium term fiscal framework before it is published.

(3) **The Finalization of Draft Budget**

4.3.3.7. The stage involves the final updating of the fiscal framework due to changes in macro-economic assumptions and parameters. It further includes the preparation of institutional budgets and approval by Cabinet.

**Figure 4.3: Existing MTEF/Budget Preparation Cycle**

**Source:** 2010 Public Expenditure Review Background Paper.
4.3.3.8. Current Status of Public Finance Management

(a) Domestic Revenue

4.3.3.9. In the period 2005-2009, budget performance could be characterised as satisfactory amid challenges associated with budget execution. Total revenues, excluding grants, averaged 99.1 percent of the budget estimate (see Figure 4.4).

Figure 4.4: Domestic Revenue

![Revenue Outturn](image)

4.3.3.10. Tax revenue performance continued to be strong on account of higher collections under income tax, excise duty and trade taxes despite the effects of the global crisis in 2008. Non-tax revenue performance has also improved over the years due to enhanced enforcements and increased accountability by most government ministries.

(b) Expenditure

4.3.3.11. Total expenditures in the period 2005-2009 averaged 92.1 percent representing an average underperformance of 7.9 percent owing to a large shortfall in releases for capital programmes, a short budget implementation period and persistent delays in procurement processes (Figure 4.5). Whilst budget performance on aggregate has improved, variances across individual budget heads continue to be significant. In addition, supplementary budgets presented to Parliament on an annual basis undermines the credibility of the budget process.
4.3.3.12. As a share of GDP, domestic revenues have averaged 17.7 percent, declining from 19.0 percent in 2008 to 15.7 percent in 2009 (see Table 4.17). Expenditures have been heavily skewed towards current expenditures. It is envisaged that the liquidation of arrears will create fiscal space for capital expenditures to increase in the outer years.

**Table 4.17: Fiscal Operations of the Central Government (in percent of GDP) 2005-09**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue and Grants</th>
<th>Domestic Revenues</th>
<th>Expenditures</th>
<th>Current Expenditures</th>
<th>Wages and salaries</th>
<th>Goods and Services</th>
<th>Capital Expenditure</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>23.0</td>
<td>17.4</td>
<td>25.7</td>
<td>18.0</td>
<td>7.6</td>
<td>3.8</td>
<td>7.0</td>
<td>2.6</td>
</tr>
<tr>
<td>2006</td>
<td>42.9</td>
<td>16.9</td>
<td>23.1</td>
<td>18.4</td>
<td>7.2</td>
<td>4.5</td>
<td>4.1</td>
<td>1.2</td>
</tr>
<tr>
<td>2007</td>
<td>23.3</td>
<td>18.7</td>
<td>24.5</td>
<td>19.8</td>
<td>7.7</td>
<td>5.3</td>
<td>4.0</td>
<td>0.2</td>
</tr>
<tr>
<td>2008</td>
<td>22.9</td>
<td>19.0</td>
<td>24.4</td>
<td>19.6</td>
<td>8.3</td>
<td>4.6</td>
<td>3.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2009</td>
<td>18.4</td>
<td>15.7</td>
<td>21.5</td>
<td>18.0</td>
<td>8.2</td>
<td>4.1</td>
<td>3.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Finance & National Planning.

(c) **Accounting for Government revenue and expenditure**

4.3.3.13. In Zambia, the Ministry of Finance and National Planning is charged with the responsibility of compiling the financial report which details Government expenditures and revenues. Additionally, the report has information such as the stock of Government arrears and financial statements of quasi-government institutions. The Public Finance Act provides for the office of the Accountant General, who is responsible for the compilation and management of Government accounts, the custody and safety of public money and public stores under the supervision of the Secretary to the Treasury to prepare the report.

4.3.3.14. Once finalised, the financial report is submitted to the office of the Auditor General to scrutinize the utilisation of public funds by MPSAs. The Auditor General’s report is then submitted to the President, who must submit it to the speaker of the National Assembly. The speaker delegates scrutiny of the report to the Public Accounts Committee (PAC) which has powers to summon controlling officers to account for any discrepancies in the use of public resources.
(1) Public Monitoring

4.3.3.15. Government revenues are collected by Zambia Revenue Authority and a number of MPSAs (non-tax revenue). There is no regular and established mechanism for monitoring both tax revenue and non-taxes by the Treasury. With regard to expenditure, there have been attempts to establish a formal mechanism for expenditure tracking. On the spot monitoring is coordinated by the Ministry of Finance and National Planning. However, this is done on an ad hoc basis.

(2) Reporting to the Public

4.3.3.16. The Government prepares a consolidated financial statement annually, which includes full information on revenues and expenditures. It should be noted that assets and liabilities are partially captured due to the Government’s cash accounting system. The financial statements are prepared on a cash basis in the same activity-based format as the budget presentation. The statements are prepared according to international accounting standards and presented in consistent format over time. The Government is in the process of adhering to the International Public Sector Accounting Standards (IPSAS). Whilst much information is available on government websites, the timeliness of the posting poses continues to be a challenge.

(d) Public Oversight over Fiscal Operations

4.3.3.17. Information on Government’s fiscal operations are now much more available. Key documents such as the Auditors General’s Report are much more accessible. In addition, due to the recent Parliamentary reforms, members of the public may be allowed to attend sittings of Portfolio and General Purposes Committees of Parliament.

4.3.3.18. The oversight role over Government’s fiscal operations is mainly undertaken by the office of the Auditor General and the Public Accounts Committee of the national assembly. The powers and mandate of the Auditor General are laid out in the Constitution, the Public Audit Act and Public Finance Act. According to the Public Audit Act, the AG “...is empowered to audit the accounts and record of the Government ministries, parastatals and other statutory bodies as need arises”... The AG’s office is required to produce annual reports of the audited organisations within twelve months.

4.3.3.19. Until recently, the AG’s office was accused of being less effective in their role of providing oversight function in the way public finances are managed. To this end, reforms aimed at enhancing the AG’s capacity have been implemented, key among which is the decentralisation process. Capacity enhancing programs have also been implemented, with more professional training in audit methodology, including computer supported methods. As a result, audit reporting has improved and the office has been able to adhere to the constitutional requirement (12 months from the AG’s receipt of financing reports) for submitting its annual audit reports to Parliament. This process has been facilitated by recent improvement in the timing of receipt of MPSA’s financial statements.

4.3.3.20. However, despite the MoFNP’s early submission of financial reports, the AG’s transmission of audit reports to Parliament has remained the same. There has however been an improvement in the period between performance of an audit and submission of reports to Parliament. In recent times, the AG’s work has received positive media coverage, with exposure of wide ranging financial irregularities.

(e) Legal Provisions

4.3.3.21. An Act to amend the Constitution was assented to on 28th August 2009 whose purpose was to allow the Minister of Finance to change the budget cycle which would allow for budget implementation to be spread over a twelve month period. The Act further gave rise to the insertion of Article 118A which stipulates that “Parliament shall enact budgeting and planning legislation which shall provide for matters that relate to the annual Budget and to medium and long-term development plans”. This provides an opportunity to the Government and the country as a whole to provide a legal backing to the MTEF processes and principles.
Budget Approval by the Legislature

4.3.3.22. The time allocated to Parliamentarians to discuss and approve the National Budget is close to three months, as required by good practice on budgetary transparency of the Organisation for Cooperation and Economic Development (OECD). The Minister of Finance had traditionally targeted the last Friday in the month of January to present his Budget. This was, however, changed in 2009, following an amendment to the Constitution.

4.3.3.23. The dates on which Parliament approved the last five budgets were:

(i) 2006 Budget: April 2006;
(ii) 2007 Budget: April 2007;
(iii) 2008 Budget: March 2008;
(iv) 2009 Budget: March 2009; and,
(v) 2010 Budget: December 2009.

Amendments adopted by the Parliament to the draft Budget

4.3.3.24. The draft Budget goes through few amendments primarily due to the budget consultative process and ruling party having majority voting powers in Parliament. While debating the 2010 Budget, Parliament made amendments proposed by the Executive to 3 votes (heads of expenditure) out of a total of 51.

4.3.3.25. Challenges

4.3.3.26. There are a number of challenges encountered in adopting and implementing a Predictable Medium Term fiscal framework in Zambia. These include:

(1) AG’s office

4.3.3.27. There are no rules or provision for external and independent audit of the AG. A special unit within the AG carries out the internal audit function. The AG is nominated by a sitting President and ratified by Parliament. This process affects the autonomy of the office of the Auditor General. Proposals during the NCC to have an AG directly appointed by Parliament were turned down.

4.3.3.28. The AG has financial constraints like all other Government units and is dependent on the Minister of Finance. This goes against the rules of INTOSAI, where an AG is supposed to be funded by and report to Parliament.

4.3.3.29. Another challenge pertaining to the work of the AG is the lack of a link with prosecuting agencies. In the current legislation, there is no system for following up on matters highlighted in the annual reports. It is argued that the reports are merely discussed in Parliament, without follow-up action with prosecution offices.

(2) Parliament

4.3.3.30. Parliament is the constitutionally mandated institution through which Governments are held to account to the electorate. In Zambia, the Public Accounts Committee is responsible for carrying out the legislative oversight of the utilisation of sums appropriated by Parliament. The PAC conducts in depth hearing on all cases that are brought to its attention and summons controlling officers to appear and explain the cases. Officers from the AG and Accountant General are always on hand to help the PAC.

4.3.3.31. With support under the Parliamentary reform program, there has been an improvement in the PAC’s work. The reforms include increasing transparency of Parliamentary business through dissemination activities, such as live media coverage of proceedings, and raising the capacity of Committees of Parliament.

4.3.3.32. On the basis of the AG reports, and public hearing with controlling officers, the PAC prepares a consolidated report which is sent to the Government, through the Secretary to the Treasury. The Secretary to the
Treasury notifies the concerned MPSA on the PAC recommendations, and records all follow-up action, which is communicated to Parliament. A Public Account sub-committee is supposed to look into all outstanding issues and consider the treasury minutes. Although the executive is expected to report back within 60 days, there are often delays. Furthermore, the implementation of recommendations is not time bound.

(3) Incompleteness of financial statements

4.3.3.33. Financial Statements financial statements do not give a full picture of Government’s financial status. By simply indicating revenues and expenditures, information about the true value of Government assets is not captured.

(4) No legal provision for the MTEF process

4.3.3.34. There is no legal provision providing for the MTEF process, including the date for presenting the national budget. The annual budget calendar exists by means of custom, rather than set out by regulation.

(5) Lack of credibility of Forecasts

4.3.3.35. In Zambia, the outer year allocations of the MTEF are subject to considerable uncertainty. This can be observed by analysing expenditure ceilings provided to Ministries in three MTEFs compared to the actual budget for the Ministry. For example, the Ministry of Education were provided with a 2007 ceiling of K1.18 trillion in the 2005-2007 MTEF, K1.48 trillion in 2006-2008 MTEF and K1.01 trillion in the 2007-2009 MTEF. However, the 2007 Budget for the Ministry of Education budget was K1.62 trillion (see Table 4.18).

| Table 4.18: Ministry of Education Aggregate Expenditure Ceiling, 2005-2009 |
|---------------------------------|-------------------|-----------------|
| 2004 Publication               | K1,184,242,305,538  | 27               |                      |                      |                      |                      | K1,616,144,701,038  |                      |
| 2005 Publication               | K1,483,616,432,163  | 8                |                      |                      |                      |                      |                      |                      |
| 2006 Publication               | K1,010,179,365,000  | 37               |                      |                      |                      |                      |                      |                      |

4.3.3.36. Similarly, the Ministry of Works and Supply was given an allocation of K 217.1 billion in the 2005-2007 MTEF, K 320.5 billion in the 2006-2008 MTEF and 165.1 billion in the 2007-2009 MTEF. However, the 2007 budget was K 217.1 billion far below the provided allocations in the MTEF periods (See Table 4.19).

| Table 4.19: Ministry of Works and Supply Aggregate Expenditure Ceiling, 2005-2009 |
|---------------------------------|-------------------|-----------------|
| 2004 Publication               | K413,455,775,560   | (90)             |                      |                      |                      |                      | K217,121,821,823  |                      |
| 2005 Publication               | K302,457,202,356   | (39)             |                      |                      |                      |                      |                      |                      |
| 2006 Publication               | K165,148,205,755   | 24               |                      |                      |                      |                      |                      |                      |
| Source: Ministry of Finance and National Planning. |

4.3.3.37. The 2008 Public Expenditure and Financial Accountability (PEFA) assessment found that steady improvements had been achieved in public finance management over the past few years. The credibility of the budget had improved with the average variance between actual expenditure and the original budget averaging just over 5 percent during 2005-2007. At the level of MPSAs, budget deviations averaged around 15 percent in 2005-07. While this reflected a significant improvement compared with an average deviation of over 30 percent during 2002-04, budget variance was still extensive.
(6) Slow Implementation of Reform Efforts

4.3.3.38. It has been observed that the major programme under the PEMFA, the Integrated Financial Management Information System (IFMIS) has been delayed. Reasons have ranged from contractual disputes to capacity constraints.

(7) Government Reform Process

4.3.3.39. The Government has over the last few years undertaken a number of reforms in the area of public financial management aimed at improving public expenditure management and financial accountability. The reforms have included the following: the introduction of a payroll management and establishment control system; the introduction of a financial management system; and the introduction of a Medium Term Expenditure Framework.

4.3.3.40. These reforms have, however, not provided the optimal public financial management system as evident by findings in the Auditor General’s report. Weaknesses have been observed in most areas of the public financial management cycle from internal controls to budget preparation. The 2008 Public Expenditure and Financial Accountability (PEFA) assessment discovered weaknesses relating to the extent of compliance with internal controls both because of inadequate information flows (including poorly integrated databases), and because of capacity constraints which led to poor budget predictability.

4.3.3.41. Recommendations

4.3.3.42. Based on the preceding findings and discussion, it is recommended that:

(i) An independent body such as a private firm audit the operations of the Auditor General;
(ii) The Government consider widening the audit coverage in a given fiscal year by scaling up the funding to the Office of the Auditor General;
(iii) The Government ensure IFMIS is successful such that the public and the Government can have a complete picture of the country’s financial statement; and,
(iv) The MTEF process be institutionalised through budget legislation.

4.3.3.43. Fiscal Decentralization

(a) Legal Provisions and Policies

4.3.3.44. The decentralization process started in 1993 as one of the pillars of the Public Sector Reform Program (PRSP) and officially launched as the National Decentralization Policy in November 2004. The objective of decentralisation was to achieve a fully decentralised and democratically elected system of governance characterised by an open, predictable and transparent decision-making process as enshrined in Article 109 of Part VIII of the Constitution. The focus was to decentralise and strengthen the local government system to redress the declining standards of public service delivery at both central and local government levels. Zambia has opted for devolution of functions as the preferred form of decentralization. To realise the objectives, the interplay between expenditure needs and the revenue base of local authorities should be strengthened.

4.3.3.45. To this effect, fiscal decentralisation has been developed as one of the key elements of the National Decentralisation Policy. Fiscal Decentralisation involves reassignment of expenditure and revenue functions from the central Government to local authorities to improve programme implementation and service delivery at local level. This process aims at ensuring that the financial resources reach the intended targets and also foster transparent and efficient mobilisation, management and utilisation of resources.

4.3.3.46. The decentralisation process was initially coordinated by Cabinet Office but was taken to the Decentralization Secretariat within the Ministry of Local Government and Housing in 2003. To facilitate the implementation of the policy, the Decentralisation Implementation Plan (DIP) was developed in 2005 but only approved in January, 2010. The DIP outlines a generic structure indicating how districts are expected to perform, with
clear division of responsibilities between the central and local levels. The policy implementation time frame as outlined in the DIP was divided into three phases. The first phase was to cover the period 2002 to 2005 within which the following had to be done:

(i) establishment of the Decentralisation Secretariat in November 2003;
(ii) the launch of the decentralisation policy in August, 2004;
(iii) approval of the interim decentralisation implementation plan in November, 2004;
(iv) transfer of the Decentralisation Secretariat from Cabinet Office to MLGH in January 2005;
(v) recruitment of permanent staff of secretariat in February 2005; and,
(vi) preparation of the comprehensive decentralisation implementation plan

4.3.3.47. During phase two, which was planned to run from 2006 to 2010, the implementation plan was to:

(i) finalise the preparation of the comprehensive decentralisation implementation plan;
(ii) putting in place the necessary administrative structures, systems and mechanisms;
(iii) undertake devolution;
(iv) undertake institutional and human resources capacity building activities; and,
(v) carry out extensive sensitisation of the population on the legal and administrative aspects of decentralised Governance.

4.3.3.48. Phase three is planned to run from 2011 to 2012 during which the gains made during the previous years will be consolidated through enhancement of and strengthening of institutions of decentralisation.

(b) Inter-governmental Fiscal Architecture

4.3.3.49. An inter-governmental fiscal architecture has been designed focussing on three transfer modalities, which are:

(i) restructuring grants to improve local authority capacities by clearing retrenchment/retirement costs and other debts;
(ii) recurrent grants to support costs of running local authorities in addition to own resources such as property tax, personal levy and user charges. It is envisaged that the recurrent grant will replace the ad hoc general purpose grant currently given to local authorities; and,
(iii) capital grants which will be the vehicle through which development funds will be disbursed to local authorities.

(1) Restructuring Grant

4.3.3.50. The purpose of the Recurrent Grant was originally to provide support to Councils to make their size “right” according to the functions they perform. In many councils, this would have entailed retrenchment of staff. However, due to the huge liabilities of Councils, this grant has been redesigned to include support for purposes of clearing off any liabilities. The criteria for dismantling debts are based on the size of the liabilities and the local revenue base.

4.3.3.51. Good progress has been made in the design of this grant and an Operational Manual (OM) for the grant has since been developed to provide overall guidelines on the utilisation of the restructuring grant. The MLGH will verify data of all the 72 councils between January and February 2010. An allocation of K22 billion has been provided in GRZ’s 2010 Budget to fund retirement of local government pension obligations and other debts. However, several key decisions remain to be made before the design can be finalized. The Management Development Division (MDD) of the Cabinet Office is carrying out a work program that will result in restructured staffing patterns and structures for all local governments in Zambia.
(2) Recurrent Grant

4.3.3.52. The purpose of the Recurrent Grant is to support financially weak Councils to ensure their stable operation. This Grant is intended to supplement their budget to enable them cover recurrent costs. It will be necessary, therefore, for MFNP in conjunction with MDD and MLGH to agree on the key variables to be used in the interim recurrent grant. The MDD in conjunction with the MoLGH are in the process of developing principles that will help in determining the core staffing recurrent cost structures required for district councils to carry out their core/traditional functions. Once this work is complete, it will be possible to accurately budget for recurrent grant allocations to each council.

Table 4.20: Grants to be provided to local authorities

<table>
<thead>
<tr>
<th>Grant</th>
<th>Activities to be undertaken</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring Grant</td>
<td>Determine debt stock between 2007 and 2009 after which actual amount disbursed to councils Determine actual crop levies between 2007 and 2009 Determine actual value of GRZ assets Determine salary and highest qualification of management staff</td>
<td>The release of the restructuring grant is conditional on councils clearing off retrenchment benefits. District councils will be supported without any condition. Municipal and city council will be supported only when they accept the condition to pay 50 percent towards clearing off terminal benefits. The second priority is to clear salary arrears but the actual amount to be provided to councils will be determined by MLGH based on verified debt stock.</td>
</tr>
<tr>
<td>K22 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent Grant</td>
<td>Compensate rural councils for revenues lost as a result of the abolition of crop levies Assist rural councils cover their operational costs Improve service delivery performance in all councils.</td>
<td>Actual amount to be provided to councils in respect of lost crop levy revenues will be based on the potential revenues from crop levies to be verified during the verification exercise. The disbursement for institutional and service delivery components will be done on a quarterly basis starting in January to cover the day-to-day operations. Each of the 54 councils will receive K500 million per year or K125 million per quarter. A total of K25.7 billion will be released to all councils based on a formula developed by MLGH.</td>
</tr>
<tr>
<td>K69.3 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Grant</td>
<td>K10 billion to be given to Lusaka City to continue the drainage programme, while 12 new councils to receive K1 billion each and apply on projects they will identify. Priority projects for new councils to include office, chamber of council or staff accommodation.</td>
<td>Lusaka City Council and 12 new councils will be requested to submit their programme/project work plans by end of January 2010. Once the plans are scrutinised and approved by DISS, LGA and DPPH, the grants will be disbursed to the concerned councils.</td>
</tr>
<tr>
<td>K22 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant in Lieu of Rates</td>
<td>Each district will receive a share from K22 billion to be determined by MLGH</td>
<td>The share of the funds to be disbursed will be based on the results of the actual value of Government assets in each district verified through the verification exercise to be undertaken by MLGH by May 2010.</td>
</tr>
<tr>
<td>K22 billion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and National Planning.

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151 The formula has five variables: 1) weighted poverty (%) based on the moderate poverty and the extreme poverty rates; 2) percentage of population lacking access to clean water; 3) percentage of population lacking access to sanitation facilities; 4) percentage of population lacking access to input market; 5) percentage of population lacking access to public transport.
(3) Capital Grant

4.3.3.53. The purpose of the Grant is to support Councils to implement capital projects listed in their development plans. An allocation of K22 billion has been provided in 2010 to cover capital projects in Lusaka and 12 district councils that have minimum facilities to perform their duties. From 2010, Government has introduced a formula based grant system to make resources predictable and pre-determined and share resources in a fair and transparent manner. This system allows Government to track down the usage of grants by Councils and this will lead to a performance assessment of Councils. For 2010, this will be applied only to the Recurrent Grant, however, this will be gradually applied to other grants.

(c) Policies and Programmes initiated by Sub-national Authorities

4.3.3.54. Zambia has not fully implemented fiscal decentralisation given the late approval of the DIP. The country is in the process of strengthening local authorities before the actual devolution takes place. Notwithstanding, the current grant system from the central Government to local authorities is not adequate to meet the revenue needs of the local authorities. For instance, Lusaka City council has been grappling with the problem of drainage blockages.

4.3.3.55. Challenges to Fiscal Decentralization

4.3.3.56. The following are the key challenges to the effective implementation of the fiscal decentralisation:

(1) Diminished revenue base

4.3.3.57. Over the years, the financial capacity of local authorities has been weakened partly by the loss of revenue sources arising from decisions of central government. For instance, the sale of council rental houses to sitting tenants; and the repeal of the Beer Surtax Act, which prevents councils from receiving this kind of revenue and the general failure of Central Government to share local taxes with councils. The reassignment of local government mandates to agencies of central government has also impacted negatively on the revenue base.

(2) Lack of mechanism for effective accountability

4.3.3.58. Although the local administrative and political structures exist in Zambia, implementation of the fiscal decentralisation has been marred, in the main, by the presence of the de concentrated Central Government structures in the local jurisdiction that are performing statutory local government functions but are not exactly accountable to the local constituents.

(3) Imbalance between functions and resources

4.3.3.59. The performance of local authorities is uneven, with most of them having very limited sources of revenue. The remote and rural council are particularly hardest hit, as they have limited and unreliable sources of revenue. However, even the councils in urban areas do not have as diversified sources of income as would be desirable. As a result, the councils have varying levels of indebtedness, again with the remote, rural based councils faring worse than the urban located ones.

(4) Lack of capacity to attract and retain professional and experienced staff

4.3.3.60. It has been observed that certain personnel do not have the relevant qualifications for the jobs they hold. To further compound the situation, poor conditions of service make it difficult if not impossible to attract and retain professionals.
(5) Decline in the level and predictability of intergovernmental transfers

4.3.3.61. Over the years, the treasury has not released the budgetary allocations for intergovernmental transfers in full. To exacerbate the situation, the releases have not been timely. In addition, they have been some concerns raised on the parent ministries not releasing the entire budget allocation to the lower government structures at provincial and district levels.

(6) Ineffective Coordination

4.3.3.62. Coordination challenges between Government departments, and the role of traditional authorities has impacted negatively on service delivery by local authorities. In some districts, the power relationships between District Commissioners and Town Clerks could be better managed. The varying levels of decentralisation for constituent DDCC members also pose coordination challenges.

4.3.3.63. Recommendations

4.3.3.64. Based on the preceding findings and discussion, it is recommended that:

(i) The Government explore ways and means of expanding the revenue base of councils. This would improve on service delivery and maintain credible staff; and,

(ii) The DIP be strictly adhered to.

4.3.4. Fighting Corruption and Money Laundering

4.3.4.1 The Fight against Corruption

4.3.4.2 The ACC Policy defines corruption\textsuperscript{152} as: "soliciting, accepting, obtaining, giving, promising or offering of gratification by way of a bribe or other personal temptation or inducement or the misuse or abuse of a public office or authority for private advantage or benefit through bribery, extortion, influence peddling, nepotism, fraud, rushed trials, and electoral malpractices."

4.3.4.3 The ACC policy document further defines unethical behaviour as; "any action or conduct which, in the view of an honest and reasonable person or observer, creates the impression of violating society’s established ethical standards, including the codes of ethics and conduct or other institutional disciplinary code, which may likely put the nation or organisation in disfavour or dispute."

4.3.4.4 The definitions of corruption under the main international anti corruption instruments are more or less the same, although the one under SADC protocol is brief compared to that under the United Nations Convention against Corruption which is more elaborate, and has detailed specific State Parties’ obligations.

(a) Causes and Magnitude of Corruption

4.3.4.5 The Zambia Government started assessing the prevalence and extent of corruption with the publication and wider dissemination of the National Governance Baseline Survey in 2004. It captured the perceptions about corruption by the Zambian public.

4.3.4.6 A wide range of dimensions/aspects of corruption (nature/type, extent, frequency, causes, effects and impact/consequences) were assessed including the integrity of institutions and quality of services they provide. Table 4.21 below shows some of the results in the survey report.

\textsuperscript{152} The ACC policy that was approved by Cabinet in March 2009 defines Bribery as the act of offering someone money or other valuables, in order to persuade him to do or not to do something. Bribe is defined as gift of money, favour or material given to persuade someone to do or not to something.
Table 4.21: Perception of select Aspects of Corruption

<table>
<thead>
<tr>
<th></th>
<th>RESPONSE</th>
<th>Response Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption is ....</td>
<td>Very Serious</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Serious</td>
<td>20</td>
</tr>
<tr>
<td>Current State of Corruption compared to ten years ago (Household level)</td>
<td>Much Worse</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Worse</td>
<td>20</td>
</tr>
<tr>
<td>Payment of Bribes, Gratification</td>
<td>Low Income</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Middle Income</td>
<td>52.4</td>
</tr>
<tr>
<td></td>
<td>High Income</td>
<td>52.5</td>
</tr>
<tr>
<td>Causes of corruption (Public officials' responses)</td>
<td>Customary practice</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Lack of effective media</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Lack of effective judiciary</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>Lack of effective corruption reporting system</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>Absence of meritocracy in public service</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Poor economic policies</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Lack of transparency in political process</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td>Low salaries</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: Governance Baseline Survey Report.

4.3.4.7 Zambians have a very good understanding of corruption, but hold varying views when it comes to identification of activities/behaviour that constitute corruption. The Table below shows that 89 percent of Zambians indicated that paying bribes to obtain favours from someone was corruption.

4.3.4.8 However, only 58.4 percent felt that nepotism (e.g. employing relatives/friends without following proper procedures) was corruption, meaning that the remaining 41.6 percent probably saw no ethical problem with nepotism. This may be due to lack of awareness and knowledge about what constitutes corruption combined with entrenched traditional beliefs, values and norms in some customary practices. Other factors that contribute to corruption include among others; poverty, greediness, lack of transparency in political process and low salaries.

4.3.4.9 Corruption is prevalent both in the public and private sectors. A total of 87 percent of Zambians felt that corruption was either a very serious or serious problem that Government needed to deal with. After four years, only 1.3 percent of Zambians had reported corruption complaints to (relevant) authorities as shown in Table 4.22.
Table 4.22: Selected Indicators of Corruption

<table>
<thead>
<tr>
<th>Variable</th>
<th>Response (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Understanding of Corruption</strong></td>
<td></td>
</tr>
<tr>
<td>Paying to obtain a favour</td>
<td>88.7</td>
</tr>
<tr>
<td>Using public office to enrich yourself ....</td>
<td>57.3</td>
</tr>
<tr>
<td>Paying more than the prescribed fines</td>
<td>66</td>
</tr>
<tr>
<td>Employing your relative or friend without following proper procedures</td>
<td>58.4</td>
</tr>
<tr>
<td><strong>People who reported corruption complaints</strong></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>1.3</td>
</tr>
<tr>
<td>Rural</td>
<td>1.3</td>
</tr>
<tr>
<td>Urban</td>
<td>1.4</td>
</tr>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
<tr>
<td><strong>Awareness of select governance oversight Institutions</strong></td>
<td></td>
</tr>
<tr>
<td>Integrity Committees\textsuperscript{153}</td>
<td>5.6</td>
</tr>
<tr>
<td>Auditor General</td>
<td>18.6</td>
</tr>
<tr>
<td>Police Service</td>
<td>68.9</td>
</tr>
<tr>
<td>Police Public Complaints Authority</td>
<td>8.1</td>
</tr>
<tr>
<td>Anti Corruption Commission</td>
<td>22.9</td>
</tr>
<tr>
<td>Judicial Complaints Authority</td>
<td>4.7</td>
</tr>
<tr>
<td>Commission for Investigations (Ombudsman)</td>
<td>3.7</td>
</tr>
<tr>
<td>Traditional Authorities</td>
<td>55.6</td>
</tr>
</tbody>
</table>


4.3.4.10 Transparency International (TI) regularly assesses corruption levels in a number of countries including Zambia. The Transparency International Corruption Perception Index (CPI)\textsuperscript{154} for Zambia has remained relatively low for most of the last ten years averaging 2.6 before improving to 2.8 and 3.0 in 2008 and 2009 respectively.

4.3.4.11 In terms of categories of nations, Zambia has recorded some improvements, having started in the 9th category in 2001, remained in the 11th category from 2002-2004, sliding back to 9th category in 2006 before leaping to the 17th and 19th categories in 2008 and 2009 respectively.

\textsuperscript{153} Integrity Committees (ICs) are new administrative structures that were created between 2005 and 2008 by the ACC in thirteen public institutions to prevent corruption in service delivery, viz Lusaka City Council; Ndola City Council, Livingstone City Council, Zambia Revenue Authority, Immigration Department, Passports Office, Zambia police, Patents and Companies Registration Office, Ministry of Lands, Road Transport and Safety Agency, Anti Corruption Commission, .

\textsuperscript{154} The CPI is a survey of surveys that measures the degree to which corruption is perceived to exist among public officials and politicians in over hundred countries around the world. It focuses on perceptions and not factual/hard data (that is virtually impossible to determine and its validity questionable in the realm of corruption). This uncertainty made Transparency International to develop a composite index based on different sources of information. The 2009 CPI drew on 180 countries, 13 different polls and surveys from 10 independent institutions carried out among experienced observers, such as business people and country analysts, including local experts. Therefore the CPI is not in anyway the opinion of TI but a reflection of valid scientific data from independent professional organisation that TI collects and uses in the CPI.
Table 4.23: Corruption categories and Corruption Perceptions Indices, 2001-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Ranked Category</th>
<th>CPI Score</th>
<th>Countries Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>9th</td>
<td>-</td>
<td>90</td>
</tr>
<tr>
<td>2002</td>
<td>11th</td>
<td>2.6</td>
<td>102</td>
</tr>
<tr>
<td>2003</td>
<td>11th</td>
<td>2.5</td>
<td>133</td>
</tr>
<tr>
<td>2004</td>
<td>11th</td>
<td>2.6</td>
<td>146</td>
</tr>
<tr>
<td>2005</td>
<td>10th (out of 60 categories)</td>
<td>2.6</td>
<td>159</td>
</tr>
<tr>
<td>2006</td>
<td>9th (out of 58 categories)</td>
<td>2.6</td>
<td>163</td>
</tr>
<tr>
<td>2007</td>
<td>13th (out of 64 categories)</td>
<td>2.6</td>
<td>180</td>
</tr>
<tr>
<td>2008</td>
<td>17th (out of 60 categories)</td>
<td>2.8</td>
<td>180</td>
</tr>
<tr>
<td>2009</td>
<td>19th (out of 66 categories)</td>
<td>3.0</td>
<td>180</td>
</tr>
</tbody>
</table>

Box 4.1: 2009 CPIs for selected African countries

Botswana 5.6, Mauritius 5.4, South Africa 4.7, Ghana 3.9, Rwanda 3.3, Benin 2.9 Tanzania 2.6, Mozambique 2.5, Malawi 3.3, and Rwanda 3.3

Source: Transparency International Zambia

4.3.4.12 Note that the CPI score of a country is more important as an indication of the perceived level of corruption than its rank.

(b) Progress in the Fight against Corruption

4.3.4.13 The Zambian Government’s effort in fighting corruption is bearing fruit and is being recognised by international community. The cooperating partners have continued to support the Government efforts through a number of ways in order to consolidate the gains made so far.

(1) Policy Framework

4.3.4.14 The fight against corruption began some three decades ago with the enactment of the Corrupt Practices Act No. 14 of 1980 that provided for the establishment of the ACC. This Act was repealed by the Anti Corruption Commission Act No. 42 of 1996 that widened and broadened the ACC mandate to fight corruption.

4.3.4.15 In 2000 the Zambian Government launched the National Capacity Building Programme for Good Governance (NCBPGG) in which the Government acknowledged the need to fight corruption and improve public service delivery.

4.3.4.16 The Government declared zero tolerance on corruption and launched the NMAC in March 2002. This was followed by publication of the National Governance Baseline Survey in 2004 with active support of the cooperating partners. The report informed a lot of anti corruption programming in most stakeholder institutions, including formulation of the National Anti Corruption Policy began that was eventually approved in March 2009 and launched by H.E. President Rupiah B. Banda in August 2009. The policy provides a framework for a more inclusive approach to the fight against corruption using best practices contained in the international instruments that Zambia has acceded, signed and/or ratified. As noted elsewhere, the FNDP dedicated a Chapter to Governance issues, including programmes and activities aimed at fighting and preventing corruption.

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155 In 2009, DIFD, UK pledged £ 5 million for use by the ACC to implement the new Anti Corruption Policy. The operations of the Task Force on Corruption were financed by the cooperating partners.
(2) Institutional Arrangement

(i) The Anti-Corruption Commission

4.3.4.17 The ACC was established by the Corrupt Practices Act No. 14 of 1980, Chapter 91 of the Laws of Zambia. This Act was repealed by the Anti-Corruption Commission Act No. 42 of 1996 which widened and broadened the ACC mandate. The new Act empowered the ACC to develop its own procedures and delegate some of its functions and powers to other institutions (such as Integrity Committees that have been established in thirteen public institutions across the country). The Commission is headed by a Director General (DG) as its chief executive officer. S/he and the Commissioners (the policy making body) are appointed by the President subject to ratification by Parliament. The Commission is chaired by a person holding or has held high judicial office. He/she is assisted by four other commissioners.

4.3.4.18 The Director General must be a person who is qualified to hold or has held high judicial office and must be a full-time employee of the ACC. The DG enjoys security of tenure until the age of sixty-five. His/her removal from office is thus possible only upon specified reasons and following the fulfillment of a lengthy procedure initiated by a resolution of the National Assembly. The ACC has extensive investigative powers except over issues that fall under the State Security Act (this shifted the primary provision for offences of corruption from the Penal Code and primary responsibility for investigating corruption from the Police Service to the ACC).

4.3.4.19 The Commission can search and access bank accounts and records of suspects after obtaining a search warrant from a Magistrate. A written consent from the Director of Public Prosecutions (DPP) is required to prosecute corruption offences in the courts of law.

4.3.4.20 The Commission’s reports are sent to the President for onward submission to Parliament. The Commission has powers to receive, investigate, and prosecute corruption cases. The Commission can advise and make recommendations based on its findings to any appropriate authority, which must act within a stipulated period and thereafter report back on the actions taken.

4.3.4.21 It was reported that the skills and expertise of ACC officers are limited for handling financial crimes. The complex nature of financial and commercial transactions need qualified financial investigators. This technical deficiency is reflected in the low ratios of corruption cases that result in convictions vis-à-vis those reported and prosecuted. The ACC has working arrangements with the Drug Enforcement Commission (DEC), the Zambia Police and the Auditor General’s Office. These three law enforcement agencies coordinate their work, since financial crimes more often than not include cases of corruption and/or money laundering.

4.3.4.22 In order to streamline the anti-corruption fight, the ACC has facilitated the establishment of the Integrity Committees (ICs) in thirteen public institutions. The ICs are composed of officers appointed by the Controlling Officers of the institutions to help prevent corrupt activities and deal with complaints from the general public who are the beneficiaries of these services. The ACC train the ICs and helps them develop work-plans and Service Charters (that indicate the quality and timelines of services provided by the institution). The training covers topics such as corruption and governance; definition of public officer; conflict of interest; ethics and code of conduct; corruption vulnerability assessment; work-process re-engineering; service/client charter; customer service centre; administrative law; leadership and change management.

4.3.4.23 The ICs prepare quarterly reports that are first sent to the ACC (to check on completeness and accuracy) for onward submission to the Secretary to Cabinet. In order to improve efficiency of public service delivery the Commission is also working with institutions in work process re-engineering i.e. streamlining the processes of service delivery by eliminating unnecessary requirements and procedures that their clients have to comply with. There are proposals to set up one-stop facilities in various areas like border points and institutions that issue licenses/permits.

4.3.4.24 In 2002, a Presidential Task Force on Corruption was constituted to investigate allegations of financial misconduct involving high level Public Officers covering the period 1991 to 2001. The Task Force was funded by Cooperating Partners. Following its disbandment, the task force has been merged into the ACC.
4.3.4.25 Article 121 of the Constitution provides for the establishment of the Office of Auditor General (AG). The AG is appointed by the Republican President subject to ratification by National Assembly – thus guaranteeing the independence of the AG from the other arms of Government. It is the responsibility of the AG to audit all public accounts and satisfy him/herself that public funds were expended for their intended purposes, and accounted for according to the Public Finance Regulations. The AG’s mandate extends to accounts of parastatals, statutory corporations, and every private institution which received a government grant, subsidy or subvention in any financial year. The Public Audit Act confers immunity on the AG from any action and proceedings in respect of the findings of any audit, examination, or inspection carried out in the exercise of their mandate. It is also an offence for any person to obstruct or resist the AG or person acting under her/his authority.

4.3.4.26 Article 121(4) of the Constitution requires the AG, not later 12 months after end of the financial year, to submit an annual report on public accounts to the President, who also is required to table it before the National Assembly within the first seven days of the next sitting of Parliament after the report was received from the AG. If the President delays submission of the report, the AG is required to submit the report to the Speaker of the National Assembly. The AG is authorized by the Public Audit Act to prepare a special interim or other audit report relating to his/her investigations if he/she has reason to believe that delay in reporting serious irregularities in expenditure of public funds through the annual report may occasion financial loss to the government or prejudice effective financial control.

4.3.4.27 In Zambia, the AG has good access to the records, books, reports or other documents as well as the premises of most institutions, including the Defence Forces and the Zambia Intelligence Security Service. However, this access may be denied if it is perceived to prejudice the security, defence or international relations of the country or the investigation or detection of offences, or involve the disclosure of any matters or deliberations of a secret or confidential nature of the Cabinet or any sub-committee of the Cabinet.

4.3.4.28 Of late a lot of interest has been given to the Auditor General’s report because of the numerous incidences of mismanagement of public funds that it brings to light (Table 4.24). However, the Office of the Auditor General pointed out that most of the irregularities that the AG brings out are not necessarily corruption (for example unretired imprest, wasteful expenditure, unsupported/unvouched expenditures, misapplication of funds, uncollected and unbanked funds, failure to follow tender procedures, non-adherence to contract terms, etc), but are serious pointers to incidences of corruption as further investigation of these instances of mismanagement of public funds have led to conviction and imprisonment of public officers.

4.3.4.29 The AG does not stop reporting cases of mismanagement of public funds until adequate explanation and corrective action are executed by relevant offices. In fact the AG reports are historical in nature, as such outstanding cases do not lapse as there is no time limit for the AG to bring them to the attention of the relevant authorities. The AG has no influence on the extent to which its findings form the basis for launching investigations, indicating the importance of collaboration. Stakeholder roles need to cover as much ground and be exhaustive so that there no areas left unattended to.

4.3.4.30 Even though the OAG has done a good job of late, it is not clear who audits the accounts of the OAG. Best practice is that another institution should audit the OAG books of accounts and then pass them for discussion with other interested parties.
Table 4.24: Number and Status of Issues raised in Auditor General’s Reports

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dealt With</td>
<td>69</td>
<td>165</td>
<td>74</td>
<td>36</td>
<td>143</td>
<td>201</td>
</tr>
<tr>
<td>Remedial Action Still in progress</td>
<td>120</td>
<td>78</td>
<td></td>
<td></td>
<td>198</td>
<td></td>
</tr>
<tr>
<td>Followed up by ST, referred back to AG for verification</td>
<td>65</td>
<td>87</td>
<td>20</td>
<td>26</td>
<td>85</td>
<td>113</td>
</tr>
<tr>
<td>Before the Courts of Law</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Relevant Controlling Officer written to, but no progress reported</td>
<td>62</td>
<td>45</td>
<td>14</td>
<td>25</td>
<td>76</td>
<td>70</td>
</tr>
<tr>
<td>No action</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total Number of Issues Raised</strong></td>
<td><strong>200</strong></td>
<td><strong>434</strong></td>
<td><strong>109</strong></td>
<td><strong>173</strong></td>
<td><strong>607</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Auditor General’s Reports

(iii) Director of Public Prosecutions

4.3.4.31 Article 56 of the Constitution establishes the office of the Director of Public Prosecutions (DPP) who is appointed by the President subject to ratification by Parliament. The DPP gives permission to public institutions with powers to prosecute criminal cases through the courts of law; and can in the same breath discontinue court proceedings before judgement is delivered. S/he gives the permission in person, but can delegate the powers to institute and undertake criminal proceedings to any other public institution.

4.3.4.32 Although the constitution guarantees the independence of the DPP from the Executive, there is no legal framework to effect that independence. All the employees in the DPP’s office belong to the Ministry of Justice which also handles all its financial matters. In effect the DPP does not have a say on who is to work under him, nor does s/he have control over finances to run his/her office.

4.3.4.33 All prosecutors carry out their work on behalf of the DPP, but it is not mandatory for them to report on how the prosecutions are being handled. Some institutions like the police prosecutors report to the Inspector General of Police. It is therefore difficult for the DPP to have an idea how competent the prosecutors are in these institutions, or their failure/success rates.

4.3.4.34 In order to ensure good performance by prosecutors, the DPP’s office prepared a Prosecutors’ Manual that is undergoing stakeholder consultation to provide input. It contains internationally recognised best practices and the (guidelines) code of ethics for prosecutors.

4.3.4.35 In the same way that the DPP issues permits to institutions to prosecute, s/he can also stop prosecutions without giving reasons. There are no limits in terms of time or monetary value for which permits are issued. The DPP has own performance criteria for efficiency and effectiveness that ensures protection of the public interest.

4.3.4.36 Some of the systemic weaknesses will be addressed through the implementation of the National Prosecutions Policy that was approved by Cabinet in 2009. The policy will provide a basis for establishment of the National Prosecutions Authority that will handle administrative and financial issues on its own to guarantee its independence from other arms of Government.

(iv) Parliament

4.3.4.37 Article 62 of the Constitution stipulates that the National Assembly consists of Parliament and the President. The Zambian Parliament discharges its functions through Parliamentary Committees that act as channels of

156 Parliamentary undertakes its functions of legislative, oversight on the executive, budgetary, representative and ratification of constitutional offices through Parliamentary Committees. There are two types of Committees: Sessional [that include three House-Keeping Committees and Watchdog Committees (that include four General purposes Committees and eleven Portfolio Committees)] and Select Committees (Ad hoc Committees appointed to look into specific matters and stand dissolved after finishing their work). The Watchdog Committees are composed of backbenchers and are empowered to elect their own chairpersons.
communication between the Government, the public and Parliamentarians themselves. There are four General Purposes Committees157 (watchdog and investigatory in nature, cutting across all ministries, Departments and all statutory institutions, corporations and authorities), and eleven Portfolio Committees. The portfolio Committees scrutinise the functions and activities of Government Ministries and departments by studying and reporting on the mandate, management and operations of Ministries, statutory institutions and bodies or corporations that fall under the relevant Ministries. They also deliberate on Bills that are referred to them by the House. They are therefore specialist Committees by design, and their composition reflects the Political Party representation, gender, preferences and experiences but also a Member's academic qualification. The Economic Affairs and Labour Committee is charged with the responsibility of scrutinising how the Executive manages the economy.

4.3.4.38 Except for House Keeping and Select Committees, the sittings of all sessional committees of the National Assembly are open to the general public, but attendance may be restricted depending on the nature of business at hand. The National Assembly prepares and publishes a schedule of meetings that different Parliamentary Committees would be convening with various government institutions to discuss their performance – successes, failures, inadequacies, and how they addressed issues that were raised during the period under review.

4.3.4.39 Members of the general public are encouraged to attend and present their various views during these sessions in order to improve transparency in the deliberations. The National Assembly has power to summon any individual or institution to appear before it or one of its Committees to provide information (written and oral presentation) on issues that would contribute to the advancement of the country. This legitimises the work of Parliament, but also provides opportunity for Parliament to be aware of the public's sentiments. The National Assembly (Powers and Privileges) Act guides the conduct of MPs and members of the general public that observe or take part in the parliamentary proceedings. Although the Committee proceedings are open to the general public, the deliberations and recommendations remain the guarded property of the National Assembly until tabled and adopted by the House.

4.3.4.40 Government ministries, departments and other public institutions are obliged to submit their annual reports detailing their income and expenditure, and their performance and operations to enable MPs make informed decisions. During ‘Question Time’ at the beginning of each day, MPs may ask Ministers questions requiring oral answers. Ministers can make interim statements regarding the operations of their ministries. MPs can move motions requesting the government to do something about a perceived problem, or state its position on a particular matter. After committee reports are adopted by the House, copies of the report document are sent to the respective Ministries to take action on the observations and recommendations made by the Committee. The Action-Taken Reports (prepared under the leadership of the Parliamentary Business Division, Office of the Vice-President) or Treasury Minute (the response from the Ministry of Finance) should be submitted to the National Assembly and tabled in the House not more than sixty days from the date on which a particular committee report was adopted.

4.3.4.41 In terms of combating corruption and misappropriation of public funds, the Public Accounts Committee158 (PAC) scrutinises and examines the government accounts. PAC examines the use of funds that the National Assembly appropriated to Ministries, Provinces and other Spending Agencies (MPSAs) to undertake expenditure on behalf of, and to benefit the general public. PAC uses the Auditor General’s reports and any other authoritative reports on public accounts that may come into its possession. When the AG’s report is submitted to the National Assembly by the President, it is first examined by the PAC which then tables it before the House for debate and adoption. The PAC159 has powers to summon witnesses, question them and demand explanations on any relevant issues. Although National Assembly is the institution that appropriates

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157 These include Public Accounts Committee (PAC), Estimates Committee, Committee on Delegated legislation and Committee on Government Assurances.

158 Members of PAC are appointed at the beginning of each session of National Assembly through a resolution that is moved by the Minister of Finance. Traditionally, the Chairperson of the PAC comes from the opposition political parties or independent MP. PAC is a “miniature” Parliament in that its members enjoy the same powers, privileges and immunities as the House itself. The National Assembly (Powers and Privileges) Act of the Laws of Zambia and the Standing Orders give power to the National Assembly and any of its committees to order the attendance of witnesses and production of documents.

159 See also Article 117 of the Constitution for elaboration of the powers that may be conferred on PAC.
money from the central treasury, it has no mandate to punish public officers found guilty of abusing public resources. It may recommend sanction, but the responsibility of dealing with erring officers is passed on to appropriate institutions under the direct supervision of the executive arm of government.

4.3.4.42 The Zambian Parliament has a chapter of African Parliamentarians’ Network Against Corruption (APNAC). It was established in 2004, but has yet to have its own staff and office space which were provided by the by National Assembly. Membership to APNAC Zambia is voluntary, and as at end of 2009, 62 MPs had renewed their annual membership. Membership is drawn from both backbenchers and Cabinet Ministers. Ex-MPs and members of staff of legislative bodies are eligible to be honorary members. The operations of APNAC are financed by cooperating partners because the contributions by the members are not sufficient to sustain its operations.

4.3.4.43 APNAC has an eight-member executive committee that has undertaken a number of activities such as developed a strategic plan; convened Annual General Meeting in 2009 at which Zambia was voted the President of APNAC; attended the conference of States Parties of the United Nations Convention against Corruption held in Doha, Qatar; raised awareness on radio and TV; published brochures, posters; and convened a workshop for MPs. The Zambian chapter will facilitate development of a Code of Conduct for members in Africa as agreed at the 2009 AGM with assistance from the World Bank Institute.

(v)  
Zambia Police – Fraud Unit Department

4.3.4.44 The Anti Fraud Unit of the Zambia Police handles financial fraud. Cases referred to it are, however, mixed with cases of mere theft of public funds; this results in referral of cases to appropriate units. The complex and dynamic nature of financial crimes results in low conviction rates. The Zambia Police Service has trained some of its officers in forensic accounting, fraud, financial crimes and cyber crime. These courses are offered under the auspices of the Southern Africa Regional Police Chiefs Organizations (SARPCO), Interpol, foreign embassies, NGOs and the Zambia Police College. Legislation has been adopted to address issues of financial crimes, such as the National Payment System Act 2007 and the Computer Crimes Act.

(vi)  
Non-State Actors

4.3.4.45 The non-state actors refer to all those individuals and organisations that are not part of government structures, but are interested in the management of public affairs. They include civil society organisations, private sector entities and their associations, faith-based organisations and community-based organisations. They actively lobby and advocate for implementation of good governance practices in the management of public affairs, in particular the design and implementation of improved anti-corruption policies, laws and strategies. In Zambia the main non-state actors that have an interest in the fight against corruption matters include:

(i)  
TIZ, whose overall objective is to develop sustainable capacity in the civil society, media, public and private sectors to effectively fight corruption and promote high integrity and good governance in Zambia;
(ii)  
Integrity Foundation;
(iii)  
FODEP;
(iv)  
Catholic Commission for Justice, Development and Peace (CCJDP) through its Economic Justice Programme (EJP) is one of the foremost activists on better management and utilisation of public finances;
(v)  
Law Association of Zambia provides collective view and advice by legal professionals in Zambia;
(vi)  
Jesuit Centre for Theological Reflection (JCTR) championed the cause of Jubilee 2000 Zambia Campaign that led to cancellation of huge amounts of debt that Zambia owed the international creditors. The combined efforts of civil society organisations with those of government resulted in the cancellation of about US$7 billion through the HIPC and Multilateral Debt Relief MDR Initiatives in 2006. JCTR has continued to be interested in
efficient use of public resources, and therefore contribute significantly to the fight against corruption;

(vii) Economics Association of Zambia (EAZ) provides a forum for members of the general public to discuss topical economic issues, including public finance management;

(viii) Zambia Institute of Chartered Accountants (ZICA) represents the interests of certified accountants, and advises government on fiscal management;

(ix) Apart from lobbying for high remuneration for their members, the labour unions’ advocate for better, prudent financial management, as this would lead to better incomes for workers.

(vii) **Legal Provisions in Public Procurement**

4.3.4.46 Parliament passed the Zambia Public Procurement Act in 2008, repealing the Zambia National Tender Act and transformed the Zambia National Tender Board (a procurement entity) into the Zambia Public Procurement Authority (ZPPA), a regulatory agency. This new Act has stronger checks and balances through incorporation of people outside the institution to sit on the Procurement Committees. The ZPPA will provide oversight on all Procurement Entities that use public resources to procure goods and services. By the end of 2010, the new Act will do away with the spending thresholds that were imposed on MPSAs under the ZNTB Act.

(viii) **Legal Provisions establishing a National Code of Conduct of Civil Servants**

4.3.4.47 There are a number of initiatives to develop codes of conduct/ethics, not only for civil servants but for people in other walks of life. For example, the Parliamentary and Ministerial (Code of Conduct) Act requires individuals to declare their assets and liabilities when they become MPs and/or Ministers. The Civil Servants’ conduct was guided by the provisions in the General Orders that stipulated how they should behave as public officers. These were revised in 2003 to take into account the latest developments in the field of human resource management; and in its place are two sets of documents - the Service Commission Regulations and the Terms and Conditions for Employment in Civil Service.

4.3.4.48 In 2008 Management Development Division of Cabinet Office developed and disseminated the Code of Ethics for civil servants. These are generic and it is expected that it will be adopted and adapted to come up with specific sector codes of ethics by all Ministries and/or public institutions.

4.3.4.49 There were complimentary efforts by projects like the Zambia Threshold Project (under the Millennium Challenge Account), Private Sector Development Programme (PSDP), and FSDP to formulate Client or Service Charters that are supposed to operationalise the provisions of the Codes of Conduct. Unfortunately, the few that have been developed are statements of good intent that do not have provisions of sanctions for non-compliance to the standards that have been set out.

(ix) **Cases of Corruption Assessed**

4.3.4.50 Most of the corruption cases in the courts of law are as a result of violation of public procurement procedures. Table 4.25 below gives an indication of the cases that have been reported and acted upon.
### Table 4.25: Corruption Cases in Zambia, 2003-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported</th>
<th>Authorised for Investigations</th>
<th>Prosecuted</th>
<th>Convicted</th>
<th>Acquitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2,056</td>
<td>No data</td>
<td>No data</td>
<td>No data</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>1,917</td>
<td>512</td>
<td>46</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>2005</td>
<td>1,734</td>
<td>554</td>
<td>30</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>2006</td>
<td>1,985</td>
<td>685</td>
<td>33</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>2007</td>
<td>2,011</td>
<td>458</td>
<td>29</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>290</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2,073</td>
<td>290</td>
<td></td>
<td>17</td>
<td>8</td>
</tr>
</tbody>
</table>

**Source:** Anti Corruption Commission

#### 4.3.4.51 In 2009, the following cases were resolved in the courts of law:

(i) A former Zambia Air Force commander was convicted and sentenced to six years imprisonment with hard labour for abuse of authority of office by awarding the business tender for cleaning services to his company worth over K450 million;

(ii) A former Lands Minister was convicted and jailed for four years for abusing authority of office by corruptly acquiring land at Mass Media without following laid down procedures;

(iii) A former Managing Director and Accountant of ESCO were convicted and jailed for two years for theft of K350 million. The defendant has appealed against the court ruling;

(iv) A former Mkushi Council Secretary was jailed for two years for corruptly paying himself K12 million as a loan, illegal allocation of plots of land, and forgery; and,

(v) A Senior Procurement Officer of Ndola Provincial Administration was convicted and jailed for three years simple imprisonment for failing to declare interest in the evaluation and award of tenders in the company where she had an interest as Director involving K92 million and K105 million.

#### 4.3.4.52 Challenges

#### 4.3.4.53 There are a number of challenges that the country faces in the fight against corruption. These include:

1. **Difficulties with Interpretation of Corruption**

#### 4.3.4.54 Almost all the internationally accepted definitions of corruption are put in such a way that some of the corruption offences do not fall under the purview of any governance oversight institution. For example, whereas it is generally accepted that favouritism based on any other criteria than meritocracy or affirmative action policy constitutes bad governance there are no specific laws or institutions to provide oversight in these grey, difficulties areas. There is no law or institution that handles complaints about tribalism, nepotism or racism where individuals in positions of authority trade in favours and influences based on these traits. It is very difficult to prove that individuals are trading in favours or influence based on race, tribe or any other kinship relationship. In particular tribalism and racism evoke emotional responses because they are sensitive topics, and most people have little incentive to take up the risk and engage in an honest discussion of these bad practices. Thus there is no institution where one can formally lodge a complaint against alleged favouritism along tribal lines.

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**Note:**

160 For more detailed description of the illicit dealings and schemes using public resources refer to the book *Show Me the Money!* written by Edem Djote and Pamela K. Chama, published by Transparency International Zambia (Revised Edition 2007)

161 Note that the opposite of favouritism (which avails opportunities for recipients of such favours) based on these traits is discrimination (that results in denial of opportunities for potential beneficiaries), which is widely and loudly condemned by all manner of stakeholders.
Legal technicalities around corruption issues make prosecution of corruption cases difficult. There is ambiguity between the criminal and non-criminal nature of corruption. It is generally agreed that corruption is wrongdoing but to what extent is wrongdoing deemed a criminal act determines what can and cannot be taken up for prosecution. Since corruption is a criminal offence, the law requires that cases be proven beyond any reasonable doubt, meaning that if there is any doubt the court judgement should be in favour of the accused.

It is, therefore, recommended that corruption be classified according to the gravity of the offence and circumstances under which such offences were committed. In fact, with misdemeanour offences, the ACC has been working closely with the principal officers in various public institutions to report and deal administratively with such cases.

(2) Limited Coverage of Codes of Conduct

The Parliamentary and Ministerial Code of Conduct Act affects only 150 public officials out of more than 150,000 people serving in public institutions. There is no requirement under this Act for senior public officials to lodge the same information (on assets, interests and liabilities) at the time of leaving office as is required at the time of assuming such public office. Therefore it is difficult for authorities to ascertain whether these former public officials illicitly earned any income beyond their known, declared means. The Chief Justice as receiver of the declaration has no capacity to verify the accuracy of the declarations. The current practice is for MPs and ministers to make declarations every five years, and no one has faced any sanctions for non-declaration of the assets, liabilities and interests.

The sector-based codes of conduct that have been developed, and the service charters that operationalise them don’t have sanctions for failure of compliance, thus making them ineffective. Therefore it is important to make concerted efforts to strengthen laws that deal with conflict of interest and disclosure of assets/ liabilities.

There is need to enforce and implement the codes of conduct/ethics. The government should also direct all the regulatory and/or oversight institutions to develop and enforce standards and codes governing their sectors.

(3) Resistance to Governance Reform Efforts

Governance reforms that seek to eliminate opportunities for corruption are often times frustrated by inaction by officers with vested interests, especially through delays in the adoption of good governance best practices. For example, although Section 10 of the ACC Act requires the Controlling Officer to respond within 30 days of being written to, it doesn’t prescribe any sanctions if s/he does not adhere to this requirement. The same weakness has been observed in the provisions of the service charters where there are no sanctions against institutions for failing to meet the purported standards of service.

If the decision-makers who are supposed to be in the forefront of implementing anti corruption programmes are involved in corruption activities they will frustrate government efforts to bring about a corrupt free environment. Removal of discretionary authority from most public offices and involving outsiders in decision-making process will make checks and balances more effective, and service delivery more efficient. The same can be said about decision-makers in non-governmental organisations, who in fact have too much discretionary authority and are held to lower standards of accountability and transparency for resources they manage and utilise.

Adoption of more transparent and accountable governance systems will help improve credibility of the governance system in both governmental and non-governmental organisations. The same standards that are used in holding public officers to account for how they managed and utilised resources should be used for officers in non-governmental organisations, including the private sector (who are the supply side when it comes to public resources).
4.3.4.63 Grand corruption involves people who are in policy/decision-making positions, and usually involves more money. This presents a dilemma in that oversight institutions fail to bring corruption cases, until such officials/officers are removed from office. If they were to surface whilst such powerful people are in office, the corruption cases are not investigated thoroughly.

4.3.4.64 Also there is too much focus on corruption involving high-level decision-makers and politicians, and little attention is paid to administrative corruption that affects most of the poor people. It is recommended that a lot more effort and resources should be devoted to removing opportunities for corruption at lower governance structures so that there is value-for-money in the delivery of public goods and services. Strategies include development and enforcement of service charters in service institutions; more transparent, participatory decision-making processes;

4.3.4.65 It is generally difficult to measure the magnitude of corruption (in economic terms) in the whole economy as most of these illegal transactions are never reported or captured in the surveys. Trading in favours is not easily detectable, and even if it were it is difficult to quantify it in monetary terms or any other units of measurement, even though one can prove that it was corruption. It is also just as difficult to put a value on a tangible natural resource like land where incidences of corruption are common.

4.3.4.66 It is recommended that concerted efforts be made by government to develop monitoring and evaluation systems with indicators that are easily measurable, and can render themselves to comparisons. The information collected in the M&E system will help improve the anti-corruption programming by various stakeholders.

4.3.4.67 Money Laundering

(a) Measures Implemented to Combat Money Laundering

(1) Legal Measures

4.3.4.68 Zambia has made some significant progress in combating money laundering and the financing of terrorism. This is evidenced by the enactment of various pieces of legislation on money laundering, the financing of terrorism, corruption, criminalising of many predicate offences and enhancing of the integrity of the judicial system and law enforcement. Specifically, the Government has set the tone for the development of an anti-money laundering culture through:

(i) The enactment of the Narcotic Drugs and Psychotropic Substances Act, 1993;
(ii) The enactment of the Prohibition and Prevention of Money Laundering Act, 2001;
(iii) The enactment of the Anti-Terrorism Act, 2007; and
(iv) The issuances of Anti-Money Laundering Statutory Directives by the financial regulatory authorities to financial institutions in 2004.

4.3.4.69 Further, the BoZ opted the Basel Committee on Banking Supervision 1988 Statement of Principles on the Prevention of the criminal use of the banking system for the purpose of money laundering by issuing the Know Your Customer and Foreign Currency Cash Transactions in 1998.

Zambia has also addressed issues of integrity in the judiciary and law enforcement agencies through the following:

(i) The enactment of the Judicial Code of Conduct Act No. 13 of 1999;
(ii) The establishment of the Judicial Complaints Authority by Act No. 13 of 2006;
(iii) The establishment of the Police Public Complaints Authority by the Zambia Police Amendment Act No. 14 of 1999;
(iv) The establishment of the Office of the Investigator General (the ombudsman) by Act No 21 of 1991; and
(v) The establishment of Integrity Committees within the Judiciary and Law Enforcement Agencies pursuant to the National Corruption Prevention Policy.

(2) Institutional Measures

The Government has undertaken a number of institutional and administrative measures to combat money laundering which include the establishiing of the following:

(i) The Drug Enforcement Commission in 1989 under Act no. 87 of 1989 (the Dangerous Drugs Act of 1989) whose mandate includes collection, collation and dissemination information on narcotic drugs and psychotropic substances and to receive and investigate any complaint of alleged or suspected breach of the Act and prosecute offences under the Act;
(ii) The Anti-Money Laundering Authority (AMLA), under the Prohibition and Prevention of Money Laundering Act, 2001, provides general and specific policy direction to the Commissioner of the Drug Enforcement Commissioner with respect to anti-money laundering issues. AMLIU’s functions are to collect, receive, investigate transactions suspected to be part of money laundering. Other functions include prosecution of money laundering offences, liaising with other law enforcement agencies, supervising the reporting requirements of regulated institutions A National Anti-Money Laundering Task Force chaired by the Permanent Secretary in the Ministry of Finance and National Planning has been formed. It consists of senior officials from law enforcement, legal, regulatory authorities and the Finance Ministry. Its main objectives are to enhance domestic cooperation, overseen adoption and implementation of international Anti-Money Laundering/Combating of Financing of Terrorism (AML/CFT) standards as well as development of national AML/CFT strategies;
(iii) The Government has drafted the Anti-Money Laundering and the Combating of Financing of Terrorism Country Strategy Paper for the period 2009 to 2011 which will be supported by an action plan for implementing detailed recommendations for improving the anti-money laundering regime in Zambia; and,
(iv) In June 2009, the President of the Republic of Zambia directed that an independent Financial Intelligence Unit (FIU) be established in Zambia. Following the directive, a multi-disciplinary Task Team was formed in October 2009 to spearhead the formation of the FIU. The FIU is going to be housed at the Bank of Zambia in the interim period with a view to moving to its own permanent location in the future. Work to develop the FIU law, the organization structure and other logistics has commenced. It is expected that preparation for a functional FIU will be completed during 2010.

(b) Progress in Fighting Money Laundering

(1) Cases of Money Laundering in the Past Five Years

The Anti-Money Laundering Investigations Unit is mandated to receive suspicious transaction reports (STRs) from reporting institutions and other sources, investigate and prosecute money laundering offences in Zambia. The Table 4.26 below indicates the number of investigations, prosecutions and convictions for the period from 2003 to 2009.
Table 4.26: Investigations, Prosecutions and Convictions of Money Laundering Offences (2003 -2009)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008*</th>
<th>2009*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investigations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>88</td>
<td>197</td>
<td>192</td>
<td>171</td>
<td>146</td>
<td>102</td>
<td>137</td>
</tr>
<tr>
<td><strong>Prosecutions</strong></td>
<td>4</td>
<td>18</td>
<td>63</td>
<td>97</td>
<td>119</td>
<td>19</td>
<td>41</td>
</tr>
<tr>
<td><strong>Convictions</strong></td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>14</td>
<td>5</td>
<td>9</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: ESAAMLG Mutual Evaluation/Detailed Assessment Report

*Source: Drug Enforcement Commission

4.3.4.73 The effectiveness of the Anti-Money Laundering Investigations Unit (AMLIU) in combating money laundering faces a number of challenges. These challenges include reliance on the Drug Enforcement Commission for funding, other law enforcement agencies for secondment of staff and it is overshadowed by its location in the Drug Enforcement Commission. However, it is expected that these weaknesses will be overcome with the establishment of an independent FIU in 2010.

(2) Follow-up action including prosecution of cases of money-laundering

4.3.4.74 As indicated in Table 4.26 above, the Drug Enforcement Commission has investigated and prosecuted a number of money laundering cases in the past five years. Prominent among these cases is the conviction in 2009 of several civil servants from a Government Ministry for theft by public servant and money laundering and the conviction of a former Government Minister in 2006 for forgery, uttering false documents and theft by public servant.

4.3.4.75 Challenges

4.3.4.76 The following are some of the challenges as highlighted in the mutual evaluation report prepared by ESAAMLG:

(1) Inadequate legislative framework

4.3.4.77 The Prohibition and Prevention of Money Laundering Act (PPMLA) was enacted in 2001. Key short comings of the PPMLA fall broadly into two categories of criminalisation of money laundering and confiscation measures.

(i) Criminalisation of money laundering

4.3.4.78 The definition of money laundering is not wide enough. For example, it does not include the acquiring of proceeds of crime by any other means. Not all the relevant requirements of the UN Convention against Transnational Organised Crime are met by the PPMLA such as concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights relating to proceeds. The PPMLA does not define predicate offences specifically for the purpose of money laundering. Further, the Act requires a prior conviction of an offender for a predicate offence as a prerequisite for the prosecution of any offence. The current laws of Zambia do not provide for civil or administrative liability to run parallel with criminal money laundering proceedings.

(ii) Confiscation and provisional measures

4.3.4.79 With regard to confiscation measures, the PPMLA does not:

(a) provide for the forfeiture of property of equivalent value in the absence of the originally acquired property whose value has been determined;
(b) define specific instruments used in or intended for use in the commission of a money laundering or other offences;
(c) provide for forfeiture of property derived directly or indirectly from proceeds of crime such as income, profits or other benefits; and,
(d) provide for preventive measures to stop persons from entering into contracts where they have knowledge or ought to have knowledge that such contracts might have the effect of prejudicing the recovery of property subject to confiscation.

(iii) **Low level of suspicious transaction reporting**

4.3.4.80 Zambia does not have an administrative type of FIU which meets international best practice. The AMLIU which is intended to operate as an FIU suffers from weaknesses which undermine its capacity to play that role. It has not fulfilled some of its statutory obligations under the PPMLA and does not fully meet the Egmont Group definition of an FIU. This has resulted in under-reporting of suspicious transactions.

4.3.4.81 Table 4.27 indicates the number of suspicious transaction reports received by the AMLIU which currently performs some of the functions of an FIU. Given the prominent role that the financial sector plays in facilitating money laundering, the statistics suggest that there has been under-reporting of suspicious transactions by both banks and other regulated institutions.

**Table 4.27: Numbers of Suspicious Transactions Reports (STRs) Received by the AMLIU**

<table>
<thead>
<tr>
<th>STRs received</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008*</th>
<th>2009*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>0</td>
<td>37</td>
<td>71</td>
<td>70</td>
<td>54</td>
<td>49</td>
<td>98</td>
</tr>
<tr>
<td>Other financial institutions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-financial businesses and professions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other sources</td>
<td>88</td>
<td>197</td>
<td>192</td>
<td>171</td>
<td>146</td>
<td>102</td>
<td>137</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>234</td>
<td>263</td>
<td>241</td>
<td>200</td>
<td>151</td>
<td>235</td>
</tr>
</tbody>
</table>

*Source: ESAAMLG AML/CFT Mutual Evaluation Report on Zambia  
*Source: Drug Enforcement Commission

4.3.4.82 The underreporting is largely caused by the general perception by financial institutions that the AMLIU is focussed on investigating and prosecuting suspected money laundering cases and less on analysing the information to develop intelligence information that would assist the development of appropriate preventative measures and which could also be used or shared with other investigative agencies to conduct appropriate investigations. This perception is reinforced by cases where the AMLIU has prematurely frozen bank accounts. These actions have created reluctance by financial institutions to report suspicious transactions because it is not in their interest to have their customers unduly harassed. However, as discussed above, measures have been instituted to set up an independent FIU which is expected to overcome the weaknesses identified with current operations of the AMLIU.

(iv) **The cash-based economy**

4.3.4.83 A significant amount of economic activity is still conducted by cash in Zambia (FinScope study, 2005). Because cash transactions do not leave a paper trail, money launderers use this loophole to conduct their activities with a very low chance of detection. In order to contribute to address the challenge of a cash-based economy, Bank of Zambia has, over the past three years played a pivotal role in developing a modern payments system that is promoting the use of alternative payments instruments.

(v) **Weak law enforcement and prosecution capabilities**

4.3.4.84 Law enforcement and prosecution agencies still experience significant resource constraints in providing their officers with adequate equipment and anti-money laundering training. The staffing level for the Anti-Money Laundering Investigations Unit is low. Money laundering is complex and by nature an evolving phenomenon which requires that law enforcement agencies invest adequate resources in training in order for the officers to keep abreast with trends and new techniques developed for detection and prosecution.
(vi) The majority of supervisory authorities have not issued anti-money laundering regulations or directives

4.3.4.85 The PPMLA has designated a number of institutions in Zambia as supervisory authorities, among others; the Bank of Zambia, the Commissioner under the Securities and Exchange Commission Act, the Registrar of Banks and Financial Institutions, the Commissioner of Lands, Registrar of Companies and the Registrar of Pensions and Insurance. However, only the Bank of Zambia, the Securities and Exchange Commission and the Pensions and Insurance Authority have issued anti-money laundering directives to the institutions under their jurisdiction. In the case of the PIA, although the Directives have been issued, they have not been enforced yet. This means that a large number of regulated institutions are not actively involved in anti-money laundering prevention.

(vii) Absence of anti-money laundering regulation in key professions and businesses

4.3.4.86 In Zambia, there is a growing recognition that money launderers have been moving away from the banking sector and are progressively using non-financial businesses and professions to launder proceeds of their crimes. This displacement is occurring due to the increased vigilance against money laundering in the banking sector. Some cases before the Zambian courts involving high profile individuals who are accused of corruption and misappropriation of public resources show the extent to which firms of professionals both at home and abroad were used, either unwittingly or not, to launder proceeds of crime. However, to date no effective mechanisms have been implemented to ensure high risk professions and businesses such as such accountants, lawyers, precious stones and metal dealers are subjected to anti-money laundering requirements by their supervisory authorities.

(viii) Cross-border transportation of cash

4.3.4.87 Despite the existence of the Customs Act which requires persons to declare importation and exportation of currency notes of any kind in excess of the equivalent of US$5,000, a lot of cross-border transportation of cash still takes place because of the absence of equipment at border posts that can detect currency. The existence of numerous unofficial entry and exit points on borders with neighbouring countries also presents a challenge in combating illegal cross-border transportation of cash.

(ix) Alternative remittance systems

4.3.4.88 Alternative Remittance Systems (ARS) are parallel remittance systems which exists and operates outside the banking or financial channels.\(^{163}\) Example of ARS include ‘hawala’ (also referred to as hundi) which originated in South Asia before the introduction of western banking and ‘chop’, ‘chit’ or ‘flying money’ indigenous to China. These systems are often referred to as underground banking. However, this term is not always correct, as they often operate in the open and with complete legitimacy and these services are heavily and effectively advertised.\(^{164}\) ARS are used to move and launder large amounts of money quickly without a trail.

4.3.4.89 In hawala, an individual in one country gives funds to a hawala broker, who notifies a counterpart in another country, to transfer an equivalent amount of money to a recipient in that country. The transaction occurs informally, outside the regulated financial system, without using financial instruments that would create a “paper trail”. The very features that make hawala attractive to legitimate customers – efficiency, reliable access to remote or under-developed regions, potential anonymity, and low cost – also make the system attractive for the transfer of criminal proceeds or terrorist related funds.

\(^{163}\) The hawala alternative remittance system and its role in money laundering, Interpol, www.interpol.int/public/financialcrime/Money laundering/ hawala, 18January 2010, page 1

\(^{164}\) Ibid page 1
4.3.4.90 Recommendations

4.3.4.91 Based on the preceding findings and discussion, it is recommended that:

(i) The Prohibition and Prevention of Money laundering Act (PPMLA) be reviewed to conform to international best practice;
(ii) The Banking and Financial Services Act and the Anti-Terrorism Act be reviewed to enhance effectiveness against money laundering and terrorism financing;
(iii) AMLIU supervision of the implementation of preventive measures by financial and non-financial regulatory authorities (SEC, PIA Law Association of Zambia, Zambia Institute of Chartered Accountants, Registrar of casinos, Zambia Association of Real Estate agents, etc) be enhanced;
(iv) A financial intelligence unit that meets the Egmont Group standards be established;
(v) Level of awareness of AML/CFT issues be raised;
(vi) AML/CFT training of law enforcement agencies, public prosecutors and the judiciary be undertaken;
(vii) The Bank of Zambia encourage the financial sector to introduce electronic-based payments to reduce the use of cash;
(viii) The capacity of the law enforcement agencies in combating money laundering be enhanced;
(ix) The law enforcement agencies undertake typology studies in alternative remittance systems to establish the extent of the practice and in line with FATF Special Recommendation VI extends anti-money laundering compliance requirements to all ARSs that apply to banks and non-bank financial institutions;
(x) The FSDP Financial Access working team identify ways of promoting and increasing the use of the formal system, which would allow better monitoring and compliance with anti-money laundering laws; and,
(xi) Strong political will and leadership is required in the fight against money laundering.

4.3.5 Accelerating Regional Integration by Participating in the Harmonisation of Monetary, Trade and Investment Policies Promote

4.3.5.1 Membership and Accession

4.3.5.2 Zambia is a member of the Southern African Development Community (SADC) and the Common Market for eastern and Southern Africa (COMESA). Zambia signed the SADC and COMESA Treaties on 17th August 1992, in Namibia and 5th November 1993 in Uganda, respectively.

4.3.5.3 Zambia is also a member of the World Trade Organisation that came into existence on 1st January 1995. It is the only international institution tasked with overseeing the negotiations and implementation of rules governing the multilateral trading system.

4.3.5.4 In terms of the regional integration process, SADC launched its Free Trade Area in 2008 and is scheduled to become a Customs Union in 2010. On the other hand, COMESA entered an FTA in 2000 and became a Custom Union on 8th June 2009. This means that Zambia and its trading partners from these RTAs are now according zero tariffs on imports on a reciprocal basis (zero customs duties). With regards, to the level of implementation of COMESA and SADC integration programmes, Zambia is up to date.
4.3.5.5 Benefits of regional economic integration arrangements

(a) COMESA

4.3.5.6 Under the COMESA Free Trade Area launched in 2000, goods produced in the region are traded without the payment of customs duty. This makes raw materials and intermediate inputs cheaper for farmers, manufacturers, as well as consumers of finished products. As a result of the FTA, the volume of intra-COMESA trade has risen from US $3 billion in 2000 to US $8.6 billion in 2007 (COMESA, 2009).

4.3.5.7 During the period of the COMESA Free Trade Area, the Zambian private sector, among others, has benefited from the COMESA PTA Bank. Many private companies have managed to access funding from the bank to undertake various projects. Some of the examples include; Zambezi Portland Cement Limited (US$12 million); Madison Investment Company Limited renovation and extension (US$1.72 million) and Finance Building Society Limited affordable mortgage financing to growing clientele in Zambia (US$1 million), among other many projects.

(b) SADC

4.3.5.8 Zambia’s membership to SADC has led to improved market access to the other SADC Member States. The implementation of the SADC Protocol on Trade has also led to import and export trade expansion for Zambia into SADC. The SADC regional grouping was the largest source of Zambia’s total imports accounting for 57% and 59% in 2005 and 2006, respectively (MCTI, 2008). Zambia’s total import bill within SADC in 2006 stood at US $1.6 billion while exports amounted to US $1.2 billion.

4.3.5.9 The major exports to SADC include cement, copper cables, agro-processed and agri-ground food, sugar, tobacco, cotton, base metals and cereals. South Africa is Zambia’s major trading partner in the region.

4.3.5.10 The reduction of tariff rates associated with the FTA launched in 2008 has meant that the regionally produced consumer items have become more affordable. The Zambian consumer therefore has access to a better and wider variety of goods. Similarly, Zambian manufacturers derive a lot of inputs from SADC in form of reduced duties on raw materials for their production process.

4.3.5.11 Regional integration lowers costs across all aspects of infrastructure. The high cost of infrastructure services in Africa is partly attributable to fragmentary national boundaries preventing achievement of economies of scale (World Bank, 2009, p20). Consequently, one of the tangible benefits that Zambia has gained as result of its membership to SADC and COMESA is the infrastructural development that is being promoted within the context of the North South Corridor Aid for Trade pilot projects.

(c) SADC-EAC-COMESA Tripartite Framework

4.3.5.12 In light of the complexities associated with multiple Regional Economic Community membership and the need for coherent planning and implementation of development programmes and regional initiatives, collaborative work between SADC and COMESA was initiated in 2001 to harmonize their programmes by establishing a joint taskforce. The harmonization programme by EAC, SADC and COMESA which commenced in 2005 culminated into the first joint Summit in 2008 at which the SADC-EAC-COMESA Tripartite Framework was launched.

4.3.5.13 The harmonisation programmes have made some progress in among others; harmonisation of rules of origin, simplification of customs procedures and documentation, rationalisation of the COMESA and SADC customs bond guarantee schemes, identification, removal and monitoring of non trade barriers and establishment of One Stop Border Posts. To address its acute transport, communications and energy infrastructure needs, especially for land-locked countries, Zambia and
the region developed a common regional Aid for Trade Strategy through the Tripartite Framework. This strategy consists of a coherent package of interrelated infrastructure investment projects, as well as other trade facilitation interventions. It is called the North-South Corridor (NSC) pilot project.

4.3.5.14 Further, the tripartite framework provides a solid foundation towards addressing the problem of overlapping membership to countries that belong to more than one regional economic community.

(d) North South Corridor

4.3.5.15 The North South Corridor Programme is a Model Aid for Trade Programme that has enabled the Regional Economic Communities of COMESA, EAC and SADC, their Member States and the International Community to implement an economic corridor-based approach to reducing costs of cross-border trade in Sub-Saharan Africa. It seeks to enable producers and traders to be more competitive, thereby creating higher levels of economic growth, employment creation and reduce poverty. The project is also focusing on taking the necessary steps to ensure that adequate power supply is made available to support the growing demand from industrial, commercial and domestic consumers. Specifically, the project covers among others: infrastructure, Roads, Railway, Border facilities, weigh bridges, Energy generation.

4.3.5.16 Additionally, the project will cover:

(i) The simplification and harmonisation of customs procedures and legislation;
(ii) Trade facilitation measures such as harmonization of Information Technology systems and electronic customs management systems; harmonization of axle load and vehicle dimensions of road transit charges regulations and carrier licenses; and,
(iii) Regulatory issues relating to performance monitoring.

4.3.5.17 The rationale is to have an integrated approach to resolving the problems faced by countries relating to the cost of doing business and ultimately contribute to enhancing the economic growth and development of Africa.

4.3.5.18 This pilot projects aims at achieving the following:

(i) Assist countries along the corridors to remove the main bottlenecks to trade flows by targeting specific areas of intervention along the corridor;
(ii) Address the corridor’s development in a holistic manner by looking at regulatory, administrative and infrastructure constraints to transport and the transit system as a whole;
(iii) Ensure timely and sequenced intervention to reducing transportation costs and ultimately the cost of doing business;
(iv) Develop a GIS database to ensure that decision making process is done from an informed basis; and,
(v) Support regional trade policy regulation and trade facilitation initiatives.

4.3.5.19 In terms of the actual implementation of the North South Corridor Project, the Chirundu One Stop Border Post (OSBP) which is the first ever in Africa was officially launched on 5th December 2009, under the Tripartite Framework. It is expected that the Chirundu OSBP will expedite the time and processes of clearing goods at the border, and thus reduce the cost of doing business for the corridor. More of similar projects are being designed and include among others the Kasumalesa border post, Nakonde border post, Katima Mulilo border post and Kazungula border post.

4.3.5.20 In the long run, all entry borders in Zambia will adopt the concept of OSBP in order to facilitate the faster movement of goods and services thereby reducing the costs related to border delays. It is worth noting that Zambia already has an Act in place to facilitate the establishment and implementation of OSBPs.
4.3.5.21 Challenges

4.3.5.22 Membership to Regional Economic Arrangements (RTAs) has potential benefits as well as drawbacks. On a positive note a country at the nexus of a web of RTAs can serve as the regional centre, thereby attracting foreign direct investment (FDI) and trading activity. On the other hand dual or overlapping membership to RTAs can create conflicting obligations and an overly complicated trade regulation environment. When the overlapping RTAs are at Customs Union (CU) stage, the challenge arises from regulatory problems are exacerbated because of the existence of two distinct Common External Tariff (CET). When they are at Free Trade area stage, the problem arises with establishment and implementation of Rules of Origin (RoO) as well as other trade facilitating instruments among others certificate of origins for the respective regional groupings.

4.3.5.23 Zambia faces a number of challenges arising from her dual Membership in both COMESA and SADC. Challenges that confront Zambia in respect to her participation in regional integration initiatives include:

(i) Duplication of policies in both COMESA and SADC (such as, rules of origin, customs documentation etc which tend to frustrate business people);
(ii) Capacity building for customs officials with respect to the implementation of Rules of Origins (RoO);
(iii) Non-tariff Barriers;
(iv) Budgetary Contributions to both COMESA and SADC;
(v) Burden on Zambian Government Officials who are expected to attend too many meetings at the same time;
(vi) Difficulties in harmonising the interests of different countries during the EPA negotiation process;
(vii) Multiplicity of membership to regional economic communities especially for countries that are members of EAC and also members of SADC or COMESA. This complicated matters during the EPA negotiation process;
(viii) How broad should be the scope of preferential trade liberalization and harmonization;
(ix) Customs ethics and integrity as traders would do all it takes to ensure that that the pay minimal duties;
(x) Inadequate capacity to enforce standards;
(xi) Alteration of the resources and incentives- this is with respect to reduction of revenue due to lower rates or even a complete removal of customs duty. Where there has been a significant trade diversion, this loss of revenue may be permanent;
(xii) Withstanding competition from other large players due to the implementation of Free Trade Areas;
(xiii) Increase in the cost of customs administration; and,
(xiv) Loss of revenue as a result of implementing Free Trade Areas.

4.3.5.24 Lessons learnt from Regional Integration

(i) Given the current high share of Zambia’s trade in SADC, preferential trade liberalization with SADC has the potential to affect trade flows, GDP and welfare in a substantial way;
(ii) Prima-facie evidence of Zambia’s regional trade expansion potential suggests a nuanced picture. On the one hand, in terms of tariffs preferences depth and rules of origin’s restrictiveness, COMESA is less restrictive than SADC. On the other hand, trade complimentarity seems higher with SADC. However, it is worth noting that most trade is with South Africa and the trade balance is skewed in favour of RSA;
(iii) The principles of openness and non discrimination (MFN), as much as possible have been adhered to by Zambia;
(iv) The EPA negotiations have further split the region with the East African Community negotiating on their own; and,
High transport and communications costs continue to be the most pressing barrier to progressing with integration within regional and global markets. This is due to inadequate and poor state of infrastructure in Zambia and the region. Utility costs related to limited energy infrastructure add to the cost of doing business.

4.3.5.25 Intra-Africa trade and Investment Promotion

(a) Policies

4.3.5.26 Africa has a long history of cross-border investments (though the lack of reliable data has always inhibited comprehensive analysis). The rare data available indicates that intra-African investment represents 13% of total inward FDI compared to 30% of total FDI for the Association of Southeast Asian Nations (ASEAN) region. The low level of intra-regional FDI in Africa can be attributed to, among others, the following:

(i) Low income, which limits domestic as well as outward foreign investment;
(ii) The lack of adequate transport and communication infrastructure; and,
(iii) Limited skilled manpower and weak economic links and contacts among investors within the region.

4.3.5.27 As far back as the early 1990s, the Government of the Republic of Zambia implemented a new approach to economic management, with a focus on trade liberalization, privatization, better governance, and the promotion of economic growth. In the Fifth National Development Plan (FNDP) covering the period 2006-2010, the broad policy objectives of the trade sector are:

(i) Transform the Zambian economy into a diversified and competitive one which is well integrated into the international trading environment;
(ii) Stimulate and encourage value-addition activities on primary exports as a means of increasing national earnings and income flows;
(iii) Stimulate investment flows into export-oriented production areas in which Zambia has a comparative and competitive advantage as a strategy for inducing innovation and technology transfer into the national economy;
(iv) Formalize, monitor and regulate domestic trade activities with a view to promoting and stimulating a vibrant domestic trading sector; and,
(v) Assist domestic firms to increase their levels of efficiency and, therefore, withstanding increasing competition in the domestic market.

4.3.5.28 Zambia has also acceded to the number of regional and international agreements aimed at guaranteeing the promotion and protection of Investments. These are:

(1) Multilateral Investment Guarantee Agency (MIGA)

4.3.5.29 As a member of the World Bank Group, MIGA's mission is to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty, and improve people's lives. Zambia ratified MIGA in 1988.

(2) SADC Protocol on Finance and Investment

4.3.5.30 The protocol aims at facilitating regional integration, co-operation and coordination of financial and investment policies in the SADC region. Zambia ratified this protocol in 2009.

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165 UNCTAD’s Economic Development in Africa 2009 report 2009
4.3.5.31 The purpose of the COMESA Common Investment Area is to enhance COMESA's attractiveness and competitiveness as a destination for foreign direct investment (FDI) from within COMESA countries and from global sources of investment by harmonizing investment policies, laws and procedures that will liberalize the investment environment, promote investment into the region and protect the investor’s investments. The Heads of State and Government in 2007 adopted the CCIA and Zambia is in the process of signing the CCIA.

4.3.5.32 COMESA has created a specific institution called COMESA Regional Investment Agency (RIA) which seeks to optimize investment and trade opportunities in the region through developing and establishing synergies, networks, alliances, and co-operation with other Regional Economic Communities, co-operating partners and international institutions so as to achieve high investment levels that lead to rapid and sustainable economic growth and development.

4.3.5.33 Following the above international and regional best practices initiatives, the Government of the Republic of Zambia has put in place policies, legislation and various programmes for investment promotion of both domestic and foreign investors.

4.3.5.34 The Government has developed policies and programmes to attract investments and subsequently increase the tax base. Notable among these are the Commercial, Trade and Industrial (CTI) policy that provides an enabling economic environment for increased private sector investments and enables the development of domestic productivity capacities; the Micro, Small and Medium Enterprise policy that provides a national vision and leadership for deliberate development of the MSME sector including formulation and implementation of effective sector legislation and regulatory framework.

4.3.5.35 Furthermore, in order to reduce the cost of doing business, the Government enacted the Zambia Development Agency Act No. 11 of 2006 aimed at streamlining the operations of five trade and investment related institutions and merged them into a one stop shop. This legislation among other things provides for conclusion of investment promotion and protection agreements (IPPAs) with prospective investors. The Act further commits Zambia to international obligations and commitments, including those under the WTO, COMESA and SADC.

(b) Consistency between National Policy Objectives and Regional Economic Integration Objectives

4.3.5.36 In order to ensure consistency between national policy objectives and regional economic objectives, Zambia liberalized her trade in goods, as well as removed exchange rate controls on capital account in the early 1990s. In addition, she has domesticated a number of regional economic integration instruments. In 2001, Zambia acceded to the SADC Trade Protocol and as such had an obligation to reduce customs duty on products of export interest from the SADC region. In 2000, Zambia acceded to the COMESA Free Trade Area, and had an obligation to remove customs duty on products originating from COMESA countries that are signatory to the

(c) COMESA FTA

4.3.5.37 As a result of liberalization policies and programmes, Zambia experienced increased trade in both SADC and COMESA (as shown in section 2.2.2). Further, Zambia is one of the World Bank Group countries that acceded to the MIGA, and has ratified the SADC Protocol on Finance and Investment and is in the process of signing the COMESA Common Investment Area (CCIA).

(d) Trade volume

4.3.5.38 In recent years, especially between 2002 and 2008, Zambia continued to pursue trade policy aimed at diversifying into non-traditional exports (NTEs) to move away from overdependence on the export of copper. During the review period, NTEs grew from US$334 million in 2002 to US$935 million in 2008. The gap between NTEs and mineral exports widened between 2007 and 2008 due to the favourable price of copper
on the global market until the third quarter of 2008. Exports of non-traditional products increased by 12.2% between 2007 and 2008, driven by cement, lime, wheat, gas oil, tobacco, gemstones, fruits and vegetables.

4.3.5.39 Zambia’s major trading partners between 2002 and 2008 were SADC member states (receiving 28.9% of Zambia’s exports), COMESA member states (non-SADC countries receiving 13.2%), Asia (18.9%, of which 5% was received by China), and the EU (7.4%) and about 31.6% with the rest of the world. The tables below also show Zambia’s exports and imports within the region.

Table 4.28 The Zambia’s Exports (US $), 2004 – 2008

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMESA</td>
<td>260,660,572</td>
<td>346,271,483</td>
<td>449,465,123</td>
<td>628,978,387</td>
<td>418,000,000</td>
</tr>
<tr>
<td>SADC</td>
<td>765,027,972</td>
<td>505,296,858</td>
<td>697,645,985</td>
<td>1,070,055,917</td>
<td>575,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,045,688,544</td>
<td>851,567,341</td>
<td>1,147,111,108</td>
<td>1,699,034,304</td>
<td>993,000,000</td>
</tr>
</tbody>
</table>


Table 4.29: The Zambia’s Regional Imports (US $) 2004 – 2008

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMESA</td>
<td>192,904,095</td>
<td>196,774,109</td>
<td>290,754,509</td>
<td>357,804,513</td>
<td></td>
</tr>
<tr>
<td>SADC</td>
<td>1,196,047,052</td>
<td>1,465,293,539</td>
<td>1,764,426,600</td>
<td>2,272,658,231</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,388,951,147</td>
<td>1,662,067,648</td>
<td>2,055,181,109</td>
<td>2,630,462,744</td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Statistics Office 2009

(e) Investment

4.3.5.40 In order to get a share of these opportunities presented by FDI, the Government of Zambia has been working hard over the years to make Zambia a destination of choice by foreign investment. The stable macroeconomic environment achieved has made the country attractive to both foreign direct investment (FDI) and portfolio investment (FPI). The figure below shows growth in foreign direct investment flow to Zambia in recent years.

Figure 4.6: FDI flows to Zambia, 2000-2008

![FDI flows to Zambia: 2000-2008](source: Bank of Zambia (2009))
4.3.5.41 The table above shows that FDI inflows have increased from about US$160 million in 2000 to US$ 900 million in 2008. However, it can be noted that between 2007 and 2008, FDI inflows recorded a maximum of about US$ 1300 million and dropped sharply to about US$ 900 million. This can be attributed to the global economic and financial crises which caused a lot of investors to hold back or defer commitment of investments.

**Investment Flows to Zambia from African countries**

4.3.5.42 Despite being a landlocked country, Zambia has performed fairly well in attracting Foreign Direct Investment (FDI). Part of this performance has been due to increased activities in the mining industry, particularly copper. There has also been increased economic activity in sectors such as the construction, agriculture and Non Traditional Exports (NTEs).

4.3.5.43 Currently, Zambia has challenges in capturing and monitoring actual investment flows to the country. What is readily available from the Zambia Development Agency (ZDA) – the institution responsible for investment promotion – is just pledges. More often than not, pledges do not give the actual indication of committed investments. However, they give an indication of where the investments are originating from.

4.3.5.44 The source of investment in Zambia has largely been outside Africa, particularly from countries among others; Australia and China. However, it is worth noting that there has been an increase in investments from the region and the rest of Africa. The following charts shows investment pledges between 2004 and 2009.

4.3.5.45 **Figure 4.7: Investment pledges between 2004 and 2009**

![Graph showing investment pledges from 2004 to 2009 for various countries.

Source: Zambia Development Agency]

4.3.5.46 On average, the bulk of the investments coming to Zambia from the region is from the Republic of South Africa. This is the mining sector, chain stores, retail outlets. In more recent years, however, West African countries such as Nigerian have invested in Zambia in the fields of Banking and they were also pledges by the Dangote group of companies to invest in cement manufacturing.

4.3.5.47 There is no doubt that FDI offers a country a sustainable way of financing its development agenda. FDI which is well managed can translate in sustainable growth of an economy and contribute effectively to poverty reduction. It is worth noting that although Africa has been attracting increased flow of FDI in the past two decades, with FDI inflows rising from $2.4 billion in 1985 to $36 billion in 2006, it is important to note that this only represents 3 per cent of the total global FDI flows (UNCTAD, 2008; Madura 2008 p. 39). Therefore, FDI in Africa remains insufficient as a source of development finance.
4.3.5.48 Challenges under Intra-regional Trade

(i) Trading in homogenous products in the regions limits comparative advantages in traded products;
(ii) Tendency to promote exports outside the region;
(iii) Inadequate or lack of value addition to traded products;
(iv) Inadequate foreign exchange and national reserves limits the purchasing power for foreign and regional goods and services;
(v) Tendency to rely on donor funding with restrictive procurement procedures;
(vi) Challenges of meeting the Sanitary and Phyto-sanitary measures and standards and other NTBs;
(vii) Failure by members to fully implement the Free Trade Area;
(viii) Poor trade related infrastructure and inadequate interregional road/ railway networking; High transportation costs;
(ix) Low air traffic- trade facilitation is difficult due to low air traffic between countries in the regions;
(x) Informal trade is common which essentially makes it difficult to effectively implement the Simplified Trade Regime;
(xi) Lack or inadequate provision of export credit finance and it exists, the rates are uncompetitive (discouraging);
(xii) Currency convertibility (transactions are conducted in the United States dollars); and
(xiii) Conflicts and political instability in some instances.

4.3.5.49 Challenges under Intra-regional Investment

(i) Most local investors from the region do not adhere to local labour laws;
(ii) Inadequate Investment capital in the region;
(iii) Prohibitive lending rates in the local banks;
(iv) Cumbersome legislative procedures and business licensing;
(v) Inadequate infrastructure (Road, Rail, Water and Air);
(vi) high cost of infrastructure development and maintenance;
(vii) Perception that most regional investors leave immediately the tax holiday expires; and,
(viii) Potential exclusive anti-competitive distribution networks between parent companies and suppliers.

(g) Emerging lessons

4.3.5.50 With these experiences from the time Zambia engaged in the liberalization of her economy in the 90s, the need was found to undertake a Diagnostic Trade Integration Study (DTIS) in order to support the incorporation of the trade agenda into its broader development agenda.

4.3.5.51 The Diagnostic Trade Integration Study (DTIS) reviewed Zambia’s trade policies and performance, assessed its potential for export diversification, identified the main constraints to increasing exports, and developed an action plan which summarized the policy reforms and technical assistance needed to remove these constraints. It supported the Government of Zambia’s efforts to (a) build national consensus around the reforms, (b) mainstream trade priorities into its development and poverty reduction strategies, and (c) enhance trade capacity in and outside government to formulate and implement trade policies, to negotiate trade agreements, and to tackle supply-side challenges in responding to new market access opportunities.

4.3.5.52 With macro stability in the horizon it was felt that expansion of non-traditional exports and private sector development were the two important pillars for sustaining increased economic growth in Zambia. With more than two-thirds of the population living on less than $1 a day (1998), Zambia’s domestic market was too small to support the sustained high growth in production and employment necessary to make a marked reduction in
poverty. Therefore, exports were put as a priority for generating future growth in Zambia. There have been strong complementarities between export promotion and private sector development. While effective export promotion required a dynamic private sector, a dynamic and competitive private sector could not flourish if it produced only for a small domestic market.

4.3.5.53 As a way forward, the following were seen in the Diagnostic Study as priority areas in trade and Investment Policy:

(i) Making export incentives work for exporters: Streamline the operating procedures for the duty drawback scheme. Ensure full and timely reimbursement of actual duties paid. Prepare standard operating guidelines and a procedures manual prior to implementing the Export Processing Zone Act (Now established as Multi-facility Economic Zones);

(ii) Improving trade facilitation: Improve efficiency in customs administration through upgrading the customs infrastructure (equipment, procedures, physical and human infrastructure), integrating the border agencies, and developing a single processing and payment window for all border agencies. Reduce border clearance times by undertaking a Cargo Release-Time study and implementing its recommendations, improving transit and clearance procedures, and establishing a ‘fast-track’ facility. Reduce transport costs through augmenting capacity in the transport industry with training in regulations, logistics, financial management and marketing. Improve the standards infrastructure through amending the Standards Act to separate standards testing from the regulatory functions of the Zambia Bureau of Standards (ZBS) and increasing the role of the private sector in testing and certification; and,

(iii) Enhancing capacity to formulate, coordinate and implement trade policy, and negotiate trade agreements: Establish a trade policy analysis unit in the Ministry of Commerce, Trade and Industry (MCTI). Expand and train trade staff in and outside government. Support establishment of Zambian Institute for Policy Analysis and Research (ZIPAR), which has since been done. Incorporate trade issues explicitly into the interagency policy formulation and implementation mechanism.

4.3.5.54 Implementation of Agreements for Regional Integration

(a) Measures

4.3.5.55 Zambia has continued to pursue structural reforms designed to improve and promote economic development by reducing the cost of doing business. There are indications that these reforms are bearing fruit. Between 2007 and 2008, Zambia’s Doing Business ranking improved from 116 to 100, ranked 3rd out of 18 COMESA countries (following Mauritius and Kenya), and 4th out of 14 SADC countries (after South Africa, Botswana, Namibia, and Mauritius).

4.3.5.56 The Government has implemented various reform programmes aimed at improving and enhancing the investment climate in Zambia. These are the Private Sector Development Reform Programme (PSDRP) and the Triangle of Hope Initiative.

4.3.5.57 In 2006 Zambia embarked on the implementation of the Private Sector Development Reform Programme (PSDRP) whose objective was to reduce the cost of doing business and encourages competitiveness in the private sector. The following were the six reform areas of the PSDRP: policy environment and institutions, regulations and laws (licensing, regulatory discussion), infrastructure development, business facilitation and diversification, trade expansion and local empowerment. These reforms are aimed at laying the foundation for faster, sustained private sector-led growth.
4.3.5.58 The Private Sector reform programme has now entered its Second phase running from 2009 to 2013. The main goal is to promote and facilitate the development of competitive business environment in Zambia in order to contribute to job and wealth creation. The purpose is identified as intended to increase business access to markets and finance and reduce the cost of doing business in Zambia.

4.3.5.59 With this deliberate mission, it is expected that the measures will result in the following:

(i) Administrative procedures/requirements and compliance costs reduced by 30%;
(ii) Number of Micro, Small and Medium Enterprises (MSMEs) operating in the formal sector increased;
(iii) Number of MSMEs accessing loans increased;
(iv) Number of permanent employees in the private sector increased;
(v) At least ten (10) PPPs operational and providing quality infrastructure and services; and,
(vi) Diversity of export products; and number of days to enter and exit major border posts reduced.

4.3.5.60 The PSDRP has been designed as a partnership between the government and private sector with support from the Cooperating Partners. A number of Zambia’s recent changes in the business environment can be attributed to the PSDRP. These include the establishment of the Zambia Development Agency (ZDA), Citizens’ Economic Empowerment Commission (CEEC) and Small Claims Court in Ndola and Lusaka; approval of the ICT policy, energy policy, MSME Policy; enactment of the Tourism and Hospitality Act, Zambia Tourist Board Act; reduction in the days taken to register a business, reduction in the days taken to obtain a visa or employment permit and reduction in the number of days to export or import goods.

4.3.5.61 A key aspect of the reforms is the business licensing reform. The reform has so far identified the number of licenses existing in Zambia and a report with recommendations regarding which licenses should be eliminated, retained reclassified and amalgamated has been submitted to Cabinet for approval.

4.3.5.62 In 2006, the Patents and Companies Registration Office (PACRO) introduced a web-based license free software application. PACRO also automated the business registration process and opened a Customer Service Centre to serve as a one stop-shop for business customers. An interactive website was established which allows customers to download application forms and complete them before visiting the office. During the period under review the government further instituted measures to decentralise company registration in major towns. Between 2005 and 2008 the time it takes to register a business was reduced from over 30 days to one day.

4.3.5.63 In 2008, the Public Procurement Act was passed to separate the functions of the Zambia Public Procurement Authority (ZPPA) from those of Ministries and Parastatals. ZPPA will provide oversight and be better placed to address appeals made by aggrieved parties. Additionally, the Public Procurement Act provides for arbitration to reduce the cost of litigation. The Immigration Department has reduced the time it takes to process permits and visas for would-be investors by creating a customer service centre.

4.3.5.64 A legal and regulatory framework to facilitate public private partnerships (PPP) in the provision of infrastructure has been put in place. This framework for PPP is under the oversight of a new department within the Ministry of Finance and National Planning.

4.3.5.65 In 2006, the Ministry of Lands initiated a programme that has reduced the total time required to register or transfer property from 52 days to 16 days in 2008. In 2007, a series of initiatives were instituted to streamline and make transparent the registration of lease, transfer and issuance of a new certificate of title at the lands and Deeds Register. Zambia computerized its lands registry and set up a customer centre to eliminate the backlog of registration requests. Access to land for investment purposes is being addressed through the Land Bank Programme under which land suitable for various investment projects has been identified and reserved.
4.3.5.66 Customs clearing procedures continue to be streamlined to facilitate the importation of machinery and other primary inputs for the expansion of the industrial sector. Reforms include the establishment of a one-stop border post at Zambia's busiest border post (Chirundu border post with Zimbabwe), pre-clearance facility, and accreditation of compliant clients and the automation of custom systems. Registration for VAT, previously requiring twenty-one days can now be done in three days.

4.3.5.67 The Government of the Republic of Zambia has continued to revise customs duties downward on an annual basis in line with Zambia's commitments. While tariff reductions at the World Trade Organisation (WTO) are optional for LDCs, Zambia has regional commitments within both the SADC and COMESA free trade areas, as well as commitment with international financial institutions. To ease the impact of the financial crisis, the excise duty on diesel was reduced from 30% to 15%, and on petrol from 60% to 45%, in 2009. The rationale was to reduce input costs across productive sectors.

4.3.5.68 **Timelines of adoption of agreements vs. implementation**

4.3.5.69 Zambia signed the SADC and COMESA Treaties on 17th August 1992, in Namibia and 5th November 1993 in Uganda, respectively. The two treaties have since been ratified and are under implementation as evidenced in the Commerce, Trade and Industrial Policy of 2009 as well as the ZDA Act No II of 2006.

4.3.5.69 In terms of implementation of regional decisions, Zambia has been up to date with the implementation process. However, it is worth noting that Zambia’s adherence to timelines in making subscriptions to regional bodies tend to be delayed.

4.3.5.70 Capacity building in trade and investment promotion is indispensable to Zambia’s effective participation at regional and multilateral trade negotiations.

4.3.5.71 Zambia has benefited from several capacity building initiatives in the region. These include the capacity building for private sector development (CBPSD) project funded by the European commission under the 9th European Development Fund (EDF 9) hosted within the Ministry of Commerce, Trade and Industry.

4.3.5.72 The specific objectives of the project are:

(i) to address the regulatory framework (policies, and regulation); and

(ii) facilitate the availability and access to quality business support services.

4.3.5.73 **Regional Monetary harmonisation, Cooperation and Coordination**

(a) **Measures**

4.3.5.74 Zambia, being a member of various regional groups such as COMESA and SADC, has accented to various protocols with a view to promoting the overall objective of achieving regional integration. For example, under SADC, there exits a Regional Indicative Strategic Plan (RISPD) which sets out specific targets that include a wide range of economic integration targets namely;

(i) Creation of a Free Trade area which was attained in 2008;

(ii) Completion of negotiations of the SADC Customs union by 2010;

(iii) Completion of the negotiations of the SADC Customs market by 2015;

(iv) Diversification of Industrial structure and Exports;

(v) Macroeconomic Convergence on targets of Inflation, fiscal balance and the public debt; and,

(vi) Establishment of a SADC Monetary Union and a SADC Central Bank by 2016 and a regional currency by 2018.
In order to derive benefits from SADC, Zambia signed the SADC Protocol on Finance and Investment in 2006 and ratified it in 2009. The FIP is one of the protocols entered into by the SADC member states to give legal and practical effect to their commitments under the SADC treaty. It deals with Finance, investment and macroeconomic policy issues in the context of the overall economic integration.
CHAPTER FIVE

CORPORATE GOVERNANCE

5.0 Overview

5.0.1. Corporate governance has two meanings. The first refers to the systems and processes by which organizations are directed and controlled. The second refers to a field of economics which studies the issues arising from the separation of ownership and control of organizations. The present study is located within the conceptual framework provided by the first definition. This is the definition used by the APRM Base Document. The APRM Base Document defines Corporate Governance as a system by which corporations are directed, controlled and held to account, and which embraces all forms of enterprises in the private and public sector. Therefore, in the Zambian context, corporate governance will be understood to refer to the system and practices through which an organization directs and controls itself and the people associated with it, i.e., as “a system by which corporations are directed, controlled and held to account (APRM Master Questionnaire).”

5.0.2. Good corporate governance has eight distinguishing characteristics or principles: discipline, transparency, independence, accountability, integrity, fairness, social responsibility, accountability, efficiency and effectiveness. These principles are a prerequisite for the integrity and credibility of market institutions. By building confidence and trust, good governance enables the corporation to have access to external finance and make reliable commitments to shareholders, employees and creditors. It is this contract which underpins economic growth in a market economy. Therefore, a company’s corporate governance affects its economic performance and its ability to access long-term investment capital. Clearly, corporate governance is important to the economic health of corporations and society in general.

5.0.3. The general public, one category of the respondents, were requested to comment on the corporations they knew as to whether, to the best of their knowledge, the corporations exhibited the eight of the principles of good corporate governance. Their responses are shown in Table 5.1.

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Discipline (adherence to rules, regulations, legal framework)</td>
<td>75 (52%)</td>
</tr>
<tr>
<td>Transparency (corporations open, disclose information)</td>
<td>41 (29%)</td>
</tr>
<tr>
<td>Independence (corporations dominated by individuals or groups)</td>
<td>66 (46%)</td>
</tr>
<tr>
<td>Accountability (they accountable for their actions i.e. take blame)</td>
<td>50 (35%)</td>
</tr>
<tr>
<td>Responsibility (accepting corrective action and punishment for wrong doing)</td>
<td>53 (37%)</td>
</tr>
<tr>
<td>Integrity and fairness (treat stakeholders equitably)</td>
<td>33 (23%)</td>
</tr>
<tr>
<td>Social responsibility (to the communities in which they operate)</td>
<td>61 (43%)</td>
</tr>
<tr>
<td>Efficiency and effectiveness (technology, services, performance)</td>
<td>66 (46%)</td>
</tr>
</tbody>
</table>

5.0.4. The general public’s perceptions were based on the corporations known to them which are listed at Annex 5.2. The table shows that the general public surveyed has a somewhat balanced perception of Zambian corporations’ adherence to corporate governance principles. Thus, they rated the corporations favourably on discipline (52%), social responsibility (43%), independence (46%) and efficiency/effectiveness (46%). The corporations are rated poorly on transparency (57%); accountability (51%); responsibility (52%) and integrity (61%).

5.0.5. In general, however, awareness on Corporate Governance is still in its infancy in Zambia. This is understandable given that corporate governance remains a fairly new concept, as most of the other international standards and codes relating to this theme were adopted only in the late 1990s and early 2000s.

5.0.6. The Government has adopted and ratified a number of international standards and codes on Corporate Governance, although it would appear that the relevant government organisations have not kept a proper record of dates of ratification of the standards and codes. Indeed, the Ministry of Foreign Affairs informed the researchers that they are only presently in the process of establishing a database for international standards and codes. Further, there appears to be no follow-up mechanism dedicated to ensuring the ratification of and compliance with international standards and codes.

5.0.7. The study revealed that Zambia has an adequate legal, regulatory and institutional framework (both local legislation and international conventions, standards and codes) which, if judiciously implemented, would ensure good corporate governance in both private and public corporations. This is important because government and regulators have a key role to play in promoting good corporate governance. Whilst owners and managers of corporations are an important factor in promoting good corporate governance, laws, government policies and regulatory and enforcement institutions contribute immensely to whether or not companies feel obliged to conduct business properly. The impetus for most companies to develop internal corporate governance systems and procedures have been laws and regulations which demand certain conduct and punish misconduct by corporations. Therefore, an effective and efficient legal and regulatory framework is indispensable to good corporate governance.

5.0.8. However, there is need to update many of the laws governing corporate behaviour to bring them in line with the liberalised economy and tenets of good corporate governance. This is currently underway; for example, the Tripartite Consultative Labour Council is revising labour laws and the Anti-Corruption Act is being revised.

5.0.9. Compliance with both international standards and codes and local legislation is generally low. This is partly due to lack of capacity in the institutions charged with the responsibility of ensuring compliance (e.g. PACRO, MLSS) and partly due to lack of full appreciation of these instruments among all the players. Further, the poor service delivery of the civil service poses another challenge as it is primarily government institutions whose responsibility it is to monitor compliance. Hopefully, the introduction of customer service charters in government institutions will ameliorate this problem.

5.1. Standards and Codes

5.1.0. This section assesses the extent to which Zambia has taken measures to sign, ratify or accede to, as applicable, and comply with the international standards and codes adopted by the African Union.
(a) **Adopted International Corporate Governance Standards and Codes**

5.1.1 Zambia has adopted the following international standards and codes:

   (i) NEPAD Framework Document (2001) adopted by the Zambian Government does not require signing or ratifying;
   
   (ii) Principles of Corporate Governance (OECD and Commonwealth) adopted by the Zambian Government and the private sector, does not require signing or ratifying;
   
   (iii) International Accounting Standards have been adopted and are being used by Zambian institutions and corporations;
   
   (iv) International Standards on Auditing adopted and are being used by Zambian institutions and corporations;
   
   (v) Core Principles of Effective Banking Supervision have been adopted and are being used by the Bank of Zambia;
   
   (vi) Core Principles for Securities and Insurance Supervision and Regulation have been adopted and are being utilised by the Securities and Exchange Commission and the Pension and Insurance Authority;
   
   (vii) African Charter on Human and Peoples’ Rights was signed by the Zambian Government on 17 January 1983 and ratified on 10 January 1984;
   
   (viii) Thirty-nine (39) Labour Codes of the International Labour Organisation (ILO) that have been ratified and are being applied by Zambia are given at Annex 5.3; and,
   
   (ix) Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation have been adopted and are being applied in the country.

5.1.2 The others are:

   (i) International Financial Reporting Standards have been adopted and are being applied by the country; and,
   
   (ii) International Public Sector Accounting Standards have been not been adopted but a form of cash or modified cash basis accounting standard has been adopted (MoFNP).

(b) **Challenges Experienced in Adoption and Ratification of International Standards and Codes and Steps taken to overcome them**

5.1.3 The challenges experienced in adopting and ratifying international standards and codes and the steps taken to overcome the challenges are summarised in Table 5.2 below.
### Table 5.2: Challenges in adoption, ratification and steps taken to overcome them-Government, Regulators, Chambers, etc

<table>
<thead>
<tr>
<th>Standard And Code</th>
<th>Challenge</th>
<th>Steps taken</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Public Sector Accounting Standards</td>
<td>Lack of suitably trained and experienced human resources</td>
<td>1. Training and development 2. Increased consultation</td>
<td>MoFNP</td>
</tr>
<tr>
<td>Principles of Corporate Governance (OECD and Commonwealth)</td>
<td>-</td>
<td>1. Restructuring of Boards 2. Preparation of relevant documentation</td>
<td>MoFNP</td>
</tr>
<tr>
<td>Labour Codes of International Labour Organisation (ILO)</td>
<td>1. Reaching consensus amongst Government, unions and employers organisations to ratify a Convention 2. Where there has been ratification, domestication is also sometimes a problem as some parties may feel once the convention is domesticated it may weaken the position of workers (in case of unions) or increase cost of doing business (in case of employers)</td>
<td>1. Increased Tripartite consultative labour council meetings; 2. Increased Social dialogue between social partners (i.e. employers and employees)</td>
<td>MLSS, MoH</td>
</tr>
<tr>
<td>International Financial Reporting Standards</td>
<td>-</td>
<td>1. Preparation of action plans to address identified weaknesses</td>
<td>BoZ</td>
</tr>
</tbody>
</table>

**Source:** compiled from questionnaires responses—July 2009.

### (c) Level of Compliance to International Standards and Codes

5.1.4 The following standards and codes are being fully complied with:

(i) **International Accounting Standards;**  
(ii) **International Standards on Auditing;**  
(iii) **Core Principles of Effective Banking Supervision;**  
(iv) **Principles of Corporate Governance (OECD and Commonwealth); and,**  
(v) **International Financial Reporting Standards.**

5.1.5 The following standards and codes are being partially complied with:

(i) **NEPAD Framework Document (2001);**  
(ii) **Core Principles for Securities and Insurance Supervision and Regulation (the Securities section is fully compliant);**  
(iii) **African Charter on Human and Peoples’ Rights;**  
(iv) **Labour Codes of the International Labour Organisation (ILO);**  
(v) **Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation; and,**  
(vi) **International Public Sector Accounting Standards.**

5.1.6 The study established that many formal organisations have so far adopted and are utilizing the applicable standards and codes (Annex 5.4).

### (d) Challenges Experienced in Complying with Adopted and Ratified International Standards and Codes and steps taken to overcome them

5.1.7 The country also experienced a number of challenges in complying with the adopted and ratified standards and codes. However, a number of steps have been taken to overcome these challenges as summarised in Table 5.3 below.
Table 5.3: Challenges in Complying with Adopted and Ratified Standards and Codes and Steps taken to overcome them

<table>
<thead>
<tr>
<th>Standard And Code</th>
<th>Challenge</th>
<th>Steps taken</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Public Sector Accounting Standards</td>
<td>1. Lack of appropriate professional qualifications</td>
<td>1. Training and development</td>
<td>MFNP</td>
</tr>
</tbody>
</table>
| Labour Codes of International Labour Organisation (ILO) | 1. For Government: Lack of capacity to enforce. Inadequate staff, equipment, policies, funds to implement  
2. For workers organisations: Lack of funds for workers' awareness programmes  
3. For employers' organisations: Inability to honour the recommendations of Conventions due to costs involved e.g. for SMEs | 1. Increased sensitisation of stakeholders  
2. Enhanced social dialogue among tripartite partners  
3. Engagement of ILO technical assistance in capacity building | MLSS       |
| International Financial Reporting Standards            | 1. Difficulties in appreciating new standards by non-technical staff  
2. Lack of appropriate technology  
3. Rapid change in the standards                        | Implementing International Financial Reporting Standards                                      | BoZ        |
| International Accounting Standards                     | Interpretation and application of some of International Accounting and Auditing standards | Increased sensitisation of stakeholders                                                              | ZICA       |
| International Standards on Auditing                    | Interpretation and application of some of International Accounting and Auditing standards | Increased sensitisation of stakeholders                                                              | ZICA       |
| Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation | 1. Outdated regulatory legislation  
2. Inadequate or absent policies to regulate NGOs and private health care providers | 1. Increased investment in infrastructure  
2. Mobilisation of funds and increased investment in programmes                                     | MoH        |

Source: compiled from questionnaire responses-July 2009.

(e) Local Legislative, Policy or Institutional Frameworks to regulate Corporate Affairs/Governance

5.1.8 The country has put in place a number of local legislative, policy and institutional frameworks in order to regulate corporate affairs/governance in the country as substitute or additional to international standards and codes which the Government has adopted and/or ratified. However, it would appear that the relevant state institutions have not kept a proper record of dates of ratification of the standards and codes. There also appears to be no proper follow-up mechanism dedicated to ensuring the ratification of and compliance with international standards and codes.

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5.19 Recommendations

5.19.1 Based on the preceding findings and discussion, it is recommended that:

(i) The Government establish an inventory of all international standards and codes and dates of their signing and ratification, which should be updated as necessary;
(ii) There be established a central depository of all international standards and codes;
(iii) The depository be housed by the Ministry of Justice;
(iv) The Ministry of Justice ensure the domestication of all international standards and codes that have been signed, ratified or acceded to;
(v) Monitoring of compliance with international standards and codes continue to be done by various arms of government and other parent institutions (e.g. MLSS, ZICA, ZFE, NCC); and,
(vi) A central coordinating agency responsible for ensuring that the respective regulatory and supervisory institutions are performing their functions be created.

5.2. Assessment of Objectives

5.2.0 The principles of corporate governance are encapsulated in the questions under the five objectives given below. The objectives are the building blocks of good corporate governance. The study endeavoured to establish the extent to which Zambian corporations have embraced and are governed by the attributes outlined above within the context of the five key objectives of the corporate governance thematic area.

5.2.1 Promoting an Enabling Environment and Effective Regulatory Framework for Economic Activities

5.2.1.0. This objective focuses on:

(i) The main categories of commercial enterprise and their role in the economy;
(ii) The regulatory framework for economic activity and the extent to which it facilitates commercial enterprises in the country; and,
(iii) The external and internal factors that impact on business activity.

5.2.1.1. The Main Categories of Commercial Enterprise and their Role in the Economy

5.2.1.2. The following were the main categories of commercial enterprise activities identified by the study:

(a) Types of Commercial Enterprises

5.2.1.3. According to the Patents and Companies Registration Office (PACRO), there are two types of commercial enterprises, namely business names and companies.

(1) Business Names

5.2.1.4. There are three types of business names, namely:

(i) Business names formed by an individual (sole proprietorship);
(ii) Business names formed in partnership; and,
(iii) Business names formed by a corporate body.
(2) Companies

5.2.1.5. There are four types of companies

(i) Private company limited by shares;
(ii) Private company limited by guarantee;
(iii) Unlimited company; and,
(iv) Public company.

(3) Public Limited Companies

5.2.1.6. A company may be established as a private company limited by shares, private company limited by guarantee or unlimited company with PACRO. However, to become a public limited company a company should have its shares registered with the Securities and Exchange Commission before it can be listed with the Lusaka Stock Exchange (LuSE).

5.2.1.7. The following companies have been given by LuSE as some of the public limited companies:

(i) Bata Shoe Company Plc;
(ii) ZAIN Zambia Plc;
(iii) BP Zambia Plc;
(iv) Pamodzi Hotel Plc;
(v) Lafarge Cement Zambia Plc;
(vi) Copperbelt Energy Corporation Plc;
(vii) ZCCM Investment Holdings Plc;
(viii) Zambia Sugar Plc;
(ix) Zambia National Commercial Bank Plc;
(x) Metal Fabricators of Zambia Plc;
(xi) African Explosives Plc;
(xii) Investors Bank Plc;
(xiii) Farmers House Plc;
(xiv) Cavmont Capital Holding Plc;
(xv) National Breweries Plc;
(xvi) Shoprite Checkers Zambia Plc;
(xvii) Zambian Breweries Zambia Plc;
(xviii) Zambeef Products Plc;
(xix) British American Tobacco Plc; and,
(xx) Standard Chartered Bank Zambia Plc.

(4) Privately-owned Corporations

5.2.1.8. Below is a sample list of privately owned companies:

(i) Toyota Zambia Limited;
(ii) Professional Insurance Corporation;
(iii) New Mansa Hotel; and,
(iv) Post Newspapers.
(5) State-owned Enterprises

5.2.1.9. A list of sampled state-owned enterprises (SOEs) is given below:

(i) National Airports Corporation Limited;
(ii) Zambia Postal Services Corporation;
(iii) Times of Zambia;
(iv) Zambia Telecommunications Company Limited; and,
(v) ZESCO Limited.

(6) Cooperative Societies

5.2.1.10. The sampled cooperatives were:

(i) Kitwe District Farmers Cooperative Union;
(ii) Progressive Women Cooperative;
(iii) Fipelwa Na Lesa Cooperative Society;
(iv) Twikatane Agricultural Cooperative Society; and,
(v) Nkana Kitwe Arts Cooperative Society.

(7) Family-owned Enterprises

5.2.1.11. Below is a sample list of family owned companies:

(i) Dana Holdings Limited (Lusaka);
(ii) City Centre Sales (Kitwe);
(iii) Mama Africa (Kitwe); and,
(iv) Perway Industries Zambia Limited (Kitwe).

(8) Informal Sector

5.2.1.12. In Zambia, the informal sector comprises the following, among others:

(i) Marketeers;
(ii) Street vendors;
(iii) Cross border traders; and,
(iv) Home industries.

5.2.1.13. Roles of Corporations in the Economy

5.2.1.14. According to PACRO, the roles of corporations in the economy are to:

(i) Contribute to national productivity;
(ii) Contribute to the nation’s revenue through taxes; and,
(iii) Job creation.

(a) The Securities and Exchange Commission and the Lusaka Stock Exchange

5.2.1.15. A robust stock exchange is a catalyst to economic growth and development—hence the necessity to establish it as a key component in the country’s economic development.
5.2.1.16. The Securities and Exchange Commission (SEC), established as a statutory body corporate pursuant to Section 3 Cap 354 of the Laws of Zambia, is responsible for the regulation and supervision of securities and capital markets in Zambia. Securities and capital markets, a subsector of the Zambian financial services sector, is largely a platform for the sourcing of long term finance.

5.2.1.17. The submission given by LuSE on the development, history, size and performance of LuSE is given below:

(1) Development History of LuSE

5.2.1.18. LuSE is a private limited company. It is a ‘not for profit’ company owned by six members. It was established with preparatory technical assistance from the International Finance Corporation (IFC) and the World Bank in 1993 at a time when the Government was shifting from government controlled business focus through the parastatal system to a private sector driven economy. The company was one of the tools by which the Government would achieve some of its economic reform programs of empowerment and wealth creation among Zambians. In its first two years of operations, the LuSE and SEC were funded by the UNDP and Government of Zambia as a project on Financial and Capital Market Development in Zambia under the Multi Component Private Sector Development Programme. Both the LuSE and SEC have continued to receive government grants to date to support operational needs.

(2) Size of LuSE in terms of the following:

(i) Structure: As noted above, LuSE is owned by six members. Three are active brokerages and trading members. In January 2009, a new member was admitted bringing the total of trading members to 4. These are Pangaea-Renaissance; Stockbroker Zambia Ltd; Intermarket Securities Ltd; and Madison Asset Management Co. Ltd. The company is overseen by a board of directors;

(ii) The Market Products: The securities and capital market consists of two markets. These are primary and secondary markets;

(iii) Primary market: This is where companies are issuing their securities to the market for the first time. Issuers make an initial public offering; this is also called the IPO. Investors bid for the shares and are allotted the shares after the offer date is closed; and,

(iv) Secondary market: This takes place at the LuSE. Individual shareholders trade among themselves.

5.2.1.19. Both of these markets are well regulated to ensure that all players adhere to best practice and uphold the integrity of the market.

5.2.1.20. Other securities issued through the market are corporate bonds. Government bonds once issued by the Central Bank [the primary market for this type of bonds] can also be traded on the secondary market at the LuSE. In general the capital market is the market for securities where companies and/ or the government can raise long term finance.

(3) Performance

5.2.1.21. Performance of the LuSE can be measured in terms of trades, volume, turnover, bond market, market capitalisation and the all share index.

(i) Trades

5.2.1.22. The number of transactions (trades) carried out per annum more than doubled from 3,662 in 2006 to 6119 in 2007 and 8384 in 2008;
(ii) Shares Transacted

5.2.1.23. The value of shares transacted (volume) increased from K858.66 million in 2006 to K2,800.27 million in 2007 (+200% increase). However, the volume dropped to K1,585.77 million in 2008 (40% decrease) due to falling stock prices.

(iii) Turnover

5.2.1.24. Turnover increased from US$7,961,764 in 2006 to US$12,254,927 in 2007 due to foreign investor participation. However, in 2008 the net position was –US$5,667,556 as foreign investors sold their shares and exited the market at very low prices in order to salvage their investments in the light of falling stock prices.

(iv) Bond Market

5.2.1.25. Trading activities in the bond market were very successful in 2006, rising to nearly K140,000 million then dropping to approximately K78,000 million in 2007, and to less than K10,000 million in 2008. This trend is attributed to falling stock prices.

(v) Market Capitalisation

5.2.1.26. Market capitalisation increased from US$3,188.0 million in 2006 to US$4,827 in 2007, but in spite of three listing of ZAIN, ZANACO and CEC in 2008, it dropped to US$4,106.0 million in 2008 due to a drastic fall in stock prices while the Kwacha was weakening especially towards the end of 2008.

(vi) All Share Index

5.2.1.27. The LuSE All Share Index grew steadily from 1997 to 2004 when stock prices started rising. It reached an all-time high of 4,440.46 points in March 2008. Thereafter, it started slowing down as prices continued to drop and close at 2,182.5 points, in March 2009.

4) Requirements for Listing on the LuSE:

(i) SEC provided the following requirements for listing on the Lusaka Stock Exchange:

5.2.1.28. Before company may apply for listing, it must in the first instance apply to the SEC for the registration of its securities under section 32 of the Securities Act. In doing so it is required to file a registration statement that complies with Part II of the Securities (Registration of Securities) Rules, 1993 (SI no. 164 of 1993). The registration statement is a disclosure document that must among other matters disclose the following facts: details of the issuer’s (company applying) professional advisers such as bankers, lawyers, auditors. In the case of a public offer a prospectus must be prepared and filed. In support of the registration statement certified copies of the following documents must be submitted; copies of certificate of incorporation, annual return for past three years; resolution of the issuer in general meeting authorising the issuance, allotment and registration of the company’s securities. It must also disclose details of any other important corporate actions including amalgamations, alteration of capital and alteration of the company's articles.
LuSE provided the following details on requirements for listing:

(e) **Initial Obligations**

5.2.1.29. The rules and regulations governing the listing of public companies are determined and administered by the LuSE in accordance with the Securities and Exchange Commission Act. These are as follows

(i) Applicants must disclose method of listing

(ii) Applicants must meet the following criteria:

- Minimum subscribed capital of 250,000,000
- Minimum of one million shares on issue
- 3 years profit listing
- 25% of issued shares in public hands
- At least three hundred shareholders.

(iii) Applicant must be a public company if the listing refers to shares (this will require conversion from a private company to a PLC in accordance with the Zambian Companies Act

(iv) Articles of Association must not impose transfer restrictions on shares other than those permitted by law and must not limit the number of shareholders. (Once conversion to a PLC has been done, it will imply that the company’s Articles of Association have also been amended to take into account the above). Applicant must have registered securities with SEC;

(v) Shares must have been fully paid up, transferable and must have voting rights.

(b) **Continuing Obligations**

5.2.1.30. There are two underlying principles behind all continuing obligations:

(i) Timely disclosure of all relevant information

(ii) Equal treatment of all shareholders - To ensure investor protection by achieving an orderly market and to ensure that all market users have simultaneous access to the same relevant information

(c) **General obligations**

5.2.1.31. There are general and specific obligations of disclosure that listed companies are required to observe.

(i) Obligation to ensure that information from a listed company on its advisers or agents is given to the market as a whole, timely, sufficiently and relevant. Disclosure is commonly by way of an announcement through the Stock Exchange News Services and the National Papers (the Press). Information subject to disclosure includes;

(ii) Major new developments (impending or strategic) that are not public knowledge, changes in the financial condition & performance of the company which may be price sensitive without delay; and,

(iii) Matters under negotiation which is price sensitive, where there is reasonable belief that a breach of confidence has/is likely to occur, without delay.

5.2.1.32. (Price Sensitive Information is unpublished information which if it were to be published would be likely to affect a company’s share price.)
(d) **Specific Obligations of Disclosure**

5.2.1.33. In addition to the general principle above, there are specific duties of disclosure which specify detailed requirements as to time, form and content.

(i) **Disclosure of periodic financial information in respect of**:

- Dividend/Interest payments to shareholders;
- Interim & Preliminary reports; and,
- Annual Financial Statements/AGM Notice.

(ii) **Notification relating to capital - Publish immediately, the following**:

- Alteration of capital structure;
- Changes of any rights attached to listed securities;
- Issues affecting conversion rights; and,
- Results of new issues.

(iii) **Rights as between Holders of Securities**

- Fair and equality of treatment;
- Voting Rights – no variation in same class of securities; and,
- Pre-emptive rights – new issues.

(iv) **Communication with Shareholders**

- Ensure facilities and information are available to enable shareholders exercise the rights, attend meetings, use proxies

(v) **Publication of announcements must be through**:

- Stock Exchange News Service (SENS) and must be in English and conform to the rules for publication;
- Press – in English and two national daily newspapers; and,
- Seek approval of all press releases and announcements with Securities and Exchange Commission and then LuSE before publishing – Rule 11.1 to 11.38 and the Registration and Advertisement Rules under Securities Act.

(e) **Directors**

5.2.1.34. All directors other than the MD to retire by rotation once every 3 years.

5.2.1.35. Directors must not deal in securities as follows:

(i) **During the period between the year end and the preliminary announcement of company's annual results**;

(ii) **During the 2 months prior to the announcement of half yearly results**;

(iii) **When in possession of price sensitive information**;

(iv) **Require board approval from chairman for clearance to trade in shares and this may be applicable to senior employees; and**,

(v) **Board Changes**.
5.2.1.36. LuSE Secretariat should be notified of appointments, resignations, retirements and removal of board members.

(f) **LuSE Powers of Censure**

5.2.1.37. Non-compliance with these continuing obligations will result in the LuSE Board invoking its powers of censure as follows:

(i) Issue a letter of warning;
(ii) Investigate dealings in the listed security;
(iii) Suspend the listed security;
(iv) Terminate the listed security; and,
(v) Notify the public on the reasons for taking the above actions.

(6) **Key Financial Institutions that support Business in the Country**

5.2.1.38. Below is an inventory of the key financial institutions that support businesses as given by the Bank of Zambia:

(a) **Commercial Banks**

5.2.1.39. The key commercial banks in Zambia are:

(i) Standard Chartered Bank Zambia Plc;
(ii) Barclays Bank Zambia Plc;
(iii) Stanbic Bank Zambia Limited;
(iv) Zambia National Commercial Bank Plc;
(v) Citi Bank Zambia Limited;
(vi) Indo-Zambia Bank Limited;
(vii) Finance Bank Zambia Limited;
(viii) Cavmont Capital Bank Limited;
(ix) First Alliance Bank Zambia Limited;
(x) Inter-market Banking Corporation Zambia Limited;
(xi) Investrust Bank Plc;
(xii) Bank of China (Z) Limited;
(xiii) BancABC (African Banking Corporation Zambia Limited);
(xiv) Access Bank Zambia Limited; and,
(xv) First National Bank Zambia Limited.

(b) **Non-Bank Financial Institutions**

5.2.1.40. The list of existing non-bank financial institutions is attached as Annex 5.5

(7) **Role of Commercial Banks in the Economy**

5.2.1.41. The role of commercial banks in the economy was given by the Bank of Zambia as involving:

(i) Resource allocation from surplus units (savers) to deficit units (borrowers) as intermediaries;
(ii) Conduit for Government monetary policy;
(iii) Payment system providers;
(iv) Asset management;
(v) Maturity transformation of short term deposit into long term loans;
(vi) Foreign Exchange trading; and,
(vii) Diversification of risk by collecting deposits from a large number of depositors and lending the funds to a large number of borrowers.

(8) Role of Non-Bank Financial Institutions in the Economy

5.2.1.42. The role of non-bank financial institutions is as follows:

(i) They occupy a central place in the payment mechanism for households, government and business;
(ii) They accept deposits, which are widely regarded as “money” which is expected to be paid in full, either on demand or at their due term; and which constitute part of the society’s financial assets;
(iii) They play a major role in the allocation of financial resources, intermediating between the depositors of surplus funds and would be borrowers on the basis of active judgement as to the latter’s ability to pay; and,
(iv) Foreign exchange trading for bureaux de change.

(9) Key Financial Institutions that Support Business

5.2.1.43. The Securities and Exchange Commission (SEC) provided the following details on key financial institutions that support business in Zambia:

(i) Banks: Barclays Bank Zambia Plc; Standard Chartered Bank Zambia Plc; Investrust Bank Plc; Stanbic Bank Zambia Ltd; Citibank Zambia Ltd; BancABC; Zambia National Commercial Bank Plc. The SEC has licensed these banks for their merchant banking business and corporate finance activities;
(ii) Building societies;
(iii) Government agencies: Zambia Development Agency; Securities and Exchange Commission; Citizens Economic Empowerment Commission; Zambia Competition Commission; Zambia Communications Authority;
(iv) Collective Investment Schemes: ABC Unity Trust; ECR Unit Trust; JM Busha Unit Trusts and Cavmont Investment Portfolio;
(v) LuSE; and,
(vi) Broking firms (Dealers, Investment Advisers – e.g. the following trading members of the LuSE: Stockbrokers Zambia Ltd; Pangaea Renaissance Securities Ltd; Intermarket Securities Ltd and Madison Asset Management Company Ltd).

(10) Inventory of the Domestic Investment Industry

5.2.1.44. In Tables 5.4 and 5.5 below is an inventory of the domestic investment industry as given by the Pensions and Insurance Authority (PIA).

(a) Pension funds

5.2.1.45. These are savings that are set aside to be accessed at retirement. The savings are supposed to give a stream of income after retirement when one is no longer in gainful employment.
Table 5.4: Domestic Investment Industry-Pension Funds

<table>
<thead>
<tr>
<th>INVESTMENT TYPE</th>
<th>2008 K'000</th>
<th>2007 K'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>3,578,066</td>
<td>2,260,382</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>613,825,874</td>
<td>596,229,351</td>
</tr>
<tr>
<td>Fixed Interest Securities</td>
<td>520,479,281</td>
<td>518,583,379</td>
</tr>
<tr>
<td>Equities-Foreign</td>
<td>4,319,917</td>
<td>20,293,559</td>
</tr>
<tr>
<td>Income Fund</td>
<td>525,898</td>
<td>5,897,630</td>
</tr>
<tr>
<td>Property</td>
<td>502,275,627</td>
<td>430,035,298</td>
</tr>
<tr>
<td>Fixed Cash Deposits</td>
<td>97,276,662</td>
<td>91,386,073</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>50,738,398</td>
<td>58,983,225</td>
</tr>
<tr>
<td>Insurance Policies</td>
<td>9,541,489</td>
<td>10,824,619</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,802,561,212</td>
<td>1,734,493,516</td>
</tr>
</tbody>
</table>


(b) Insurance corporations

5.2.1.46. Insurance corporations play a very significant role in the economy. Their role is to compensate business entities and individuals that suffer loss due to unforeseen circumstances. They ensure that once the compensation is paid, the entities and individuals continue conducting their business.

Table 5.5: Domestic Investment Industry-Insurance Corporations

<table>
<thead>
<tr>
<th>INVESTMENT TYPE</th>
<th>2008 K'000</th>
<th>2007 K'000</th>
<th>2006 K'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Property</td>
<td>116,909,680</td>
<td>105,111,000</td>
<td>90,044,357</td>
</tr>
<tr>
<td>Quoted and Listed Shares</td>
<td>24,812,893</td>
<td>29,472,400</td>
<td>41,169,236</td>
</tr>
<tr>
<td>Commercial Papers</td>
<td>6,279,437</td>
<td>20,835,000</td>
<td>32,003,204</td>
</tr>
<tr>
<td>Fixed (Term) Deposits</td>
<td>72,686,101</td>
<td>39,809,207</td>
<td>29,849,229</td>
</tr>
<tr>
<td>Government Securities</td>
<td>31,442,958</td>
<td>13,601,315</td>
<td>16,726,552</td>
</tr>
<tr>
<td>Non-Listed/non-Quoted Shares</td>
<td>4,089,488</td>
<td>2,002,429</td>
<td>5,897,500</td>
</tr>
<tr>
<td>Debentures</td>
<td>4,821,336</td>
<td>8,123,849</td>
<td>6,022,334</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>8,141,540</td>
<td>0</td>
<td>4,021,305</td>
</tr>
<tr>
<td>Associates</td>
<td>2,006,933</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Staff Housing Schemes</td>
<td>0</td>
<td>0</td>
<td>1,744,114</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>15,021,552</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Investments</td>
<td>2,939,040</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>292,649,136</td>
<td>221,324,201</td>
<td>229,427,832</td>
</tr>
</tbody>
</table>

Source: Pensions and Insurance Authority-July 2009

5.2.1.47. But both insurance and pension funds act as institutional investors which provide surplus funds for investment in the economy. By so doing they contribute to the provision of employment and growth of the economy.
(c) Foreign investment

5.2.1.48. According to the Zambia Development Agency (ZDA), the foreign investment structure for the years 2007 and 2008 was as follows (US$):

(i) Pension funds Nil
(ii) Mutual funds Nil
(iii) Banks 60,793,500 (2007-8)
(iv) Insurance corporations 2,300,000 (2007-8)

5.2.1.49. The number of projects and pledged amounts in the various sectors of the economy for the last two years are shown in Tables 5.6 and 5.7 below.

Table 5.6: Foreign Investment by Sector 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>number of projects</th>
<th>investment pledges (us$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>5</td>
<td>65,908,687</td>
</tr>
<tr>
<td>Construction</td>
<td>8</td>
<td>21,241,800</td>
</tr>
<tr>
<td>Education</td>
<td>2</td>
<td>4,127,000</td>
</tr>
<tr>
<td>Financial</td>
<td>1</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Health</td>
<td>2</td>
<td>1,281,000</td>
</tr>
<tr>
<td>ICT</td>
<td>5</td>
<td>135,271,363</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>51</td>
<td>722,485,627</td>
</tr>
<tr>
<td>Mining</td>
<td>4</td>
<td>441,500,000</td>
</tr>
<tr>
<td>Real Estate</td>
<td>4</td>
<td>16,500,000</td>
</tr>
<tr>
<td>Service</td>
<td>11</td>
<td>32,144,159</td>
</tr>
<tr>
<td>Tourism</td>
<td>10</td>
<td>79,198,759</td>
</tr>
<tr>
<td>Transport</td>
<td>15</td>
<td>278,547,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>118</strong></td>
<td><strong>1,799,205,595</strong></td>
</tr>
</tbody>
</table>


5.2.1.50. The number of projects almost doubled in 2008, as shown in the table below.

Table 5.7: Foreign Investment by Sector 2008

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Projects</th>
<th>Investment Pledges (Us$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>24</td>
<td>54,555,842</td>
</tr>
<tr>
<td>Agro-processing</td>
<td>1</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Construction</td>
<td>10</td>
<td>15,669,000</td>
</tr>
<tr>
<td>Education I</td>
<td>1</td>
<td>4,200,000</td>
</tr>
<tr>
<td>Energy</td>
<td>5</td>
<td>1,306,743,661</td>
</tr>
<tr>
<td>Engineering</td>
<td>1</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Financial</td>
<td>3</td>
<td>58,245,500</td>
</tr>
<tr>
<td>Health</td>
<td>7</td>
<td>37,500,000</td>
</tr>
<tr>
<td>ICT</td>
<td>2</td>
<td>4,598,900</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>86</td>
<td>1,098,271,113</td>
</tr>
<tr>
<td>Mining</td>
<td>17</td>
<td>7,296,394,000</td>
</tr>
<tr>
<td>Real Estate</td>
<td>12</td>
<td>96,585,000</td>
</tr>
<tr>
<td>Service</td>
<td>31</td>
<td>109,191,118</td>
</tr>
<tr>
<td>Tourism</td>
<td>23</td>
<td>195,629,004</td>
</tr>
<tr>
<td>Transport</td>
<td>14</td>
<td>40,829,498</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>237</strong></td>
<td><strong>10,325,412,636</strong></td>
</tr>
</tbody>
</table>

5.2.1.51. The overall picture that emerges from the above tables is that there has been an increase in investment over the years, which implies a favourable investment climate. The level of both local and foreign investment indicates levels of confidence in the corporate environment which is an important indicator of the prevalence of good corporate governance practices.

5.2.1.52. The Regulatory Framework for Economic Activity and the extent to which It facilitates Commercial Enterprises in the Country

(a) Legal and Regulatory Framework governing Business Enterprises in the Country

(1) Legal Framework

5.2.1.53. In order to effectively regulate and facilitate economic activity in the country, the Government has put in place a legal framework to govern all business enterprises. These are given below under each broad category of commercial enterprises.

5.2.1.54. All commercial enterprises

5.2.1.55. The following laws are common to all commercial enterprises in the country covering obligations to the state, community, employees, environment, other stakeholders (customers, suppliers, creditors, etc):

(i) Industrial and Labour Relations Act, 1993, 1997 (Amended);
(ii) Employment Act, 1997;
(iii) Human Resources Management Act;
(iv) Minimum Wages and Conditions of Employment Act;
(v) Employment (Special Provisions) Act;
(vi) Workers Compensation Act, 1999;
(vii) National Pension Scheme Authority Act;
(viii) Companies Act;
(ix) Factories Act;
(x) Taxation Act;
(xi) Bankruptcy Act;
(xii) Insolvency Act;
(xiii) Environmental Protection and Pollution Control Act, 1990;
(xiv) Income Tax Act;
(xv) Customs and Excise Act; and,
(xvi) Immigration and Deportation Act.

5.2.1.56. Financial and banking institutions

5.2.1.57. In addition to the laws listed in (i) above, financial and banking institutions are governed by the following additional legislation:

(i) Banking and Financial Services Act, 2005;
(ii) Insurance Act, 1997;
(iii) Pensions Scheme Regulations Act;
(iv) Zambia Institute of Chartered Accountants Act;
(v) Accountants Act, 2008;
(vi) Public Finance Act, 2004;
(vii) Development Bank of Zambia Act;
(viii) Prohibition and Prevention of Money Laundering Act, 2001; and,
(ix) National Payment Systems Act.
5.2.1.58. Public limited companies

5.2.1.59. With regard to public limited companies, they observe all legislation under (i) above in addition to the Securities Act.

5.2.1.60. State-owned enterprises

5.2.1.61. SOEs are governed by the legislation listed in (i) above and the following additional legislation:

(i) Public Procurement Act;
(ii) Public Finance Act, 2004; and,
(iii) Public Service Pension Scheme Act.

(2) Legislation specific to industry

5.2.1.62. Additional legislation has been put in place tailored to govern the operations of specific industries such as mining, aviation, health, tourism, agriculture, pharmaceuticals, transport, and ICT. A few examples are given below:

(i) Mines and Minerals Development Act, No.7, 2008;
(ii) Petroleum Exploration and Production Act;
(iii) Plant Breeders Act;
(iv) Tourism and Hospitality Act;
(v) Civil Aviation Act, CAP 44;
(vi) Air Passenger Service Charge Act, CAP 450;
(vii) Safety of Civil Aviation Act, CAP 445;
(viii) National Tourism Board Act, 2002;
(ix) Pharmaceutical Act, 2004;
(x) Public Finance Act, 2004;
(xi) Rural Electrification Act, 2003;
(xii) Independent Broadcasting Authority, 2002;
(xiv) Public Roads Act, 2002; and,

(3) Regulatory framework

5.2.1.63. For businesses to function effectively and attract local and foreign investment, a country requires to put in place a suitable regulatory and institutional framework that will facilitate and guide the conduct of business.

5.2.1.64. The regulatory framework in Zambia comprises three types:

(i) The Judiciary;
(ii) Self regulators (i.e. Professional Associations); and,
(iii) Statutory regulators.
(a) **Judiciary**

5.2.1.65. Judiciary includes:

(i) The Magistrates Courts;
(ii) The Industrial Relations Court;
(iii) High Court for Zambia; and,
(iv) Supreme Court of Zambia.

5.2.1.66. Small Claims Courts have also been introduced to handle minor claims to decongest the courts.

(b) **Self regulators**

5.2.1.67. Self regulators consist of professional and business organisations that have oversight of their members’ activities. Some of them are given in 5.8 below.

**Table 5.8: The Key Professional and Business Organisations in Zambia**

<table>
<thead>
<tr>
<th>Professional Organisations</th>
<th>Business Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Institute of Directors of Zambia</td>
<td>Zambia Business Forum</td>
</tr>
<tr>
<td>Zambia Institute of Chartered Accountants</td>
<td>Zambia Associations of Chambers of Commerce and Industry</td>
</tr>
<tr>
<td>Law Association of Zambia</td>
<td>Zambia Chamber of Small and Medium Business Associations</td>
</tr>
<tr>
<td>National Council for Construction</td>
<td>Zambia National Farmers Union</td>
</tr>
<tr>
<td>Zambia Institute of Marketing</td>
<td>Zambia Tourism Board</td>
</tr>
<tr>
<td>Zambia Institute of Human Resources Management</td>
<td>Chamber of Mines of Zambia</td>
</tr>
<tr>
<td>Engineering Institution of Zambia</td>
<td>Zambia Association of Manufacturers</td>
</tr>
<tr>
<td>Medical Council of Zambia</td>
<td>Hotel and Catering Association of Zambia</td>
</tr>
<tr>
<td>General Nursing Council of Zambia</td>
<td>Millers Association of Zambia</td>
</tr>
<tr>
<td>Zambia Institute of Purchasing and Supply</td>
<td>Motor Traders Association of Zambia</td>
</tr>
<tr>
<td>Bankers Association of Zambia</td>
<td>Cross Boarder Traders Association of Zambia</td>
</tr>
<tr>
<td>Media Institute of Southern Africa Zambia Chapter</td>
<td>Cooperatives Societies</td>
</tr>
</tbody>
</table>

*Source: Compiled by PMDC Consultancy Services*

(c) **Statutory regulators**

5.2.1.68. Statutory regulators include the Government and business institutions that have oversight over commercial activity in the country. Table 5.9 is a listing of supervisory and regulatory authorities in Zambia.
Table 5.9: Supervisory and Regulatory Authorities

<table>
<thead>
<tr>
<th>Supervisory and Regulatory Authorities in Zambia</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Authority of Zambia</td>
<td>Zambia Business Forum</td>
</tr>
<tr>
<td>National Water and Sanitation Council</td>
<td>Zambia Associations of Chambers of Commerce and Industry</td>
</tr>
<tr>
<td>Pensions and Insurance Authority</td>
<td>Zambia Chamber of Small and Medium Business Associations</td>
</tr>
<tr>
<td>Environmental Council of Zambia</td>
<td>Zambia National Farmers Union</td>
</tr>
<tr>
<td>Patents and Companies Registration Office</td>
<td>Zambia Tourism Board</td>
</tr>
<tr>
<td>Zambia Development Agency</td>
<td>Chamber of Mines of Zambia</td>
</tr>
<tr>
<td>Zambia Bureau of Standards</td>
<td>Zambia Association of Manufacturers</td>
</tr>
<tr>
<td>Zambia Competition Commission</td>
<td>Hotel and Catering Association of Zambia</td>
</tr>
<tr>
<td>Bank of Zambia</td>
<td>Millers Association of Zambia</td>
</tr>
<tr>
<td>Energy Regulation Board</td>
<td>Motor Traders Association of Zambia</td>
</tr>
<tr>
<td>Medical Council of Zambia</td>
<td>Cross Boarder Traders Association of Zambia</td>
</tr>
<tr>
<td>General Nursing Council of Zambia</td>
<td>National Council for Construction</td>
</tr>
<tr>
<td>Food and Poisons Board</td>
<td>Lusaka Stock Exchange</td>
</tr>
<tr>
<td>Occupational Health Board</td>
<td>Zambia Weights and Measures Agency</td>
</tr>
<tr>
<td>Securities and Exchange Commission</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by PMDC Consultancy Services

5.2.1.69. What is of interest to the commercial sector is the regulation of the financial system. The SEC submitted that there are three regulators for the Zambian financial system. These are the Securities and Exchange Commission (SEC), the Bank of Zambia (BoZ), and the Pensions and Insurance Authority (PIA). SEC is responsible for the regulation of the securities and capital markets (long term financial instruments), BoZ oversees the banking and other money markets (short term financial instruments), while the PIA is responsible for pensions and insurance business (life and non-life and retirement funds financial products).

4) Assessment of the Efficiency and Effectiveness of the Regulatory Framework

5.2.1.70. The legal and regulatory framework provides an enabling environment for doing business and therefore its efficiency and effectiveness have a telling effect on economic activities in the country. The stakeholders’ perception of the efficiency and effectiveness of the legal and regulatory framework in Zambia is highlighted below.

(a) The procedure for registering, licensing and de-registering corporate entities

(i) With financial and technical support from the Millennium Challenge Account, registering of companies by PACRO in Zambia has undergone a major revolution. It is now possible to register a company within one day if all the required documentation is available. Before the changes, it used to take anything up to 90 days (ZCSMBA);

(ii) The only limiting factor is the centralized nature of the processes as PACRO only has presence in a few centres, i.e. Lusaka, Ndola and Chipata, bringing about challenges of a monetary/ fiscal nature. There is need to extend this service to all provincial capitals so that members of the public wishing to register their companies will not have to travel all the way to Lusaka or the other two centres at great cost in many cases. The fees for registering a company are affordable (ZCSMBA);

(iii) The procedures for de-registering a corporation are not that clear. Most corporations that cease to operate for whatever reason do not do anything about it. There is need to educate the public on the procedures and on why it is important to formally de-register (ZCSMBA);
(iv) **Licensing** is another matter. This is a major bone of contention by the business sector about the current licensing regime in Zambia. For a start, there are too many license permits, levies, etc. demanded of businesses by various agencies at various levels. The good news is that this has been acknowledged and the Business Licensing and Review Committee was established in May, 2008, to review the whole licencing regime. This is aimed at rationalizing the licensing regime, scrap unnecessary licenses and eliminating duplication. The committee has completed its work and the report containing their major recommendations is with the relevant government agencies. The adoption and implementation of these recommendations will ultimately reduce the cost of doing business in Zambia;

(v) Mining companies do not have much problem registering their enterprises. Problems arise from obtaining exploration, mining and mineral **processing licenses**. The process can be very cumbersome, costly and time consuming (Chamber of Mines of Zambia);

(vi) Delays experienced before have reduced with regard to licensing, registering and deregistering (ZACCI);

(vii) The number of licenses are too many and these needs to be reduced as per recommendation of the Eva Jhala Report from the current 500 plus to less than 200. Most of the licences are unnecessary and cumbersome (ZBF); and,

(viii) Further efforts have been made to reduce the cost of doing business in Zambia, which is a welcome move (ZBF).

5.2.1.71. Of the fifteen corporations surveyed, 12 of them considered the registering, licensing and de-registering procedures as follows:

(aa) **Registering**
- Costly (Mandanga Milling Company, ZESCO Ltd);
- Bureaucratic (Zambian Breweries Plc, Times of Zambia); and,
- No Response (8).

(bb) **Licensing**
- Bureaucratic (Times of Zambia, Zambian Breweries Plc, ZESCO Ltd);
- Length of time (Mandanga Milling Company, ZAIN Zambia, Zampost, ZESCO Ltd); and,
- No Response (5).

(cci) **De - registering**
- Bureaucratic (Zambian Breweries Plc); and,
- No response (11).

5.2.1.72. Other challenges experienced, as identified by some respondents, relate to registering, licensing and deregistering were bureaucracy in banking laws, cumbersome by-laws, lack of clarity of laws, and delays on approval.

(b) **Clarity, Coherence and Adequacy of the Laws Governing Corporate Behaviour**

5.2.1.73. The perception of respondents as to the clarity, coherence and adequacy of the laws governing corporate governance is as follows:

(i) Terminal benefits, as provided for in the labour laws, are perceived to be too high compared to other countries (Chamber of Mines of Zambia);

(ii) Taxation laws do not offer sufficient stability and predictability (Chamber of Mines of Zambia);

(iii) Most of these (laws) have not been reviewed (ZACCI);

(iv) Bankruptcy takes too long to complete (ZACCI);
(v) In terms of clarity the afore mentioned were drafted a long time ago and in between there are so many issues that have happened which need to be incorporated to ensure coherence. After liberalisation of the economy, the issues of corporate social responsibility which have arisen as a result of the coming in of the private enterprises have not been adequately addressed (ZBF);

(vi) While the various statutes that govern corporate behaviour are in place and to some extent clear, a number of them are out of date and in dire need of updating, e.g., the Local Government Act prescribes a lot of functions for local authorities, a number of which in real terms have been taken over by other institutions (ZTB);

(vii) Some of these laws have not been reviewed and updated for many years. There is urgent need to do that and in so doing ensure that they are co-ordinated and brought in line with the tenets and best practices of corporate governance (ZCSMBA);

(viii) In their present form they are out of time with what has come to be accepted as the responsible way of managing companies and are not synchronized well enough and therefore can be confusing and ineffective (ZCSMBA); and,

(ix) Four of the corporations surveyed stated that overall the laws were clear and adequate but not coherent.

5.2.1.74. The perception of the general public regarding the legal framework is as shown in Table 5.10.

Table 5.10: Adequacy, Supervision and Effectiveness of Legal Framework-General Public

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properly regulated through adequate laws?</td>
<td>Yes 60 (42%)</td>
</tr>
<tr>
<td></td>
<td>No 64 (45%)</td>
</tr>
<tr>
<td></td>
<td>Don’t Know 19 (13%)</td>
</tr>
<tr>
<td></td>
<td>Total 143 (100%)</td>
</tr>
<tr>
<td>Properly supervised by GRZ Ministries and bodies?</td>
<td>Yes 41 (29%)</td>
</tr>
<tr>
<td></td>
<td>No 77 (54%)</td>
</tr>
<tr>
<td></td>
<td>Don’t Know 25 (17%)</td>
</tr>
<tr>
<td></td>
<td>Total 143 (100%)</td>
</tr>
<tr>
<td>Effectively taken to task through penalties,</td>
<td>Yes 38 (27%)</td>
</tr>
<tr>
<td>sanctions for non compliance?</td>
<td>No 70 (49%)</td>
</tr>
<tr>
<td></td>
<td>Don’t Know 35 (24%)</td>
</tr>
<tr>
<td></td>
<td>Total 143 (100%)</td>
</tr>
</tbody>
</table>


5.2.1.75. While regulation is considered to be reasonably adequate, supervision and oversight are seen to be weak. The above table shows that the majority of the sampled general public surveyed are of the view that the legal framework for supervision of and oversight over corporations is inadequate and ineffective.

(c) The efficiency of the Judiciary and the Regulators

5.2.1.76. The respondents perceive the efficiency and effectiveness of the Judiciary and regulators to resolve commercial disputes and prosecute corporate infringements as follows:

(i) Delays are experienced but movement (improvement) is there with the introduction of Small Claims Court (ZACCI);

(ii) The Judiciary in Zambia as in other developing countries is very inefficient when it comes to settling commercial disputes. Often, courts take too long to decide, to the detriment of business transactions. Commercial transactions are complex and ordinary courts are not equipped with qualified personnel and support services to do a good and efficient job. This partly explains the increasing popularity of arbitration and mediation as alternative methods of dispute resolution in the commercial world. Litigation is being shunned more and more as a method for resolving business disputes. It is cumbersome, bureaucratic and costly. In
this vein, the recent establishment of the Small Claims Court is a positive development (ZCSMBA); (iii) Only one of the seven corporations that responded indicated experiencing a dispute, which was still on-going by the time of the survey; and, (iv) Out of the 12 corporations that were surveyed only two answered the question on the efficiency and effectiveness of the judiciary and regulators; one answered that the judiciary was efficient, while the other said the judiciary and regulators were not efficient.

(5) External and internal factors that impact on business activity

5.2.1.78. Business activity is affected positively or negatively by both external and internal factors. In this regard the state of infrastructure and availability and reliability of energy supply play a major role in attracting and promoting business activity in the country.

(a) The state of infrastructure in the country

5.2.1.80. The physical infrastructure that impacts on the business activity of a country are roads, rail, water transport, ports and harbours, and ICT systems. The Ministry of Communications and Transport, which is responsible for communication and transport infrastructure in the country, submitted the following details regarding the state and availability of infrastructure under its control.

(i) Road transport infrastructure: The main mode of transport in the country is road and this tends to be given first priority in terms of infrastructure development/ resource investment. The country has a core road network of 40,113 km. However, much of this road network is in a dilapidated state. To date, only about 6,600 (16.45%) has been rehabilitated since the beginning of the Roadsip I and II programmes in 1997;
(ii) Rail transport infrastructure: The Government has been trying to supplement road transport by developing railway transport in the country. The most recent railway that has been constructed is the Chipata-Muchinji railway line. The country has two main railway lines that service the people – TAZARA and Railway Systems of Zambia;

(iii) Air transport infrastructure: The other mode of transport, air, is also not very well developed. There are four international airports (Lusaka, Ndola, Livingstone and Mfuwe) that service the nine provinces of the country. There are also airports/airstrips in almost every district of the country;

(iv) Water transport infrastructure: The least developed mode of transport is water transport. Much of the infrastructure is not developed although the Government is now looking into providing adequate water transport through rehabilitation of harbours, procurement of dredgers, canals, and banana boats; and,

(v) ICT infrastructure: ICT is the fastest growing industry in the country. This has been due to the enactment of the Telecommunications Act in 1994 which led to the restructuring of the telecommunications sub-sector to separate the postal and telecommunications functions. Many players have come on board to provide both telecommunication and postal services. The major players in the mobile service provision being ZAIN Zambia Plc and MTN Zambia.

5.2.1.81. Other stakeholders had the following perceptions of the state of available infrastructure:

(i) The state of infrastructure such as roads, rail, air, water transport, ports, and harbours is poor. As for ICT systems there has been a lot of improvement in recent years (ZDA);

(ii) Road, rail, air infrastructure are very poor especially on the Copperbelt. ICT systems are also poor (Chamber of Mines of Zambia);

(iii) Infrastructure in general is in a state of disrepair. Air transport infrastructure is not too bad except in outlying areas. ICT systems owned by MTN and ZAIN are ok but Zamtel is limping (ZACCI);

(iv) The state of available infrastructure is not very good, especially in the Copperbelt Province and other areas. The highway and the interprovincial roads are well maintained but not feeder roads which lead mostly to agriculture areas. The transport sector is well liberalised and in the hands of the private sector but there are inefficiencies in areas such as rail network which should be unbundled to allow for more private sector participation (ZBF);

(v) The available infrastructure from a tourism marketing perspective is inadequate and disadvantages the competitiveness of Zambia as a tourist destination, e.g., we still have a lot of tourism products and assets that are not easily accessible on account of poor transport infrastructure such as road and air. Similarly, the levels of ICT do not meet the industry requirement (ZTB);

(vi) The above scenario is compounded by the fact that most of Zambia’s tourism products are rural or national park based (ZTB); and,

(vii) It is common knowledge that available infrastructure in the country is a limiting factor toward economic and social development of the country and improved standards of living for the Zambian people. The rail system has almost collapsed and other infrastructure, especially in the rural areas, is in poor state of repair or non-existent.

5.2.1.82. More resources should be channelled towards infrastructure upgrading and where non-existent, new infrastructure should be developed. The recently approved Public Private Partnership (PPP) Policy and accompanying legislation should be taken advantage of to create a supportive environment, including targeted incentives, for the private sector to team up with the Government to undertake needed infrastructure development (ZCSMBA). The responses from four government ministries out of ten surveyed are summarised in Table 5.11 below.
Table 5.11: Ministries’ Responses on the Condition of infrastructure in the Country

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Excellent</th>
<th>Good</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road network</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Rail network</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Air transport facilities</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Water transport facilities</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Ports</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Harbours</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>ICT systems &amp; infrastructure</td>
<td>-</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Border posts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hospital infrastructure</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Compiled from questionnaire responses.

5.2.1.83. The perception of corporations on the state of infrastructure in the country is that it is generally poor, as shown in the responses summarised in 5.12 below.

Table 5.12: Corporations’ Responses on the Condition of infrastructure in the Country

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Excellent</th>
<th>Good</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road network</td>
<td>-</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Rail network</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Air transport facilities</td>
<td>-</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Water transport facilities</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Ports</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Harbours</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>ICT systems &amp; infrastructure</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Border posts</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Totals</td>
<td>1</td>
<td>4</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Statistic compiled from questionnaire responses by Corporations-July 2009.

(6) The availability and reliability of energy supply in the country

5.2.1.84. The Ministry of Energy and Water Development (MEWD), which is responsible for energy resources in the country, noted the availability and reliability of energy supply:

(i) Zambia is well endowed with a wide range of indigenous energy resources which include biomass, renewables and coal;

(ii) **Electricity:** The country has an installed capacity of 1,760MW out of which 1,672MW is hydro and 88MW is thermally produced. The untapped hydropower potential in Zambia is about 4,000MW;

(iii) **Petroleum Products:** The Indeni Refinery has a designed capacity to process 1.1 million tonnes of spiked crude per annum. The crude is all imported from the Middle East through TAZAMA Pipelines;

(iv) **Coal:** Zambia has vast coal resources. The country has about 60million tonnes of proven coal reserves at its biggest productive coal mine, Maamba Collieries. The Zambezi valley has an identified potential of billions of tonnes; and,
(v) **Wind:** Wind energy is relatively low. Wind data collected at 10 metres per second above the ground indicate speeds of between 0.1 to 3.5 metres per second with an annual average of 2.5 m/s. These wind speeds are not particularly suitable for electricity generation but well suited for water pumping for household use and irrigation purposes.

5.2.1.85. Other stakeholders’ perceptions were as follows.

(i) **Ministry of Mines and Minerals Development:** Zambia’s mining industry is heavily dependent on hydro-electricity, coal and petroleum products. The country’s power generation capacity has remained static over the years and there has been no major investment in the sector.

(a) **Electricity: Power supply remains unreliable**

5.2.1.86. **Coal:** Zambia has substantial coal resources which are critical in the provision of power to the mining sector. The coal resources could also be used to generate coal bed methane and establish thermal power plants.

5.2.1.87. **Petroleum products:** Zambia imports crude petroleum and petroleum products; crude is imported on medium to long term contracts with suppliers in the Middle East and is reliably supplied through TAZAMA Pipeline.

(i) **Electricity has become unreliable with several incidences of countrywide power failures in the last few years (Chamber of Mines of Zambia).**

(ii) **The electricity system needs to be improved upon to mitigate the effect of consistent load shedding that makes power supply erratic (ZDA).**

(iii) **The National Water and Sanitation Council gave the following details:**

- **Electricity:** available but not reliable
- **Fuel:** available and reliable
- **Coal:** available but not reliable
- **Wood:** available but not reliable, diminishing resource.

(iv) **Electricity: supply is unreliable. Other products not fully exploited efficiently but with the new Energy Policy things might change (ZACCI).**

(v) **The issue of energy is a source of concern. Although the availability is not a serious issue anymore in Zambia, the cost of energy is worrying. The price of fuel, especially jet fuel, is too high and this has an adverse impact on the development of the aviation sector. On the other hand, electricity supply has been very erratic, compounded by massive load shedding which is counter-productive (ZBF).**

(vi) **Energy supply in most of the tourist attractions is inadequate. This increases the cost of doing business in these areas, resulting in increased pricing for tourism products (ZTB).**

(vii) **Energy supply in the country is a serious constraint to economic and social development. The intermittent power cuts are of serious concern to industry. Zambia cannot hope to develop without sustained reliable and adequate energy supply. Investment in energy is another area where private and public sectors should work together to find a permanent and lasting solution to this pressing problem (ZCSMBA).**

(viii) **The eight out of nine city and municipal councils in the survey described the availability and reliability of energy supply in the country as inconsistent and expensive (load shedding and high prices of fuel) (Lusaka). The availability of electricity is such that sometimes there is no electricity and residents are not even informed well in advance about the power outages. This is the main source of energy**
and it is only provided by ZESCO. Petroleum products are available at the three filling stations which run out of stock during certain periods. The supply of fuel is more reliable than electricity (Mansa); and,

(ix) Corporations’ responses on the availability and reliability of energy supply as reflected in 5.13 below indicates that it is generally good except for electricity which is generally poor.

Table 5.13: Availability and Reliability of Energy Supply-Corporations

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excellent</td>
</tr>
<tr>
<td>Electricity</td>
<td>1</td>
</tr>
<tr>
<td>Petroleum products</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
</tr>
<tr>
<td>Coal</td>
<td>-</td>
</tr>
<tr>
<td>Wood</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>1</td>
</tr>
</tbody>
</table>

(7) The Government’s efforts to promote and encourage commercial enterprises

5.2.1.88. The Government, in addition to being responsible for infrastructure development and creating an enabling environment for commercial enterprises, has made a number of efforts aimed at promoting and encouraging commercial enterprises in the country.

5.2.1.89. The measures which the Government has taken to promote and encourage commercial enterprises include privatisation, liberalisation of the economy and commercialisation of the water sector. These and other efforts were seen in favourable light by some of the respondents, as the following comments attest:

(i) After liberalisation the Government has played an important role in ensuring the promotion of commercial enterprises. This has been done through encouraging both foreign and domestic investors. The establishment of ZDA, among other statutory bodies, is evidence of this (ZBF);

(ii) Government has continued to pursue liberalised free market policies since 2001. These have proved to be friendly and have seen an influx of foreign investors in almost all sectors of the economy. Coupled with incentives given through the ZDA, they have also been encouraging investments in almost all sectors of the economy (ZDA);

(iii) Government has taken a stand in favour of the private sector as the engine to drive the economic and social development train of the country forward. To this effect, Policy and supportive legislation have been and are being put in place to promote this goal. The ZDA was established to promote foreign direct investments as well as other initiatives such as the setting up of the Citizens Economic Empowerment Commission, the PPP Policy and the Multi-Facility Economic Zones;

(iv) Cumulatively, investment in these and other initiatives should lead to the establishment of increased commercial enterprises in many sectors of the economy with attendant positive impact on economic and social development of the country (ZCSMBA); and,

(v) The capital market was developed to facilitate the privatisation exercise, a process by which the Government divested its business interests in most state owned enterprises.

5.2.1.90. Zambian citizens and eligible institutions were availed an opportunity to become shareholders in the companies through the purchase of shares in the privatised companies. The privatisation process has more or less been completed and there has been a substantial increase in the number of Zambians owning shares in public companies. The LuSE has now been established as a platform where companies can
raise long term developmental capital. To achieve further development of the facilities of the capital market, the LuSE has required capital injection to upgrade its systems and facilities such as trading, clearing and settlement infrastructure.

5.2.1.91. The Government recently supported the LuSE by financing the acquisition of the LuSE’s Automated Trading System (ATS), a sophisticated and world class trading system which will enhance the trading, clearing and settlement facilities as well as bring in more confidence in the capital market as the ATS is a secure and efficient system (SEC). Just like any financial business, robustness in the market depends on the confidence that members of the public have in its systems. It is susceptible to systemic factors which would affect the industry regardless of the real performance of the sector players (SEC).

(8) Government’s Efforts to Encourage Special Enterprise Formation

5.2.1.92. Further, the Government has made a number of efforts aimed at promoting and encouraging the formation of special enterprises (e.g. holdings by women and differently-abled persons) in the country. Respondents’ observations on some of these efforts are as follows:

(i) **The Government, through the ZDA, facilitates and promotes the development of micro and small business enterprises by;**

(a) Formulating, coordinating and implementing policies and programmes for promoting and development of small to medium business enterprises.

(b) Providing marketing support services to micro, small and medium enterprises

(c) Registering, collecting, researching and disseminating information relating to micro, small and medium enterprises

(d) Assisting in the development of appropriate productive technology for micro, small and medium enterprises

(e) Locating and developing commercial estates and common facilities for use by micro and small business enterprises. (ZDA)

(ii) GRZ is not doing enough. SEDB replaced SIDO and does not function. There is presently the ZDA Act and its effectiveness is yet to be seen (Chamber of Mines of Zambia);

(iii) The PSD (Private Sector Development) Programme introduced is helpful (ZACCI);

(iv) The Government has encouraged the establishment of special enterprises and these can be seen by the passing of the SME Policy and the enactment of the Citizens Economic Empowerment Act where SMEs are able to get finances to develop their businesses (ZBF);

(v) The tourism sector is open for investment by both the private and public sectors and benefits can spill over to community levels: for example, encouraging pro-poor investment in the country. Examples of community investment include such products as the Kawaza Cultural Village in Eastern Province and Mukuni Village in Livingstone (ZTB);

(vi) In addition, there are a number small and medium scale investments in such facilities as lodges and guest houses (ZTB);

(vii) In the recent past, Government has realized the potential that special groups in the country, such as Micro, Small and Medium Enterprises (MSME’s), women groups, the physically disadvantaged and youth groups have to contribute towards the economic and social development of the country. Special efforts are therefore being made to promote these groups with policy interventions as well as material support in some cases. Recently a policy on MSME’s was promulgated for the very first time. A number of organized women and youth groups are also attracting the attention of Government for support (ZCSMBA).
Challenges affecting Economic Activities in the Country

5.2.1.93. Business enterprises experience a number of challenges, some of which were given by the respondents as poor education system, high cost of finance, shortage of skills, poor public service delivery, poor infrastructure, and the high cost of communication, among others.

Efforts being made to overcome the above Challenges

5.2.1.94. Respondents highlighted the following, among others, as efforts being made to overcome the challenges of promoting and encouraging commercial enterprises, including the formation of special enterprises in the country and reforming the licensing system. However, the high cost of communication cannot be dealt with until the gateway is addressed and infrastructure is still an issue even though resources are now being mobilised.

From the above discussion, it is evident that the commercial sector in Zambia comprises public limited companies, private owned corporations, state owned enterprises (parastatals), cooperatives, family owned enterprises and the informal sector. The main categories of commercial enterprises and their role in the economy of the country have been identified. Business in the country is supported by key financial institutions. There is a viable domestic investment industry in pension fund and insurance corporations which has been increasing in the past two years.

5.2.1.96. However, there is a poor lending culture among financial institutions in the country, especially to small and medium scale enterprises. The country is attracting direct foreign investment as shown by the increasing number of projects and pledges in the last two years (2007-2008). The country has a legal, regulatory and institutional framework to govern business activities and enterprises.

5.2.1.97. Despite this, the state of available physical infrastructure, especially the roads, rail and water transport is perceived to be poor by most stakeholders surveyed. Availability and reliability of electricity is also perceived to be poor while that of petroleum products is good. Coal and wood are available but supply is unreliable. Government has made significant efforts to promote and encourage the formation of both commercial and special enterprises. A number of challenges affecting economic activities in the country have been identified, including measures being taken to overcome the challenges.

Recommendation

5.2.1.98. Based on the preceding findings and discussion, it is recommended that the regulatory mechanism be strengthened by constantly up-dating legislation to bring it in line with the changing business environment and tenets of good corporate governance. This process should start with updating current legislation;

Ensuring that Corporations Act as Good Corporate Citizens with regard to Human Rights, Social Responsibility and Environmental Sustainability

5.2.2.0 The focus of this objective is threefold, namely:

(i) The measures in place to ensure that corporations recognize and observe human rights and labour laws;

(ii) The extent to which corporations are responsive to the concerns of communities in which they operate; and,

(iii) The measures in place to ensure sustainable environmental management on the part of corporations.
5.2.2.1 The Measures in place to ensure that Corporations Recognize and Observe Human Rights and Labour Laws

5.2.2.2 The Zambia Federation of Employers (ZFE) was established under Part V of the Industrial and Labour Relations Act, with the principal objective of representing employers in the country with regard to labour and employment issues. Its membership comprises all sectors of the economy, including finance, mining, manufacturing, commerce, education, tourism/hospitality, insurance, transport, and communication. The membership list is given at Annex 5.6.

5.2.2.3 ZFE is not supervised by any Ministry but is registered under the Industrial and Labour Relations Act (Cap 269) which is administered by the Ministry of Labour and Social Security. As a mother body for employers, the federation has responded to the following questions relating to human rights and labour laws and corporate social reasonability with respect to its members.

(a) The Labour Laws in Place to Guide Corporations with Regard to the Rights of Employees in the Work Place:

5.2.2.4 According to the Ministry of Labour and Social Security (MLSS) the following are the labour laws that have been put in place to guide corporations with regard to employees’ rights:

(i) Employment Act, Cap 288;
(ii) Industrial and Labour Relations Act, Cap 269;
(iii) Employment (Special Provisions) Act, Cap 270;
(iv) National Pensions Scheme Authority Act, Number 40 of 1996;
(v) Factories Act, Cap 441;
(vi) The Employment of Young Persons and Children’s Act, Cap 274;
(vii) Minimum Wages and Conditions of Employment Act, Cap 276; and,
(viii) Workers Compensation Act, Number 10 of 1999.

5.2.2.5 According to ZFE, the following are the labour laws that have been put in place to guide corporations with regard to employees’ rights:

(i) Employment Act Cap 268;
(ii) Industrial and Labour Relations Act;
(iii) Statutory Instruments on Minimum Wages, Nos. 56 & 57;
(iv) Factories Act Cap 441;
(v) National Pension Scheme Authority Act Cap 256; and,
(vi) Employment of Young Persons’ and Children’s Act Cap 274.

5.2.2.6 Trade unions surveyed stated that the laws in place that guide them in providing effective representation to their members are:

(i) Industrial and Labour Relations Act; and,

(b) Clarity, coherence and adequacy of labour laws

5.2.2.7 As to the clarity, coherence and adequacy of the labour laws, ZFE submitted that:

(i) The labour laws are clear, coherent and adequate. A review process through the Tripartite Consultative Labour Council (TCLC) is underway to bring the labour laws in conformity with current business demands and the current cost of doing business. There is need for
sensitisation programmes to raise awareness of labour laws to members and a number of employers that are currently not members of ZFE.

ZFE as employers are concerned that workers in most cases have resorted to breaking the labour laws by going on illegal strikes as they do not exhaust the provisions of the Industrial and Labour Relations Act

(ii) The general public perception with regard to whether labour laws are fair to employees and set conducive work environment is as shown in Table 5.14.

Table 5.14: Fairness of labour laws with regard to employees’ rights in the work place-General Public

<table>
<thead>
<tr>
<th>Description</th>
<th>Number Of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protect employees’ rights in the work place</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Protect employees’ rights in the work place</td>
<td>40 (28%)</td>
</tr>
<tr>
<td>Favour the employer at the expense of employees</td>
<td>77 (54%)</td>
</tr>
<tr>
<td>Set conducive environment that is of benefit to both employers and employees</td>
<td>40 (28%)</td>
</tr>
</tbody>
</table>

Source: Statistic compiled from questionnaire responses by the General Public-July 2009.

(iii) Employees’ perception with regard to whether labour laws are fair to them and set conducive work environment is as shown in Table 5.15 below.

Table 5.15: Fairness of labour laws with regard to employees rights in the work place-Employees

<table>
<thead>
<tr>
<th>Description</th>
<th>Number Of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protect employees’ rights in the work place?</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Protect employees’ rights in the work place?</td>
<td>54 (61%)</td>
</tr>
<tr>
<td>Favour the employer at the expense of employees?</td>
<td>31 (35%)</td>
</tr>
<tr>
<td>Set conducive environment that is of benefit to both employers and employees?</td>
<td>49 (55%)</td>
</tr>
</tbody>
</table>

Source: Statistic compiled from questionnaire responses by 89 Employees-July 2009.

5.2.2.8 The above tables show that the views of the majority of the general public on the fairness of labour laws with regard to employees’ rights in the work place are the exact opposite of the views of the majority of employees surveyed. Thus, whereas, a higher proportion of employees in the sample were of the view that labour laws protect their rights in the work place and set a conducive environment which is of benefit to both employers and employees, a majority of the general public surveyed held contrary views. Similarly, a majority of members of the general public sampled thought that labour laws favour employers at the expense of employees while more employees surveyed did not think that labour laws favoured employers at their expense.
(1) **International Standards and Codes in place to guide corporations with regard to the rights of employees in the work place**

5.2.2.9 Among others, the ZFE cited the following as examples of International Standards and Codes intended to protect workers: International Labour Organisation Convention No. 87 of 1947 - Freedom of Association and Protection of the Rights to Organise; International Labour Organisation Convention No. 98 of 1949- Right to Organise and Collective Bargaining Convention; and, Workers’ Representatives Convention No. 135 of 1971 (Annex 5.6).

(2) **Clarity, coherence and adequacy of the International Standards and Codes**

5.2.2.10 ZFE is of the view that the International Labour Standards mentioned above are clear and adequate but that much needs to be done in the area of sensitisation.

(3) **Number of Employers Cited for Violation/Non- Compliance to Labour Laws and International Standards and Codes**

(a) The MLSS submitted that, on average, 1,500 inspections are conducted in a year.

5.2.2.11 Common labour violations in Zambia include:

   (i) Negligence by some employers as they not to have appropriate records such as conditions of service, hours of work, wages and accidents register in place, which give the inspector a useful insight as to the daily state of affairs at the company;

   (ii) Some employers have the tendency of only paying the minimum wage. For instance, paying K268, 800.00, without any of the accompanying allowances;

   (iii) Lack of written contracts or conditions of employment, which are important as they underpin any relationship of employment; and,

   (iv) Some Employers are compelling their employees to sign a disclaimer that they reside beyond 3 km from the company premises in order to avoid paying transport allowance.

(b) ZFE has submitted that a large number of employers have been cited for violation of labour laws and international standards and codes.

(4) **Infringements and disputes that have been referred to appropriate authorities**

1. The MLSS stated that 5,828 industrial and labour disputes were notified to it in the year 2007 alone.

2. The main complaints referred to ZFE by its members concern the following:

   (i) The requirement by the MLSS that every employment contract that employers send for attestation should have a clause on gratuity because at the moment there is no provision for gratuity in any of the labour laws; and,

   (ii) The issue of casual workers when at times their employers have extended the services of the casual workers beyond six months. Such casual workers demand to be treated as though they were permanent and pensionable employees at termination of contract.
(5) Cases that have remained un-resolved and the reasons

5.2.2.12 ZFE responded as follows:

(i) Illegal strikes have remained unresolved because workers think that the procedure to follow in going on a legal strike is too long; and,

(ii) On the issue of casualisation, the general public has failed to accept the fact that certain jobs are of a temporary nature and therefore need not have permanent employees on such jobs.

(6) The efficiency of supervising ministry and other regulators in resolving and prosecuting infringements and violations of labour laws and human rights

5.2.2.13 ZFE responded that it takes too long for the Industrial Relations Court to conclude cases on industrial disputes.

(7) Strikes or work stoppages in the last five (5) years

(i) Latest approved Ministry of Labour and Social Security Annual Report for 2007 indicates that 18 strikes were staged.

(ii) ZFE has not been recording the number of strikes, but has noted that each of the previous five years had recorded an illegal strike.

(8) Members who do not have formally negotiated the following:

(i) recognition agreements;

(ii) collective agreements;

(iii) disciplinary codes; and,

(iv) grievance procedures.

5.2.2.14 ZFE stated that:

(i) All their members have disciplinary codes and grievance procedures; and,

(ii) However, recognition agreements and collective agreements are only with those members whose workers are unionized. ZFE has not carried out a survey to establish the number of members who do not have recognition and collective agreements.

(9) Challenges affecting industrial and labour relations in the country

5.2.2.15 ZFE listed the following challenges:

(i) There is very little knowledge about labour laws amongst workers and a number of employers who are not members of the Zambia Federation of Employers;

(ii) There is very little knowledge of labour laws amongst the people that hold high offices in the public sector;

(iii) The current legislation does not compel all employers to belong to ZFE and therefore those that are outside the Federation are not sensitized on the provisions of the labour laws; and,

(iv) The issue of financial resources makes it difficult for both ZFE and ZCTU to carry out country-wide effective labour law sensitization.
(10) Efforts being made to overcome the above challenges by the following:

(i) Trade unions;
(ii) Employers; and,
(iii) Government.

5.2.2.16 ZFE submitted the following:

5.2.2.17 As an employer body, ZFE carries out workers education programmes to facilitate the understanding of labour laws in conjunction with the Wider Labour Law Working Group (WLLWG). This is a tripartite group comprising workers, employers and government represented by the MLSS. In addition, radio and television programmes, which were aimed at raising awareness on labour laws among the general public, were last conducted in 2008. However, due to lack of financial resources, this exercise has not continued.

(11) Description of labour laws and procedures for handling and settling labour disputes

(a) In Zambia, the law governing employees’ rights and the procedures for handling labour disputes is the Industrial and Labour Relations Act, No 27 of 1993 as amended in 1997.

5.2.2.18 Section Five of the Act prescribes the following employees’ rights:

(i) The right to take part in the formation of a trade union;
(ii) The right to be a member of a trade union of his/her choice;
(iii) The right to take part in trade union activities;
(iv) The right not to be prevented, dismissed, penalised, victimised or discriminated against, or deterred from exercising the rights conferred on the employee under this Act;
(v) The right not to be a member or be required to relinquish membership;
(vi) The right not to be dismissed, victimised or prejudiced for exercising or for the anticipated exercise of any rights recognised by this Act or any other law relating to employment; or participating in any proceeding relating thereto;
(vii) The right not to do work normally done by an employee who is lawfully on strike or who is locked out, unless such work constitutes an essential service or if on request an employee waives the rights specified under the Act; and,
(viii) The right not to be dismissed, penalised or disciplined on the grounds that the employee:

(1) Has been or is a complainant or a witness or has given evidence in any proceeding whether instituted against the Court or any other courts or
(2) Is entitled to a reward, benefit or compensation against any employers’ organisation or class of employers to which the employer of that employee belongs or against any other person in consequence of a decision made by a court in favour of that employee, or trade union or class of employees to which the employee belongs.

(b) Employees surveyed from the sampled corporations perceived their rights to, among others, include the following: access to grievance procedure; adequate conditions of service; and, affiliation (Annex 5.7)
(c). Employees surveyed identified the laws which confer upon employees rights listed above as follows:

(i) Companies Act;
(ii) Employment Act;
(iii) Industrial and Labour Relations Act;
(iv) Factories Act;
(v) Environmental Protection and Pollution Control Act;
(vi) Public Health Act; and,
(vii) Workers Compensation Act.

5.2.2.19 The Industrial and Labour Relations Act also prescribes the following procedure for handling collective disputes:

(a) When a collective dispute has arisen;

(i) The two parties can appoint a conciliator or a board of conciliation;
(ii) The conciliator or a board of conciliation meets them within seven days;
(iii) Where the conciliator or a board of conciliation fails to settle the dispute the parties to the collective dispute may refer it to the Industrial Relations Court or conduct a ballot to settle the dispute by a strike or lockout;
(iv) Where referred to the Court the decision of the Court shall be binding on the parties involved;
(v) Where parties decide on strike or lockout, the strike or lockout may not proceed unless a simple majority decision of employees present and voting is made in favour of the strike or lockout;
(vi) The Minister may intervene before the commencement of a strike or lockout. After consultation with the tripartite consultative council the Minister may apply to the Court for declaration that the continuance of the strike or lockout is not in the public interest; and,
(vii) The Court shall make a decision within 7 days. Where the Court declares in favour of the application then the strike or lockout shall cease.

(b) Employees surveyed cited the mechanisms listed below as available to them to seek redress in case of violation of their rights by corporations:

(i) Courts of law;
(ii) Industrial Relations Court;
(iii) Arbitration;
(iv) Grievance Procedure;
(v) Labour Office;
(vi) Trade unions;
(vii) Human Rights Commission; and,
(viii) Internal Appeals Procedure.

(12) Existence of formal salaries and conditions of service

5.2.2.20 Fair salaries and conditions of service are an important aspect of employees’ rights. Formal salaries and conditions of service are a requirement of the labour laws of the country. For unionised employees, the salaries and conditions of service are arrived at through collective bargaining between employer and employee representatives (unions). For management and
other categories of employees, salaries and conditions of service are determined at management's discretion and are agreed upon by employees on engagement.

5.2.2.21 The following respondents indicated that they have formal salaries and conditions of service:

(i) All nine councils surveyed indicated that they have formal salaries and conditions of service for their employees;
(ii) All fifteen corporations surveyed indicated that they have formal salaries and conditions of service for their employees;
(iii) All fourteen trade unions in the surveyed corporations stated that there are formal collective agreements for salaries/wages and conditions of service; and,
(iv) The general public's perception regarding whether corporations offer fair wages and salaries, conditions of service and safe and conducive work environment to their employees is as shown in Table 5.16 below.

Table 5.16: Whether Corporations Offer Fair Conditions of Service to their Employees-General Public

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>NUMBER OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YES</td>
</tr>
<tr>
<td>Pay fair salaries and wages to employees</td>
<td>34</td>
</tr>
<tr>
<td>Offer fair conditions of service to employees</td>
<td>39</td>
</tr>
<tr>
<td>(health, housing, leave, benefits)</td>
<td>(27%)</td>
</tr>
<tr>
<td>Provide safe and conducive work environment</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>(39%)</td>
</tr>
</tbody>
</table>


(v) The employees' perception regarding whether corporations offer fair wages and salaries, conditions of service and safe and conducive work environment is as shown in Table 5.17 below.

Table 5.17: Whether Corporations Offer Fair Conditions of Service to their Employees-Employees

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Pay fair salaries and wages to employees</td>
<td>40</td>
</tr>
<tr>
<td>Offer fair conditions of service to employees</td>
<td>48</td>
</tr>
<tr>
<td>(health, housing, leave, benefits)</td>
<td>(54%)</td>
</tr>
<tr>
<td>Provide safe and conducive work environment</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>(80%)</td>
</tr>
</tbody>
</table>

Source: Statistics compiled from questionnaire responses by 89 Employees-July 2009.

5.2.2.22 The above two tables show that both members of the general public and employees surveyed agree that employers do not pay their employees fair wages and salaries. However, with regards to conditions of service and work environment, the general public and employees hold opposing views. Whereas the majority of employees surveyed think that employers offer fair conditions of service and provide safe working environment, the general public holds a contrary view.
(13) The existence of formal disciplinary and grievance procedures

5.2.2.23 The existence of formal disciplinary and grievance procedures is an essential aspect of industrial relations in that it provides a mechanism for handling discipline and grievances in corporations and institutions.

5.2.2.24 The following respondents indicated that they have formal disciplinary and grievance procedures.

(i) All the councils surveyed, except Ndola City Council which did not answer, indicated that they have formal disciplinary and grievance procedures;

(ii) All fifteen corporations surveyed indicated that they have formal disciplinary and grievance procedures; and,

(iii) Thirteen trade unions surveyed indicated that there are formal disciplinary and grievance procedures in the corporations in which they operate. One respondent did not answer the question.

(14) Number of labour disputes handled

5.2.2.25 Good labour relations between employer and employees can be measured by the number of disputes handled. In the surveyed corporations and trade unions indicated that they had participated in disciplinary sessions ranging from two to eighty in the past one year and were not happy with outcomes ranging from one to sixty-four. They also participated in one to fifteen grievance handling sessions and were not happy with one to four outcomes.

(15) Number of disputes relating to wages and salaries

5.2.2.26 The respondents cited the following with regard to disputes relating to salaries and wages:

(i) Six councils had none or only one to two disputes relating to salaries and wages while two councils had three disputes and above. One council did not state the number though it acknowledged handling disputes on salaries and housing;

(ii) Of the 15 corporations surveyed, nine indicated that they handled a combined total of 10 disputes relating to wages and salaries’ and,

(iii) Trade unions stated that 12 of the disputes relating to salaries and wages resulted in strike action.

(16) Number of disputes relating to conditions of service

5.2.2.27 The respondents cited the following with regard to disputes concerning conditions of service:

(i) Most of the disputes at Lusaka City Council had to do with conditions of service. Seven councils had up to two disputes, whilst one had 10 disputes;

(ii) Of the fifteen corporations surveyed, nine indicated that they handled a combined total of 32 disputes relating to conditions of service; and,

(iii) Trade unions stated that four of the disputes relating to conditions of service resulted in strike action.
(17) Number of times cited for failure to provide a safe working environment

5.2.2.28 It is a legal obligation for every employer, regardless of industry, to provide a safe working environment to employees.

5.2.2.29 In response to the dispute over a safe working environment, the respondents cited the following:

1) The MLSS submitted that on average fifty-five (55) factories are cited annually for failure to provide a safe working environment to employees. The citations relate to:

   (i) Lack of protective clothing;
   (ii) Noise pollution;
   (iii) Faulty boiler gadgets;
   (iv) Not providing Specification Tags on the pressure vessels;
   (v) Not notifying the department before commencement of any repair work on pressure vessels;
   (vi) Not providing pressure gauges for checking pressure rise or drop when operating the pressure vessels; and,
   (vii) Opening uncertified vessels.

2) None of the thirteen corporations out of fifteen that responded reported that they were cited for failure to provide a safe working environment.

3) Out of the eleven trade unions surveyed representing ten corporations and three councils only four indicated that they had reported their corporation for failure to provide a safe working environment for their employees. Only two did so for violation of labour laws and human rights. Corporations’ compliance to Workers Compensation Act was seen to be good by six out of seven trade unions that answered the question with only one having a contrary view.

(18) Trade Unions Dealt with by Corporations and Councils

   a) According to the MLSS, there were 38 registered trade unions in the country as of January 2008 (Annex 5.8).
   b) Below are the trade unions dealt with by the various respondents:

1. The councils indicated that they deal with the following trade unions:

   (i) Zambia United Local Authorities Workers Union (ZULAWU)-all city and municipal councils
   (ii) Zambia Congress of Trade Unions (ZCTU)-in three councils

2. Corporations stated that they deal with the following trade unions:

   (i) National Energy Sector and Allied Workers Union;
   (ii) Power Generation and Allied Workers Union of Zambia;
   (iii) Zambia Congress of Trade Unions;
   (iv) Airways and Allied Workers Union of Zambia;
   (v) National Union for Commercial and Industrial Workers;
   (vi) National Union of Communication Workers;
   (vii) Mineworkers Union of Zambia;
   (viii) National Union of Miners and Allied Workers;
   (ix) University of Zambia Lecturers and Researchers Union;

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(x) University of Zambia Allied Workers Union;
(xi) University of Zambia Professional Workers Association;
(xii) Zambia Union of Broadcasters and Information Disseminators;
(xiii) Zambia Water Supply, Sanitation, Engineering and Allied Workers Union;
(xiv) Zambia Union of Journalists;
(xv) Zambia Union of Financial Institutions and Allied Workers;
(xvi) National Union of Technical Education Lecturers and Allied Workers; and,
(xvii) ZAIN Zambia Plc and Mandanga Milling Company indicated that they do not have trade unions.

(19) **Percentage of the workforce of represented employees belonging to each of the trade unions**

(i) Out of the nine councils surveyed, eight had 70-100% union representation while one did not know (Lusaka); and,
(ii) The sixteen trade unions dealt with by the corporations indicated a range of 15-87% representation.

(20) **Unresolved disputes which have ended up in strike action or referral to an arbitrator or Industrial Relations Court**

(a) Eight out of nine councils surveyed responded as follows:

(i) Most of them end up in strikes or go-slow (Lusaka);
(ii) Two (Livingstone);
(iii) One (Ndola);
(iv) Two (Solwezi);
(v) None (Chipata);
(vi) Two (Kasama);
(vii) One (Mongu); and,
(viii) None (Mansa).

(b) Eleven out of fifteen corporations surveyed indicated that a total of 12 disputes have ended up in either strike action (9) or arbitration (3).

5.2.2.30 **The Extent to which Corporations are Responsive to the Concerns of the Communities in which they operate**

(a) **Corporate Social Responsibility Programmes**

5.2.2.31 The perception of social responsibility programmes by corporations in their area by the general public is as shown in Table 5.18 below.
### Table 5.18: Whether corporations show corporate social responsibility in their area of operation—General Public

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
<th>Description</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td><strong>Don’t Know</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Show that they care about the community they operate in</td>
<td>47 (33%)</td>
<td>85 (59%)</td>
<td>11 (8%)</td>
</tr>
<tr>
<td>Come to the aid of the poor and vulnerable in the community</td>
<td>33 (23%)</td>
<td>84 (59%)</td>
<td>26 (18%)</td>
</tr>
<tr>
<td>Engage the community in carrying out projects /activities that benefit the community</td>
<td>46 (32%)</td>
<td>74 (52%)</td>
<td>23 (16%)</td>
</tr>
</tbody>
</table>

**Source:** Statistics compiled from questionnaire responses by the General Public—July 2009.

5.2.2.32 The employees’ perception of social responsibility programmes by corporations they work for is as shown in Table 5.19 below.

### Table 5.19: Whether corporations show corporate social responsibility in their area of operation—Employees

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
<th>Description</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
<td><strong>Don’t Know</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Show that they care about the community they operate in</td>
<td>49 (55%)</td>
<td>24 (27%)</td>
<td>16 (18%)</td>
</tr>
<tr>
<td>Come to the aid of the poor and vulnerable in the community</td>
<td>40 (45%)</td>
<td>33 (37%)</td>
<td>16 (18%)</td>
</tr>
<tr>
<td>Engage the community in carrying out projects /activities that benefit the community</td>
<td>43 (48%)</td>
<td>28 (31%)</td>
<td>18 (20%)</td>
</tr>
</tbody>
</table>

**Source:** Statistics compiled from questionnaire responses by 89 Employees—July 2009.

5.2.2.33 The two tables above show that the views of the majority of the members of the general public surveyed on corporate social responsibility are at variance with those of a higher proportion of employees. While employees credit corporations with some involvement in the communities in which they operate, the general public does not see such involvement.

(b) Social, Economic and Community Development Programmes in which Corporations are involved

(1) Social, Economic and Community Development Programmes

(a) Eight of the nine councils surveyed listed the following social, economic and community development programmes:

(i) Sport, charity and environmental sensitisation (Lusaka);
(ii) Looking after orphans, the blind, old people, cleaning the town, etc (Livingstone);
(iii) Solid waste management, sport (Ndola);
(iv) Maintenance of road islands (Minewood Fin Services); building renovations, construction of food outlets (Zambeef); ferrying councillors to their respective areas (Vwalika); clinic at Katondo Site and Service (Kabwe Rotary Club)—Kabwe;
(v) Road construction, rural water supply, market development, etc (Chipata);
(vi) Help community in capacity building (Kasama);
(vii) Supports self-help community activities, Council supports community to access available loans (eg. CEEF)- Mongu; and,
(viii) Assisting in grading of some roads (Genesis Mining)- Mansa.

(b) ZFE submitted as follows:

The corporate social responsibility in which ZFE members are involved include:

(i) Extension of the services provided under HIV/AIDS workplace policies to the families of the employees;
(ii) Community based programmes on roll back malaria;
(iii) Environmental friendly programmes by ensuring that there are environmental policies that require corporate entities to behave responsibly; and,
(iv) Programmes to link small and medium enterprises (SMSs) to big corporate entities as a way of providing a market for their goods and services.

(c) Ten corporations out of the sample surveyed listed the following social, economic and community development programmes:

(i) Sports and recreation (motor sport, soccer, pool, rugby, basketball, golf)
(ii) Traditional ceremonies;
(iii) Schools rehabilitation;
(iv) Health (HIV/AIDS free drugs, Best Nurse Theatre Awards);
(v) Education (provision of educational materials, used computers, bursaries);
(vi) Social development;
(vii) Road safety (Safe Driving Campaign);
(viii) Economic programme (growing of sorghum);
(ix) Music (talent identification); and,
(x) MDGs and Vision 2030.

(2) Programmes initiated by Corporations

5.2.2.34 The responses were as follows:

(a) Seven out of nine councils surveyed responded as follows:

(i) Sport, and environmental sensitisation (Lusaka);
(ii) Cleaning of the town and looking after the vulnerable (Livingstone);
(iii) Sport (Ndola);
(iv) All the above (Kabwe);
(v) All the above (Chipata);
(vi) Capacity building (Kasama); and,
(vii) All the above (Mongu).

(b) The social, economic and community development programmes in which members of ZFE were involved in were all initiated by them.

(c) Twenty of the thirty-one social, economic and community development programmes given by corporations were initiated by the corporations themselves. Only four were not initiated by corporations. The initiators for the remaining programmes were not specified.
Nine out of fourteen trade unions surveyed submitted that their corporations initiated the following social, economic and community development programmes:

(i) Implementation of HIV/AIDS at Workplace Policy;
(ii) Akalela Dancing Group;
(iii) Nsankwa ya ba Kaonde Dancing Group;
(iv) Cleaning of Arthur Davison Hospital;
(v) Eye Cataracts treatment;
(vi) Malaria Control Programme;
(vii) Football Association of Zambia sponsorship;
(viii) Supporting sports and orphanages; and,
(ix) Women clubs.

(3) Relevance of Programmes to the Needs of the Community

5.2.2.35 The following were the responses:

(i) Eight out of nine councils surveyed said that the social, economic and development programmes were relevant to the communities, while one did not answer;
(ii) ZFE stated that the social, economic and community development programmes offered by its members were relevant to the community;
(iii) Eleven corporations stated that the twenty-five programmes they were involved in were relevant to the community whilst no comment was given for the remaining ones; and,
(iv) Four of the above programmes submitted by trade unions were deemed relevant to the needs of the community.

(4) Consultation between corporations, civil society and local authorities when developing corporate social responsibility programmes and the nature of consultations

(i) Eight out of nine councils surveyed said that there was consultation among corporations, civil society and local authorities while one did not answer;
(ii) ZFE stated that there was consultation sometimes;
(iii) Out of the thirteen corporations that responded, six stated that there are consultations, while five stated that there are no consultations and two did not answer. The main mode of consultation was participation in meetings; and,
(iv) Eight out of the fourteen trade unions surveyed stated that they were not consulted when developing social responsibility programmes while four stated that they were consulted. Two did not answer.

(5) Public concern/protest expressed by the community against the activities of corporations

(a) The seven councils out of nine responded as follows:

(i) None (Lusaka);
(ii) The protest over the proposed site for construction of Legacy Hotel (Livingstone);
(iii) Mushrooming of saw mills in towns (Ndola);
(iv) Furnace smelting and processing by Chinese but now corrected; and,
(v) A restaurant in town complained of loud music from an adjacent club. The license for the club was subsequently was not renewed.

(b) ZESCO load shedding (Kabwe):

(i) None (Chipata);
(ii) None (Mongu); and,
(iii) None (Mansa).

(c) ZFE mentioned only one recent complaint by Chilanga residents concerning the dust accumulated in their homes coming from the production of cement from the Chilanga plant of Lafarge Cement Zambia Plc.

(d) Of the fourteen corporations which responded, only four cited the following concerns

(i) Unfair coverage of opposition political parties;
(ii) Noise pollution from generators;
(iii) Inadequate provision of water and sanitation services; and,
(iv) Inability to meet demand for training places.

(e) Ten out of the fourteen trade unions surveyed submitted that they expressed concern against the activities of their corporations although the concerns were not stated.

(6) Corporate involvement in driving the Corporate Social Responsibility Agenda

(a) ZFE indicated that they are not directly involved but they had just developed a draft Corporate Code of Conduct for their members, which includes issues of corporate social responsibility agenda.

(b) Seven of the fourteen trade unions surveyed indicated that they were not involved in driving the corporate social responsibility agenda while six said that they were involved. One did not answer.

(7) Civil Society Organisations involvement in driving the Corporate Social Responsibility Agenda

(a) Eight of the nine councils responded as follows:

(i) ZBA, Cheshire Homes and many other orphanages, BAZ, FAZ (Lusaka);
(ii) Liwomad, Contact Trust, Old Peoples’ Homes Trust (Livingstone);
(iii) ISRL, Mumbroi, Kabwe Chamber of Commerce and Industry, Women in Law (Kabwe);
(iv) World Vision, Corridors of Hope II, SNV (Solwezi);
(v) CSPR, ZCSD (Chipata);
(vi) SNV, Care International and Ireland Aid (Kasama);
(vii) None (Mongu); and,
(viii) Lions International, Rotary (Mansa).

(b) ZFE stated that none of their members work with NGOs in driving the corporate social responsibility agenda.
Only three corporations out of fourteen that responded listed the following civil society organisations which they work with in driving the corporate social responsibility agenda:

(i) Zambia Amateur Athletics Association (ZNBC);
(ii) National HIV/AIDS Council (ZNBC);
(iii) OXFAM (Zambian Breweries Plc);
(iv) CARE International (Eastern Water and Sewerage Company);
(v) SNV (Eastern Water and Sewerage Company); and,
(vi) Orphanages (Zambian Breweries Plc).

Trade unions surveyed stated that they worked with the following civil society organisations in driving social responsibility programmes initiated by their corporations:

(i) Corridors of Hope;
(ii) Society for Family Health;
(iii) United Church of Zambia;
(iv) ZECT; and,
(v) ZNAN.

(a) Monitoring and Coordination of Corporate Social Responsibility Programmes

(i) ZFE responded that there was no umbrella organisation for monitoring corporate social responsibility programmes undertaken by its members.
(ii) Only one corporation named the Institute of Directors as an umbrella organisation while the others said none (1) or they did not know (3).

(b) Measures in place to ensure Sustainable Environmental Management on the part of Corporations

(1) Concern about sustainable environmental management

5.2.2.36 The perception by the general public regarding whether corporations in their area show concern about sustainable environmental management is as shown in Table 5.20 below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>About the effects of climate change and the use of natural resources</td>
<td>30 (21%)</td>
<td>83 (58%)</td>
</tr>
<tr>
<td>About environmental degradation</td>
<td>34 (24%)</td>
<td>79 (55%)</td>
</tr>
</tbody>
</table>


5.2.2.37 The perception by employees regarding whether corporations they work for show concern about sustainable environmental management is as shown in Table 5.21 below.
Table 5.21: Whether Corporations Show Concern for Sustainable Environmental Management-Employees

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Don't Know</td>
<td>Total</td>
</tr>
<tr>
<td>About the effects of climate change and the use of natural resources</td>
<td>49 (55%)</td>
<td>22 (25%)</td>
<td>18 (20%)</td>
<td>89 (100%)</td>
</tr>
<tr>
<td>About environmental degradation</td>
<td>46 (52%)</td>
<td>24 (27%)</td>
<td>19 (21%)</td>
<td>89 (100%)</td>
</tr>
</tbody>
</table>

Source: Statistics compiled from responses by Employees from surveyed corporations-July 2009.

5.2.2.38 Again, the views of the general public and employees differ on corporations’ concern for the environment. A higher proportion of the general public surveyed is of the view that corporations do not show concern for the environment while a majority of employees are of the view that corporations show concern for the environment.

5.2.2.39 Of the fourteen trade unions surveyed, ten said that their corporations are sensitive to the sustainable environmental management issues while four did not answer.

(2) Corporations cited for failure to provide a safe working environment

5.2.2.40 Table 5.22 presents a list of corporations for Southern Region which were cited by the ECZ for various infringements and action taken.

Table 5.22: List of Corporations cited for Causing Degradation and action taken against them-Southern Region

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Organization</th>
<th>Type of industry</th>
<th>Non Compliance</th>
<th>Environmental Degradation</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lafarge Cement Zambia Plc -Chilanga Plant</td>
<td>Cement Manufacture</td>
<td>Air Pollution Failure to report pollution</td>
<td>Soil and Air pollution</td>
<td>Fined Raised license fee to class I Ordered to submit returns every 2 weeks Reduced license from 12 to 6 months Clean up pollution</td>
</tr>
<tr>
<td>2</td>
<td>Capital Breweries</td>
<td>Brewing</td>
<td>Illegal discharge of effluent</td>
<td>Water pollution</td>
<td>Raised license fee to class I Reduced license to 6 months</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka Water and Sewerage Company – Kafue</td>
<td>Water Utility</td>
<td>Illegal discharge of effluent</td>
<td>Water pollution</td>
<td>Ordered to shut down pump station</td>
</tr>
<tr>
<td>4</td>
<td>Zambia Sugar Plc</td>
<td>Agriculture</td>
<td>Illegal discharge of effluent</td>
<td>Water pollution</td>
<td>Raised license fee to class I Reduced license to 6 months</td>
</tr>
</tbody>
</table>
Of the trade unions surveyed, ten stated that their corporations have not been cited for environmental degradation while three said that they have been cited. One did not answer. None of the trade unions had reported their corporation for non-compliance with the Environmental Protection and Pollution Control Act.

(3) Major types of environmental degradation caused by corporations

The major types of environmental degradation relate to land degradation, deforestation, pollution of water (both surface and groundwater), soil pollution and degradation. The nature and type of environmental impact by corporations and individuals depend on the sector while the degree of severity depends on both the size and nature of activities being undertaken by the corporations or individuals. The text below gives the status of ongoing environmental impacts caused by industries and individuals on the Copperbelt region and Southern region of Zambia. The other environmental challenges facing the country include poor waste management, chemical pollution of water bodies and localized air pollution.

(a) Southern region

Table 5.23 below presents the major types of environmental degradation caused by various corporations in the Southern region followed by a narrative presentation for corporations in the Copperbelt region.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Organization</th>
<th>Type of industry</th>
<th>Non Compliance</th>
<th>Environmental Degradation</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Lusaka Trust Hospital Health Services</td>
<td>Air pollution</td>
<td>Air pollution</td>
<td>Ordered to demolish brick incinerator</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Raubex Quarry Road Construction</td>
<td>Air pollution</td>
<td>Air pollution</td>
<td>Raised license fee to class I</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Sable Transport Transport</td>
<td>Poor waste management Illegal discharge of effluent</td>
<td>Water pollution Land degradation</td>
<td>Raised license fee to class I Ordered to clean up pollution</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Consolidated Farming Limited Agriculture</td>
<td>Poor storage of chemicals</td>
<td>Soil pollution</td>
<td>Ordered to clean up pollution and arrange chemicals.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Greytown Breweries Brewing</td>
<td>Illegal discharge of effluent</td>
<td>Water pollution</td>
<td>Raised license fee to class I Ordered to clean up pollution</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>New Century Steel Smelting</td>
<td>Air pollution</td>
<td>Air pollution</td>
<td>Raised license fee to class I</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Chat 3 Breweries Brewing</td>
<td>Illegal discharge of effluent</td>
<td>Water pollution</td>
<td>Raised license fee to class I Ordered to clean up pollution</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Asphalt Paving Limited Construction</td>
<td>Air Pollution</td>
<td>Air pollution</td>
<td>Raised license fee to class I</td>
<td></td>
</tr>
</tbody>
</table>

Source: ECZ submission in response to questionnaire-July 2009.
Table 5.23: Major Environmental Degradation Caused by Corporations-Southern Region

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Category</th>
<th>Environmental Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maamba Collieries</td>
<td>Mining</td>
<td>1. Sulphur dioxide emissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Acidic effluent discharge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Dust emissions</td>
</tr>
<tr>
<td>Collum Coal Mine</td>
<td>Mining</td>
<td>1. Sulphur dioxide emissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Acidic effluent discharge</td>
</tr>
<tr>
<td>Southern Water and Sewerage</td>
<td>Commercial</td>
<td>Discharge of nutrients (such as nitrates, phosphates) and coliforms</td>
</tr>
<tr>
<td>Company</td>
<td>Water Utility</td>
<td></td>
</tr>
<tr>
<td>Musanza Breweries</td>
<td>Brewing</td>
<td>Dust and sulphur dioxide emissions</td>
</tr>
<tr>
<td>Livingstone City Council</td>
<td>Local Authority</td>
<td>Poor management of disposal sites resulting in littering and pollution of surface and underground water</td>
</tr>
<tr>
<td>Southern Quarries</td>
<td>Mining</td>
<td>Dust emissions</td>
</tr>
<tr>
<td>Toka Leya Lodge</td>
<td>Tourism</td>
<td>Discharge of nutrients and coliforms</td>
</tr>
<tr>
<td>Batoka Sky</td>
<td>Tourism</td>
<td>Noise pollution</td>
</tr>
<tr>
<td>Lunchinze Crocodile</td>
<td>Agriculture</td>
<td>Discharge of nutrients</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ECZ submission in response to APRM questionnaire-July 2009.

(1) Mining sector

5.2.2.44 A number of mines were cited for causing environmental degradation:

(a) Ndola Lime Company Limited

5.2.2.45 The main environmental issue with Ndola Lime Company Limited is emissions of high levels of dust particles from the stacks into the atmosphere. This is evidenced by the visible dust covering vegetation on the surrounding areas as well as the returns submitted to ECZ that are usually higher than the statutory limits.

(b) Lafarge Cement Zambia plc

5.2.2.46 The Ndola Plant of Lafarge Cement Zambia Plc emits high levels of dust particles from the stacks into the atmosphere. The returns submitted to ECZ are usually higher than the statutory limits. There is need for the company to install dust suppression equipment so as to prevent air pollution.

(c) Mopani Copper Mines Plc

5.2.2.47 Mopani Copper Mines Plc has two mining sites that contribute to air and water pollution on the Copperbelt Province. One site is located in Kitwe while the other is in Mufulira. The main environmental problem at Mopani Copper Mines Plc has been high emissions of sulphur dioxide in Mufulira and Kitwe. The handling of used oil at the Mindola North Shaft in Kitwe is poor.

(d) Konkola Copper Mines Plc

5.2.2.48 Konkola Copper Mines Plc has four (4) integrated business units (IBUs) namely, Nchanga in Chingola, Konkola in Chililabombwe, Nkana in Kitwe and Nampundwe in Mumbwa District. The main environmental problem at KCM Plc is the quality of the effluent discharged at the pollution control dam. The analytical results for most of the parameters are usually higher than the statutory limits. The Muntimpa pipeline is also an issue of concern at KCM Plc in that pipe failures are
frequent. The pipe failures usually result into spillages of tailings, thereby causing pollution of the environment.

(e) Lumwana Mining Company Limited

5.2.2.49 Lumwana Mine is located some 70 km from Solwezi, the capital of North Western Province. The main environmental issue at Lumwana Mine Company Limited is the quality of the discharged effluent from the copper tailings storage facility. Another environmental problem for Lumwana Mines Company Limited is the high grade uranium ore which is currently being stockpiled and will be processed in the future. The ECZ is currently monitoring the Mine’s effluent quality to ensure that the effluent discharged is within the statutory limits on all the critical parameters.

(f) Kansanshi Mining Plc

5.2.2.50 Kansanshi Mine is in Solwezi, North Western Province. The main environmental problems at Kansanshi Mining Plc are the disposal of hazardous material and the management of both domestic effluent and general waste. There is too much water in the tailings dam that is making the dam wall very wet hence threatening its stability and posing a danger of possible tailings spillage.

(g) NFCA Mining Plc

5.2.2.51 NFCA Mining Plc is in Chambeshi on the Copperbelt. The main environmental issue at NFCA Mining Plc is the poor management of effluent as well as tailings dams.

(h) Chambishi Copper Smelter

5.2.2.52 The outstanding environmental issue at Chambishi Copper Smelter is high air emissions into the environment, thereby causing pollution.

2. Agricultural Sector

5.2.2.53 The main source of nutrient enrichment in rivers is the use of fertilizers which find their way into the streams and eventually rivers. The other sources of water pollution are other agricultural remedies such as pesticides, growth regulators and micro-nutrients.

5.2.2.54 Agricultural activities also contribute to deforestation as huge chunks of land are cleared to pave the way for agricultural activities. Gulley erosion sometimes crops in such cleared forests. Nutrient losses due to loss of vegetative covers are some of the problems associated with agricultural activities.

3. Industrial Sector

5.2.2.55 The main environmental problems associated with most industrial facilities are effluent discharges, chemicals management and, to a small extent, air pollution. The water treatment plants discharge effluents which are not compliant to the effluent standards. The brewery and food industries in general have high BODs in their effluents.

4. Commercial Sector

5.2.2.56 The main environmental challenges from the commercial sector are the generation of huge quantities of packaging waste.
(1) Measures in place to safeguard the environment with regard to:

(i) Legislation;
(ii) Policies;
(iii) Programmes;
(iv) Institutions; and,
(v) Resources allocation.

5.2.2.57 The Zambian Government enacted the Environmental Protection and Pollution Control Act No 12 of 1990 (EPPCA No 12 of 1990) and subsequently amended it in 1999. The Act established the Environmental Council of Zambia (ECZ). The Act is the main environmental law in the country. It has provisions for the development of subsidiary legislation which includes the following: Legislation on chemicals management, legislation on both hazardous and domestic waste management, legislation on the Environmental Impact Assessment (EIA), legislation on ozone depleting substances, legislation on air and noise pollution and legislation on water pollution.

5.2.2.58 All companies whose operations impact on the environment in one way or the other are required by law to develop Environmental Management Plans (EMP’s) which are submitted to the Environmental Council of Zambia (ECZ) for approval. The EMP’s are the basis on which the ECZ monitors the corporations for compliance with set standards and conditions. It is a compulsory requirement that corporations undertake an audit three years after submission of the EMPs. The next section discusses environmental management in the Southern and Copperbelt Regions.

(a) Southern region

1. Legislation

5.2.2.59 The Environmental Protection and Pollution Control Act, 1990 and its subsidiary legislation (Water Pollution Control Regulations, Air Pollution Control Regulations and Waste Management Regulations)

2. Programmes

5.2.2.60 Licensing and Compliance Monitoring programmes are in place to ensure adherence to the above legislation. Licenses issued have conditions which the companies should comply with during their operations.

3. Institutions

5.2.2.61 The Environmental Council of Zambia collaborates with other stakeholder institutions in order to ensure compliance with environmental laws. Such institutions include the Mines Safety Department that also provide for the protection of the environment. Table 5.24 below shows the legislation, policies and programmes which are in place, the participating institutions and resource allocation.
Table 5.24: Legislation, Policies, Programmes, Institutions and Resource Allocation-Southern Region

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Policies</th>
<th>Programmes</th>
<th>Institutions</th>
<th>Resource allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPR Regulations</td>
<td>Enactment of Environmental Policy</td>
<td>Regular and random inspections</td>
<td>ECZ</td>
<td>Increased number of inspectors in Zone</td>
</tr>
<tr>
<td>Revision of EPPCA</td>
<td>Use of cleaner production methods; Polluter pay principle</td>
<td>Environmental Impact Assessment; Recycling programmes</td>
<td>Local Councils-Mazabuka Municipal Council, and Kafue District Council</td>
<td>Allocated by Government through Ministry of Tourism, Environment and Natural Resources which enables ECZ to perform. Ministry of Local Government and Housing, Cooperating partners fund the councils.</td>
</tr>
<tr>
<td>Revision of SIs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ECZ submission in response to APRM questionnaire-July 2009.

(b) Copperbelt region

1. Legislation

5.2.2.62 The Environmental Protection and Pollution Control Act No 12 of 1990 (EPPCA No 12 of 1990) is the main environmental law in the country.

2. Policies

5.2.2.63 The Zambian Government developed the National Policy on Environment (NPE) which was launched by the Republican President in July 2009. The Environmental Policy's main objective is to mainstream environmental management in general.

3. Programmes

5.2.2.64 The Zambian Government is currently running a number of environmental projects aimed at ensuring environmental sustainability in its quest for development. These projects are run in various institutions and departments of government. The projects that are currently being implemented at the ECZ are: The Climate Change Project, the Ozone Project (National Ozone Unit), The SAICM, the CEP, the SNC, and the NIPs.

4. Institutions

5.2.2.65 The institutions that are mandated to regulate some aspect of environmental issues include the following: The Environmental Council of Zambia, the Energy Regulation Board, Local Government Institutions (the Local Councils), Mine Safety Department, Mines and Minerals Development Department, Forestry Department, Zambia Wildlife Authority, the National Bio-Safety Authority, the Department of Water Affairs, Ministry of Lands, and the Department of Meteorology.

5. Resources allocation

5.2.2.66 Annex 5.1 gives details on strategies employed for sustainable environmental management, including resource allocation for the Copperbelt Region.
(a) ZFE submitted that their members have developed policies on environmental issues which take care of issues of environment. This issue is no longer just an issue of social responsibility but an issue of being able to carry out business because corporate entities have to operate within the regulations on environment and also because customers want to associate themselves with responsible corporate organisations.

5.2.2.67 The level of adherence by corporations to:

(i) Legislation (no. of litigations for defaulting, penalties imposed);
(ii) Policies (eg use of clean technology, polluter pays principle);
(iii) Programmes (e.g. Environmental Impact Assessment, recycling programmes); and,
(iv) Reporting of environmental performance (statutory and periodic reporting).

5.2.2.68 The ECZ is responsible for monitoring the performance of corporations and their adherence to legislation, policies and programmes and reporting of environmental performance. Its assessment of adherence to the above is shown in Table 5.25 below for the Southern region and presented in narrative form for the Copperbelt Region.

**Table 5.25: Level of Adherence to Legislation, Policies, Programmes and Reporting-Southern Region**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Policies</th>
<th>Programmes</th>
<th>Reporting on Environmental Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No litigations for defaulting;</td>
<td>Have started adhering to cleaner production</td>
<td>100% adherence on Environmental</td>
<td>No adherence. Most corporations fail to report pollution-for example Lafarge Cement</td>
</tr>
<tr>
<td>Out of 94 companies, 12 were non-</td>
<td>methods; Trucking companies are adhering to</td>
<td>Impact Assessment; Three companies</td>
<td>Zambia Plc; Lusaka Water and Sewerage</td>
</tr>
<tr>
<td>compliant, giving 12.7% non-</td>
<td>polluter pay principle by cleaning up the</td>
<td>out of 94 are recycling-3%</td>
<td>Company Limited; Zambia Sugar Plc; NCZ;</td>
</tr>
<tr>
<td>compliance.</td>
<td>polluted environment after their trucks are</td>
<td>adherence. These are Lamasat</td>
<td>Asphalt Paving Limited and Raubex Quarry.</td>
</tr>
<tr>
<td>Penalties indicated on attached</td>
<td>involved in road accidents- Rainbow Transport is</td>
<td>International, Lamise Investments,</td>
<td></td>
</tr>
<tr>
<td>Appendix 5(b)</td>
<td>an example.</td>
<td>Sabistics Plastic Company</td>
<td></td>
</tr>
<tr>
<td>Show 50% adherence</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ECZ submission in response to APRM questionnaire-July 2009.

(c) Copperbelt region

1. Legislation

5.2.2.69 The level of adherence to environmental laws is generally very high. The compliance levels are also very high. There has been a steady increase in the number of individuals and companies submitting Environmental Impact Statements and Environmental Project Briefs to the ECZ over time. This is an indication of the level of commitment and adherence to legislation.

2. Policies

5.2.2.70 The policy on environment was recently launched by the State President, an indication of high priority by government.
3. Programmes

5.2.2.71 The level of adherence to Government programmes is very high. There are a number of programmes which government has prioritized. These are receiving the necessary support.

4. Reporting of environmental performance (Statutory and Periodic Reporting)

5.2.2.72 All facilities that obtain licenses from the ECZ are required to submit bi-annual returns on their performance in terms of meeting the stipulated conditions in their licenses and decision letters.

5.2.2.73 For the Copperbelt Region the details on level of compliance to legislation, policies, programmes and reporting is given in Annex 5.2

5.2.2.74 Recommendations

5.2.2.75 Based on the preceding findings and discussion, it is recommended that:

(i) The Companies Act be amended to include, among others, the mandatory development of codes of ethics and conduct by companies, the criteria for appointment as board member including independent non-executive board members, and mechanisms for evaluating board performance (this Act is currently being reviewed); and,

(ii) Institutions charged with the responsibility of monitoring and ensuring compliance (PACRO, MLSS, etc) be adequately resourced in terms of human resources and budgetary provision.

5.2.3 Promoting Adoption of Codes of Good Business Ethics in Achieving the Objectives of the Corporation

5.2.3.0. Objective three focuses on:

(i) Measures taken to promote good business ethics;

(ii) Institutions in the public and private sectors that have been active in promoting the adoption of codes of good business ethics; and,

(iii) Assessment of effectiveness of measures to promote the adoption of good business ethics.

5.2.3.1 Measures taken to Promote Good Business Ethics

5.2.3.2 The King II Report has defined business ethics as the “principles, norms and standards that guide an organisation’s conduct of its activities, internal relations and interactions with external stakeholders”.

5.2.3.3 Below the prevalence of good business ethics in the country is presented:

(i) Existence of Codes of Ethics in Corporations and Councils

(a) Five out of nine councils surveyed claimed to have a code of business ethics although none provided a copy. Three councils do not have and one did not answer.

(b) Of the twelve corporations that responded, seven stated that they had a code of ethics and five said they did not have. Out of those who have, only two provided copies of their codes.
The general public’s perception as to whether corporations in their area have codes of ethics and good corporate governance structures is as shown in Table 5.26 below.

Table 5.26: Whether Corporations Have Codes of Ethics and Good Corporate Governance Structures-General Public

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Respondents</th>
<th></th>
<th>Don’t Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Codes of conduct/business ethics</td>
<td>69</td>
<td>31</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>Corporate governance structures (e.g. BoD, Auditors, Committees)</td>
<td>88</td>
<td>18</td>
<td></td>
<td>38</td>
</tr>
</tbody>
</table>

Source: Statistics compiled from responses from the general public-July 2009.

A higher proportion of respondents were of the view that corporations have codes of conduct and good corporate governance structures.

(i) Trade unions surveyed commented on the existence of good business ethics and codes of conduct in their corporations as shown in Table 5.27 below.

Table 5.27: Trade Unions’ Comments on Existence of Good Business Ethics and Codes of Conduct

<table>
<thead>
<tr>
<th>Comment</th>
<th>Respondent</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members have become suppliers to the Institution, standards have fallen</td>
<td>Airways and Allied Workers Union of Zambia</td>
<td>NACL</td>
</tr>
<tr>
<td>Business ethics need to enhance customer satisfaction and service delivery</td>
<td>Mine Workers Union of Zambia</td>
<td>KCM Plc</td>
</tr>
<tr>
<td>Fair, supplier payment is questionable, they take too long to pay suppliers</td>
<td>National Union of Miners and Allied Workers</td>
<td>KCM Plc</td>
</tr>
<tr>
<td>Good</td>
<td>National Union of Miners and Allied Workers</td>
<td>KCM Plc</td>
</tr>
<tr>
<td>Good</td>
<td>Zambia Union of Broadcasters and Information Disseminators</td>
<td>ZNBC</td>
</tr>
<tr>
<td>Integrity is not very impressive as society complains on land allocation anomalies</td>
<td>ZULAWU</td>
<td>Ndola City Council</td>
</tr>
<tr>
<td>Near perfect, workers are proud to be associated with the company</td>
<td>Mine Workers Union of Zambia</td>
<td>KAGEM</td>
</tr>
<tr>
<td>Not seen one</td>
<td>HCWUZ</td>
<td>New Mansa Hotel</td>
</tr>
<tr>
<td>Perfect</td>
<td>Zambia Union of Journalists (ZUJ)</td>
<td>Times of Zambia</td>
</tr>
<tr>
<td>Very good</td>
<td>ZULAWU</td>
<td>Mongu Municipal council</td>
</tr>
<tr>
<td>Very high integrity</td>
<td>Mine Workers Union of Zambia</td>
<td>KCM Plc</td>
</tr>
</tbody>
</table>

Source: Compiled from questionnaires responses by trade unions in corporations-July 2009.

5.2.3.4 Organisations Involvement in the Fight against White Collar Crime such as:

a) Corruption;
b) money laundering;
c) insider trading; and,
d) ethics violations.
5.2.3.5 The ZFE upholds the principles of corporate governance which means that issues of corruption, money laundering, insider trading and ethics violations are not condoned. The Code on Corporate Governance which will soon be issued aims at addressing these issues.

5.2.3.6 Trade unions surveyed indicated that a few of the corporations are involved in the fight against white collar crimes such as corruption, insider trading, money laundering and other ethical violations.

(a) **Whether Trade Unions had ever Reported Corporations to Relevant Authorities for Corruption or Money Laundering in the Last Three Years**

5.2.3.7 Nine out of the fourteen trade unions surveyed stated that they have never reported their corporation for corruption or money laundering in the last three years while five stated that they have done so. Those that did report the cases stated that they were related to performance, environmental and forensic audits. In this case, the combating effect is by way of causing deterrence and raising issues that are raised in the Auditor General’s reports for corrective action.

(b) **Whether Corporations had been Cited for Corruption or Money Laundering in the Last Three Years**

5.2.3.8 Eight out of fourteen trade unions surveyed stated that their corporations have never been cited for corruption or money laundering in the last three years while four said they have been cited. Two did not answer. The four that stated that they were cited provided the following details:

(i) Much of this has been on land allocation (plots); and,
(ii) Money laundering involving procurement of goods.

(c) **Measures/Legislation in Place to Combat White Collar Crime**

1) The Office of the Auditor General (OAG) derives its mandate to carry out audits from article 121 of the Constitution of Zambia, the Public Audit Act of 1980, CAP 378 of the laws of Zambia, and the Public Finance Act of 2004. These pieces of legislation empower the OAG to carry out financial, measures below:

(i) Enactment of the Prevention and Prohibition of Money Laundering Act of 2001
(iii) Membership of the Eastern and Southern Africa Anti-Money Laundering Group.

(d) **The ACC provided the description reproduced below**

5.2.3.9 Section 9 of the ACC Act gives mandate to the Commission to carry out the following functions:

5.2.3.10 **Corruption Prevention** - Under this function, the ACC undertakes Managerial Accountability Workshops for both private and public bodies and these are meant to identify loopholes in the way such organizations operate and come up with ways to seal these loopholes. The ACC also studies operation systems in the organization and make recommendations together with management to improve the said systems. It also conducts joint operations with other Government institutions such as the Immigration Department and the Road Development Agency to curb corruption in the way these organizations work.

5.2.3.11 The Community Education Function involves sensitisation of members of the public on the danger of corruption so as to solicit for support in the fight against corruption. This is done through Lectures, Workshops, Public Discussion Fora, Public Campaigns, distribution of campaign materials, media shows and youth festivals. The Community Education Department works closely with community theatre groups in local areas.
The ACC also has a mandate to receive, process, investigate and prosecute cases of suspected corruption from members of the public. It can initiate this process through sources such as media reports.

The prosecution is done with consent from the Director of Public Prosecutions (DPP). Recently, the ACC has developed a National Anti-Corruption Policy (NACP). After the publication of the Governance Baseline Survey Report which revealed high levels of corruption in both private and public sectors in 2004, the ACC commissioned a consultant to develop the consultative draft of the National Anti-Corruption Policy. This was subjected to consultation across a wide section of Zambian society including Members of Parliament, Permanent Secretaries and traditional rulers. The policy was finally approved by Cabinet on 16th March, 2009. The Policy has several measures on how to combat corruption at institutional, legal and social levels. The NACP was launched on 27th August, 2009. The ACC Act is currently under review to make it stronger.

(d) Media Houses that carry out Investigative Financial Journalism and Report on Economic Crimes and Ethics Violations by Corporations

ZICA identified Commerce Magazine while the NCC identified Post Newspaper, Muvi Television and Radio Phoenix.

(e) Training Programmes and Institutions in the Country for Professionals

Of the four professional associations surveyed only ZICA indicated that there are training programmes for accountants offered at twenty (20) training institutions in Zambia but did not name the institutions.

Institutions in the Public and Private Sectors That Have Been Active in Promoting the Adoption of Codes of Good Business Ethics

This section highlights organisations/institutions in the sample surveyed that are active in promoting the adoption of good business ethics.

(a) Adoption of Good Business Ethics in Corporations in Zambia

The study findings revealed the following:

(i) The core business of the OAG is to carry out public audits on behalf of the people of Zambia. The objective of auditing is to correct and help improve the operations in an organisation. The OAG promotes good business ethics through monitoring the implementation of government development interventions in line with transparency and accountability;

(ii) The ACC is working with the Zambia Business Forum, Institute of Directors and Private Sector Development Association in developing a Code of Ethics for business organisations;

(iii) ZICA promotes the adoption of good business ethics through continuous professional development activities for its members;

(iv) NCC has come up with a National Code of Ethics for Contractors and Consultants. The institution has also come up with a Contractors Code of Conduct;

(v) ZFE is currently developing a code on corporate governance for its members;

(vi) Of the nine councils surveyed, five claimed that they are active in promoting the adoption of good business ethics in the country while four were not. The councils which said “yes” gave the following themes;
(a) Decentralisation for effective and efficient public service delivery (Ndola);
(b) Keeping business premises and structures clean (Kasama); and,
(c) As embodied in the Council’s Mission and Objectives (copy given).

(vii) Four out of nine corporations that responded to this question indicated that they were active but did not give a theme, three were not active and the other two did not comment.

(b) **Assessment of Effectiveness of Measures to Promote the Adoption of Good Business Ethics**

5.2.3.19 The effectiveness of measures to promote the adoption of good business ethics was assessed by respondents as shown below.

(i) **Adequacy of measures to promote good business ethics**

1. Measures are adequate, what is lacking is enforcement due to lack of coordination between the regulators (NCC)
2. They are sufficient but there is room for improvement (ZICA)

5.2.3.20 The Office of the Auditor General, the Drug Enforcement Commission and the Anti-Corruption Commission did not answer.

(ii) **Statistics of cases handled in the past two years with regard to corruption and money laundering.**

(1) **Corruption**

5.2.3.21 According to the reports received by the Anti-Corruption Commission, between 60% and 70% of reports were complaints against Government Officials while only about 20% were on officials in the private sector. The rest of the complaints were on officials from other Government Agencies and the Civil Society Organizations (ACC).

5.2.3.22 The OAG pointed out that its mandate is to carry out audits of public resources and that issues of corruption are passed on to the Anti-Corruption Commission.

(2) **Money Laundering**

5.2.3.23 The DEC provided the statistics in Table 5.28 below of cases handled for the past two years with regard to money laundering

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases Reported</th>
<th>Persons Arrested</th>
<th>Persons Convicted</th>
<th>Assets Forfeited</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>290</td>
<td>62</td>
<td>9</td>
<td>• K267,200,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• motor vehicles</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• 1 house at plot 2037 and a plot No. CH 100 Mansa District</td>
</tr>
<tr>
<td>2008</td>
<td>151</td>
<td>19</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Up to June</td>
<td>135</td>
<td>28</td>
<td>8</td>
<td>• motor vehicles</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td>• 1 computer</td>
</tr>
</tbody>
</table>

*Source: DEC-August 2009.*
(3) Insider trading

5.2.3.24 The ACC reported that five cases were reported to the relevant authorities.

(4) Other forms of ethics violations

a) The ACC gave the following report:

(i) Falsification of interim payment Certificate (ACC)
(ii) Declaration of false information such as equipment and plant owned and personnel in employment. Declaration of false project undertaken. Violation of registration regulation e.g. Contractor carrying out work in a grade or category they are not registered, carrying out work before renewal. Statistics not given (ACC)

b) The Zambia Federation of Employers stated that they do not get statistics from their members on corruption, money laundering, insider trading and other forms of ethics violations.

(c) Cases successfully prosecuted and penalties imposed with regard to:

(i) Corruption;
(ii) Money laundering;
(iii) Insider trading; and,
(iv) Other forms of ethics violations.

(a) The OAG stated that it does not have powers to prosecute. They only recommend issues pertaining to its findings to the relevant law enforcement agencies that have powers to prosecute. ZFE, on the other hand, stated that they do not receive statistics on the above from their members. ZICA indicated that they were not involved in any case. ACC indicated that they had reported five cases of insider trading and four cases of other forms of ethics violations. These cases are still being handled by the relevant authorities.

(b) The Anti-Corruption Commission submitted the following report summarised in Tables 5.29, 5.30, and 5.31 with regard to the number of corruption cases reported, prosecuted and convictions achieved.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases Reported</th>
<th>Corruption Cases</th>
<th>Non-Corruption Cases</th>
<th>Approved for Investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,988</td>
<td>880</td>
<td>1,108</td>
<td>416</td>
</tr>
<tr>
<td>2007</td>
<td>2,008</td>
<td>880</td>
<td>1,128</td>
<td>415</td>
</tr>
<tr>
<td>2008</td>
<td>2,007</td>
<td>696</td>
<td>1,311</td>
<td>387</td>
</tr>
</tbody>
</table>

Source: ACC August 2009.
Table 5.30: Corruption Cases Handled-2006/2007/2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases Registered</th>
<th>Persons Arrested</th>
<th>Persons Convicted</th>
<th>Acquittals</th>
<th>Assets Forfeited</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>33</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>• US$ 8,315,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• K31,230,000,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• firearms and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37 rounds of</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ammunition,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• 2 motor vehicles</td>
</tr>
<tr>
<td>2007</td>
<td>18</td>
<td>18</td>
<td>20</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>-</td>
<td>31</td>
<td>7</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

There were 9 criminal appeals in the High Court

Source: ACC August 2009.

Table 5.31: Penalties Imposed-2007/2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Sentence</th>
<th>Duration</th>
<th>Fine</th>
<th>Absolute Discharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Simple imprisonment</td>
<td>60 days</td>
<td>1 case</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Imprisonment with hard labour</td>
<td>6 months -5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>Simple imprisonment</td>
<td>9 months</td>
<td>1 case</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Imprisonment with hard labour</td>
<td>6 months -6 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ACC August 2009.

(d) Number of Staff Required for Regulatory Oversight/Supervision

(i) Although the OAG has an establishment of 570, it only has officers. This means that there is a shortfall of 150 officers. The total number of staff establishment is 570 officers for head office and the nine provincial offices. Like any other government institution, the OAG has challenges in the area of recruitment and retention of qualified staff due to poor remuneration (OAG).

(ii) DEC establishment 519
    Actual 448
    Shortfall 71

(iii) ZICA Establishment 7
    Current Staff 3
    Balance 4 (out sourced from partner organisations)

5.2.3.25 The other respondents did not provide their requirements and establishments.

5.2.3.26 Reports of any prior assessment of integrity, including prevalence of corruption, of the corporate sector in Zambia.

5.2.3.27 The OAG was the only one which responded to this question to the effect that the Auditor General’s annual reports are, in essence, assessments of the integrity of government and parastatal institutions audited, either directly or by proxy.

5.2.3.28 In addition, Cabinet Office approved the establishment of Integrity Committees (ICs) in Government Ministries, Departments and Agencies in 2006. Implementation of Integrity Committees on a pilot basis started with eight (8) public institutions, namely: The Zambia Revenue Authority, Zambia
Police, Public Service Pension Fund, Ministry of Lands, Immigration Department, Anti-Corruption Commission, Lusaka City Council and Ndola City Council.

5.2.3.29 The functions of the integrity Committees are related to::

(i) Spearhead and facilitate the process of preventing corruption in their respective Government institutions and providing information on what the IC will accomplish and what is expected of it in the organisation.
(ii) Be responsible for the production and implementation of an annual institutional corruption prevention Action Plan and Budget in consultation with senior management and the ACC.

5.2.3.30 In 2008, Integrity Committees were rolled out to five more institutions, namely: the Judiciary, Kitwe City Council, Livingstone City Council, Department of National Registration and Passports and the Road Transport and Safety Agency.

5.2.3.31 A comprehensive assessment of the impact of Integrity Committees as a good corporate governance measures is planned for 2010. The other respondents did not answer or they were not aware of any assessment of integrity, including prevalence of corruption, in the corporate sector in Zambia.

5.2.3.32 Recommendations

5.2.3.33 Based on the preceding findings and discussion, it is recommended that:

(i) A training programme on good corporate governance for all stakeholders (corporate chiefs, politicians, leaders of civil society organisations) be instituted as one of the ways of enhancing good corporate governance in the country;
(ii) Civil society organisations should be encouraged to take on board issues of corporate governance and sensitise the general public on good corporate governance;
(iii) Criteria for appointment to board membership be clearly spelt out and the appointment of board members should be done on merit rather than political considerations, especially for state-owned enterprises;
(iv) A framework for the appraisal of board performance be developed and enforced; and,
(v) Political leaders be sensitised to avoid interfering unduly with the corporate affairs of the state firms and agencies which fall under the purview of their ministries.

5.2.4 Ensuring that Corporations treat all their Stakeholders including Shareholders, Employees, Communities and Suppliers fairly

5.2.4.0. The focus of this objective is two-fold, namely:

(i) The extent to which the corporate governance framework recognises the rights of stakeholders (other than shareholders).

5.2.4.1. Corporate Governance Framework and Shareholder’s Rights

a) The Institute of Directors of Zambia in its publication entitled Corporate Governance Code—Small and Medium Enterprises in Zambia outlined the shareholders’ rights as follows:

1. All shareholders should be kept informed of the company policy, strategy and results of operations
2. All shareholders have an equal right to:
(i) **Obtain relevant and material information on the company on timely and regular basis**

(ii) **Participate and vote in general shareholders’ meetings**

(iii) **Elect and remove members of the board; and**

(iv) **Share in the profits of the company.**

3. All shareholders of the same series of a class of shares should be treated equally.

4. Within a series of class, all shares should carry the same right. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.

5. Minority shareholders should be protected from abusive actions by controlling shareholders acting directly or indirectly, and should have effective means of redress.

6. All shareholders, including minority shareholders, must be treated equally with respect to financial statements and other information on the company and must have equal access to information.

b) **SEC has listed the rights and powers of shareholders as given below:**

(i) **Right to receive notice of Annual and other shareholder meetings;**

(ii) **Right to receive Directors’ and Annual Financial Report;**

(iii) **Right to authorise issue, allotment or granting of new securities;**

(iv) **Right to participate in and vote at shareholders meetings, including representation by proxy;**

(v) **Right to share in the profits of the company;**

(vi) **Right to equality of treatment for all shareholders of the same class of shares;**

(vii) **Minority shareholders’ right to protection from the abusive actions by the controlling shareholder(s);**

(viii) **Right to receive information especially accounting information that complies with high quality internationally recognised standards; and,**

(ix) **Right to demand a poll on an issue requiring resolution but on which there is a deadlock at a meeting.**

5.2.4.2. Shareholders in the corporations surveyed were asked to state the classes of shares they hold and their corresponding rights. The findings are given below.

(i) **Classes of shareholders**

1. SEC stated that the classes of shares in private and public corporations are ordinary shares; preference shares; and, convertible shares

2. Of the twenty-two shareholders who responded, 21 (95%) were **ordinary shareholders**, only one (5%) was a **preference shareholder.**

(ii) **Rights, privileges and powers of shareholders**
5.2.4.3. The responses from twenty-one of the twenty-two shareholders who responded are given in the table below.

Table 5.32: Rights and Powers of Shareholders

<table>
<thead>
<tr>
<th>Rights, Privileges and Powers</th>
<th>Responses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approve and receive dividends</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>Attend AGM</td>
<td>3</td>
<td>14.28%</td>
</tr>
<tr>
<td>Elect board members</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>Ownership of assets</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>Privilege to appoint mgt and external auditors</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>Retire or retain mgt and Board of Directors</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>Right to relevant information</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>Right to vote</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>To approve and scrutinise performance of company</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>To make decisions</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>To monitor the performance of the company</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>To share in profits</td>
<td>4</td>
<td>19.04%</td>
</tr>
<tr>
<td><strong>Total Responses</strong></td>
<td><strong>21</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Compilation of Shareholders’ responses to questionnaire-July 2009.

(iii) Laws and other instruments which confer rights, privileges and powers of shareholders

5.2.4.4. The thirteen shareholders who responded to this question gave the following laws and other instruments that confer the rights, privileges and powers on them as shown in Table 5.33.

Table 5.33: Laws conferring Rights, Privileges and Powers

<table>
<thead>
<tr>
<th>Laws and Other Instruments Conferring Rights &amp; Privileges</th>
<th>Responses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles of Association</td>
<td>2</td>
<td>15%</td>
</tr>
<tr>
<td>Banking and Financial Services Act</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Companies Act</td>
<td>4</td>
<td>31%</td>
</tr>
<tr>
<td>Labour and other national laws</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Regulations issued when buying shares</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Securities and Exchange Commission Act</td>
<td>2</td>
<td>15%</td>
</tr>
<tr>
<td>Shareholders Code of Ethics</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Stockbrokers Act</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Compilation of Shareholders’ responses to questionnaire-July 2009.

(iv) Remedies available to shareholders if their rights are infringed upon

(a) The ten respondents who answered gave the remedies shown in Table 5.34.

Table 5.34: Remedies available to Shareholders-Shareholders

<table>
<thead>
<tr>
<th>Remedies Available</th>
<th>Responses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbitration</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Courts of law</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Dialogue</td>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>Sell shares</td>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>None</td>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Compilation of Shareholders’ responses to questionnaire-July 2009.
(b) SEC stated that shareholders’ rights are protected under the law. Parties who feel aggrieved can seek redress from the Courts.

(v) Comments by shareholders on the effectiveness of these remedies

5.2.4.5. The perception of shareholders with regard to the effectiveness of the above remedies is shown in Tables 5.35(a) and 5.35(b) below.

Table 5.35(a): Overall Effectiveness of Remedies-Shareholders

<table>
<thead>
<tr>
<th>Effectiveness Of Remedies</th>
<th>Responses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>Effective</td>
<td>4</td>
<td>50%</td>
</tr>
<tr>
<td>Poor</td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Compilation of Shareholders’ responses to questionnaire-July 2009.

Table 5.35(b): Effectiveness of Remedies by Type-Shareholders

<table>
<thead>
<tr>
<th>Remedy</th>
<th>Effectiveness Of Remedies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very Effective</td>
</tr>
<tr>
<td>Arbitration</td>
<td>1</td>
</tr>
<tr>
<td>Courts of Law</td>
<td>1</td>
</tr>
<tr>
<td>Dialogue</td>
<td>0</td>
</tr>
<tr>
<td>Sell Shares</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Compilation of Shareholders’ responses to questionnaire-July 2009.

(vi) Equitable treatment of all classes of shareholders by corporations

(a) Six out of seven shareholders who responded stated that the corporations treated all classes of shareholders equitably, while one said they did not. Equitable treatment was ensured through timely payment of dividends, according to shareholding.

(b) The SEC lists the following mechanisms for ensuring equitable treatment of shareholders:

(i) Various securities rules provide the mechanisms to ensure equitable treatment of all shareholder classes;

(ii) Institutions: SEC is responsible for the enforcement of these rules and regulations. The LuSE administers the LuSE Corporate Governance Code, which stipulates, on a non-binding basis, the relationships between shareholders, directors and stakeholders; and,

(iii) Policies and procedures: these are contained in the Securities (Regulation of Securities) Rules, 1993; and the Securities (Takeovers and Mergers) Rules, 1993 annexed to the Securities Act.
5.2.4.6. Extent to Which the Corporate Governance Framework Recognises the Rights of Stakeholders (Other than Shareholders)

(a) Stakeholders other than Shareholders that Corporations and Councils Deal With

(1) The twelve corporations and some youth groups stated that they had dealt with stakeholders other than shareholders listed in Table 5.36.

<table>
<thead>
<tr>
<th>List Of Stakeholders Dealt With Other Than Shareholders</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>2</td>
</tr>
<tr>
<td>Consumer Association of Zambia</td>
<td>3</td>
</tr>
<tr>
<td>Customers</td>
<td>4</td>
</tr>
<tr>
<td>Department of Civil Aviation</td>
<td>1</td>
</tr>
<tr>
<td>Distributors of our products</td>
<td>1</td>
</tr>
<tr>
<td>Employees</td>
<td>7</td>
</tr>
<tr>
<td>Energy Regulation Board</td>
<td>2</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1</td>
</tr>
<tr>
<td>General Public</td>
<td>9</td>
</tr>
<tr>
<td>Government Ministries</td>
<td>5</td>
</tr>
<tr>
<td>Industrial Players</td>
<td>1</td>
</tr>
<tr>
<td>Learning Institutions</td>
<td>1</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>1</td>
</tr>
<tr>
<td>Readers</td>
<td>1</td>
</tr>
<tr>
<td>Road Traffic</td>
<td>1</td>
</tr>
<tr>
<td>State Police</td>
<td>2</td>
</tr>
<tr>
<td>Strategic Business Partners</td>
<td>1</td>
</tr>
<tr>
<td>Students</td>
<td>3</td>
</tr>
<tr>
<td>Suppliers/Creditors</td>
<td>7</td>
</tr>
<tr>
<td>Trade Unions; ZCTU, FFTUZ, POGAWUZ, NESAWU</td>
<td>3</td>
</tr>
<tr>
<td>Transporters</td>
<td>1</td>
</tr>
<tr>
<td>Various Equipment and Service Providers</td>
<td>1</td>
</tr>
<tr>
<td>Zambia Federation of Employers</td>
<td>2</td>
</tr>
<tr>
<td>Zambia Revenue Authority</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
</tr>
</tbody>
</table>

Source: Statistics compiled from Responses by Corporations to survey-July 2009.

(b) The nine councils surveyed listed the stakeholders they deal with as shown below:

(i) Banks, Ministry of Finance, Zambia Police, Local Courts (Lusaka);
(ii) Suppliers, customers, employees, creditors (Livingstone);
(iii) Resident Development Committees (RDC), business community (Ndola);
(iv) Estate developers, members of DDCC (Kabwe); 
(v) NGOs (Solwezi);
(vi) General public, private sector, GRZ departments (Chipata);
(vii) Business community (Kasama);
(viii) Community, Churches (Mongu); and,
(ix) Trade union, marketeers (Mansa).
(1) The Nature of Relationship with the Stakeholders

a) The twelve corporations that responded provided the nature of their relationship with stakeholders listed above as given in Table 5.37.

Table 5.37: Nature of Relationships with Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Relationship</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Cheaper and reliable electricity supply</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>Trade unions</td>
<td>Competitive salaries and conditions of service for members</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>State police</td>
<td>Security for sensitive installations</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>MEWD</td>
<td>Ensures GRZ assets are prudently managed</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>Local authorities</td>
<td>Civic duties</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>ZFE</td>
<td>Updated information on new laws and conventions</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Transparent business with institution</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>RTSA</td>
<td>Ensure roadworthy vehicles on road</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>MLSS</td>
<td>Employees’ rights protected</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>State police</td>
<td>Security for cash and installations</td>
<td>ZESCO Ltd</td>
</tr>
<tr>
<td>Government</td>
<td>Provide legislation</td>
<td>ZAIN Zambia Plc</td>
</tr>
<tr>
<td>Banks</td>
<td>Loans provision</td>
<td>ZAIN Zambia Plc</td>
</tr>
<tr>
<td>Suppliers/creditors</td>
<td>Goods and services provision</td>
<td>ZAIN Zambia Plc</td>
</tr>
<tr>
<td>Department of Civil Aviation</td>
<td>DCA is the Regulator of institution</td>
<td>NACL</td>
</tr>
<tr>
<td>MCT</td>
<td>Is our mother Ministry</td>
<td>NACL</td>
</tr>
<tr>
<td>Zambians, Employees Financial Institutions, strategic business partners</td>
<td>Obligatory service and business</td>
<td>ZAMPOST</td>
</tr>
<tr>
<td>Staff</td>
<td>Execute mission of UNZA</td>
<td>UNZA</td>
</tr>
<tr>
<td>Students</td>
<td>Primary product of teaching</td>
<td>UNZA</td>
</tr>
<tr>
<td>Government</td>
<td>Provides grants and bursaries to students</td>
<td>UNZA</td>
</tr>
<tr>
<td>Employees, students, public</td>
<td>Participate in Centre’s Activities</td>
<td>ZCAS</td>
</tr>
</tbody>
</table>

Source: Compilation of questionnaire responses by corporations.

b) The seven councils that responded listed the nature of relationships with their stakeholders other than shareholders as follows:

(i) Banking and accountancy services, i.e. internal audit and payments, rates disputes (Lusaka);
(ii) Business transactions, rates, personal levy, refuse collection, employee-work related (Livingstone);
(iii) Development plan, licensing (Ndola);
(iv) DDCC-coordinating plans and actions (Kabwe);
(v) Provision of municipal and public social services (Chipata);
(vi) Provision of clean water, good road network, street lights, land allocation etc. (Mongu); and,
(vii) Carry out all council functions, trade union bargaining, licensing, providing trading facilities (infrastructure and services), social and economic services (Mansa).

(2) How the Relationships are Governed with Regard to:

(i) Legislation (e.g. consumer laws, labour laws, etc.)
(ii) Voluntary codes (i.e. business ethics and codes of conduct, etc.)
(iii) Policies and procedures (Credit terms, tendering/purchasing procedures, etc.)

a) The corporations stated that their relationships with various stakeholders other than shareholders are governed by the legislation, voluntary codes and policies and procedures listed in Table 5.38.

Table 5.38: How Stakeholders Relationships are Governed-Corporations

<table>
<thead>
<tr>
<th>How Relationships are Governed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and Labour Relations Act</td>
</tr>
<tr>
<td>Energy Regulation Board Act</td>
</tr>
<tr>
<td>Customer Charter</td>
</tr>
<tr>
<td>Minimum Wages Act</td>
</tr>
<tr>
<td>Employment Act</td>
</tr>
<tr>
<td>Local Authority Superannuation Fund Act</td>
</tr>
<tr>
<td>National Pension Scheme Authority Act</td>
</tr>
<tr>
<td>Trade charters</td>
</tr>
<tr>
<td>Road Safety Regulations</td>
</tr>
<tr>
<td>Electricity Act</td>
</tr>
<tr>
<td>Companies Act</td>
</tr>
<tr>
<td>Factories Act</td>
</tr>
<tr>
<td>Value Added Tax Act</td>
</tr>
<tr>
<td>Business Ethics and Codes of Conduct</td>
</tr>
<tr>
<td>Contractors Charters</td>
</tr>
<tr>
<td>Telecommunications Act</td>
</tr>
<tr>
<td>Terms of business as agreed with banks</td>
</tr>
<tr>
<td>Terms of Supply</td>
</tr>
<tr>
<td>Conditions of Service</td>
</tr>
<tr>
<td>Health and Safety Regulations</td>
</tr>
<tr>
<td>Taxation Act</td>
</tr>
<tr>
<td>Civil Aviation Act</td>
</tr>
<tr>
<td>Zambia Private Partnership Agreements</td>
</tr>
<tr>
<td>Environmental Protection and Pollution Control Act</td>
</tr>
<tr>
<td>LuSE Corporate Governance Code</td>
</tr>
<tr>
<td>Credit policy</td>
</tr>
<tr>
<td>Student Rules and Regulations</td>
</tr>
<tr>
<td>University Act</td>
</tr>
<tr>
<td>Sector Regulatory Provisions</td>
</tr>
<tr>
<td>Media Laws</td>
</tr>
<tr>
<td>Credit Terms, Tendering/Purchasing Procedures</td>
</tr>
</tbody>
</table>

b) The seven councils which responded highlighted the following legislation, voluntary codes and procedures governing their relationship with stakeholders:

(i) Bailiffs, land and trading licenses (Lusaka);
(ii) Suppliers-GRZ tender and purchasing procedures; Creditors-lending and banking laws; employees-Conditions of Service, Employment Act and other labour legislation; general public-Environmental Protection and Pollution Control Act, Rating Act, Personal Levy Act (Livingstone);
(iii) Estate developers-land alienation procedures, payment terms, DDCC-sanitation, equipment and support (Ndola);
(iv) Provide by-laws like Public Health Act, Licensing Act (Kabwe)
(v) Local Government Act (Solwezi);
(vi) Consumer laws, labour laws Chipata;
(vii) Market Act, LASF Act, Public Health Act, Country and Town Planning Act, Trade Licensing Act, Rating Act, Conditions of Service (Kasama);
(viii) Trade licenses (shops and bars) (Mongu); and,
(ix) Trading fees, invoicing and settlement terms (Mansa).

(3) Rights and Privileges of Stakeholders

5.2.4.6. The stakeholders surveyed include employees, suppliers, customers and the general public. Survey results for employees and the general public are presented at appropriate sections under the relevant objectives. Below are the responses from suppliers and customers with regard to the perception of their rights and privileges

(i) Access to appropriate authorities;
(ii) Access to relevant information;
(iii) Discuss promotions;
(iv) Free access to the premises;
(v) Fulfillment of contract;
(vi) Government policy to promote Zambian owned Enterprises;
(vii) Liquor license and rates;
(viii) Participating in biddings;
(ix) Payment for services rendered;
(x) Privilege to negotiate terms and conditions;
(xi) Right to receive enquiries;
(xii) Right of 30 days payment;
(xiii) Right to receive receipts of all transactions;
(xiv) Right to reduce or cut supply of goods;
(xv) Right to seek audience with office bearers;
(xvi) Right to set economic prices;
(xvii) Right to solicit for business;
(xviii) Right to seek extension of orders;
(xix) Right to give goods on credit;
(xx) Right to seek registration as suppliers; and,
(xxi) Right to service all students and outside customers.

5.2.4.7. With regard to the laws that confer the above rights other than the Trading and Licensing Act suppliers are not aware of specific laws apart from reference to general contracts and consumer laws.

(4) Types of Corporate Information available to Stakeholders, How and When the Information can be Accessed

5.2.4.8. The type of corporate information made available to stakeholders, how and when it can be accessed are shown in the table below below.
<table>
<thead>
<tr>
<th>Information Made Available</th>
<th>Manner and When Information Accessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer charter</td>
<td>through ZESCO website <a href="http://www.zesco.co.zm">www.zesco.co.zm</a></td>
</tr>
<tr>
<td>Credit terms</td>
<td>on radio and TV when information is ready</td>
</tr>
<tr>
<td>Board Papers etc</td>
<td>through board meetings and other meetings</td>
</tr>
<tr>
<td>Annual Returns and Performance Reports</td>
<td>Did Not Answer</td>
</tr>
<tr>
<td>Quarterly communication of company performance</td>
<td>Did Not Answer</td>
</tr>
<tr>
<td>Cash flow projection and Management Reports</td>
<td>On LuSE website, and South African Breweries website</td>
</tr>
<tr>
<td>LuSE Code of Corporate Governance</td>
<td>Did Not Answer</td>
</tr>
<tr>
<td>Credit Policy and Code of Ethics</td>
<td>Did Not Answer</td>
</tr>
<tr>
<td>Operational and business development and growth</td>
<td>Exhibition, open day and press releases</td>
</tr>
<tr>
<td>University of Zambia Council decisions</td>
<td>Through representatives on the Council</td>
</tr>
<tr>
<td>Regulatory Provisions and Annual Financial Statement</td>
<td>Through the Regulator, Offices and Shareholders</td>
</tr>
<tr>
<td>Non-confidential operational and policy information</td>
<td>On request and at events like exhibitions</td>
</tr>
<tr>
<td>Strategic Plan and Policies</td>
<td>Through website and documents when required</td>
</tr>
<tr>
<td>Strategic Plan, Financial, Training Manual</td>
<td>By contacting the Institution any time</td>
</tr>
</tbody>
</table>

**Source:** Compiled from questionnaire responses—July 2009.

5.2.4.9. Eight out of nine councils which responded listed the following types of information available to their stakeholders:

(i) Economic, political and social information to suit institution (Lusaka);
(ii) Suppliers-materials required; creditors-projects required to be undertaken by the Council; employees-Conditions of Service and financial information on the Council; General Public-information pertaining to public health, HIV, property rates, fees and charges, and trading licenses (Livingstone);
(iii) Mandate of the council, Council reports, minutes (Ndola);
(iv) Estate developers-news advertised in print media; Society –print, adverts, by inspection, calling at Council Offices, newsletter through PROs; DDCC-on request routinely; General Council and committee resolutions (Kabwe);
(v) Council financial reports and budgets (Chipata);
(vi) Projects to be attended to in the community (Kasama);
(vii) Concerns of the community (Mongu); and,
(viii) Marketer information on revenue, Plot Applicants-information on utilisation of fees (Mansa).

5.2.4.10. The type of corporate information made available to employees by corporations is given as Annex 5.9.

5.2.4.11. Suppliers surveyed listed the following as the type of information that is made available to them by corporations:

(i) Business flow i.e. occupancy of the hotel rooms;
(ii) Composition of their council;
(iii) Enclosing in their guidelines i.e. code of conduct;
(iv) Goods/services required;
(v) Information about corporation’s line of business;
(vi) Institutional setup;
(vii) Percentage of hotel occupancies;
(viii) Procurement inquiry;
(ix) Social responsibilities, such as environmenta;
(x) Stakeholders (suppliers, customers etc.);
(xi) Tender Board legislation;
Terms and conditions of contract; and,
Various offices when at work.

Suppliers surveyed indicated that they encountered the following difficulties when accessing the above information:

(i) Information is priced exorbitantly;
(ii) Departments busy most of the time; and,
(iii) Wrong requests.

Customers surveyed listed the following as the type of information that is made available to them by corporations:

(i) Goods/services sold and availability, quantities;
(ii) Hotel charges;
(iii) How much money or fees to be paid;
(iv) Industrial and environmental information;
(v) Information about the corporation;
(vi) International and local updates on codes;
(vii) Money transfer information, stamps, swift cash;
(viii) Of all business conducts;
(ix) Pricing, packaging and processes;
(x) Rules and regulations;
(xi) Services provided by the hotel; and,
(xii) Student schedules.

Customers surveyed indicated that they encountered the following difficulties when accessing the above information:

(i) Congestion at times;
(ii) Information coming in piecemeal;
(iii) Insufficient information;
(iv) Internet access not adequate;
(v) Limited IT facilities;
(vi) Lack of cooperation;
(vii) Poor quality of goods and services; and,
(viii) No money.

Eight out of nine councils which responded stated the manner and when the information can be accessed by stakeholders as follows:

(i) Readily available through Council departments such as Accounts, and Human Resources;
(ii) Through meetings, adverts, newspapers, and radio;
(iii) Through the information centre;
(iv) Through meetings, media and visiting council offices;
(v) Anytime;
(vi) Quarterly;
(vii) On request; and,
(viii) Through District Market Development Committee.
5.2.4.15. Annex 5.6 shows how and when employees accessed information. Employees also indicated that they accessed this information as and when required as well as periodically i.e. weekly, monthly and quarterly.

(5) Difficulties in Accessing Information

5.2.4.16. Employees further stated that they sometimes faced the following difficulties when accessing the above information:

(i) Bureaucracy;
(ii) Confidentiality;
(iii) Delays in communication;
(iv) Inadequate computer and communication facilities;
(v) It is difficult to get a copy of approved budget;
(vi) Lack of resources in terms of paper (not enough);
(vii) None except lack of updated books at times;
(viii) Proper record keeping;
(ix) Some sensitive information is not easily availed;
(x) Have no access to files; and,
(xi) Very few have access to the computers.

5.2.4.17. Whether corporations consult stakeholders when making corporate decisions that affect them and the manner of consultation

a) Of the twelve corporations that responded, eight stated that they consulted stakeholders when making corporate decisions that affect them while two stated that they did not. The other two did not answer.

5.2.4.18. The manner of consultation with stakeholders given by corporations that responded is shown in the table below.

Table 5.40: Manner of Consultation with Stakeholders-Corporations

<table>
<thead>
<tr>
<th>Manner of Consultation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through requests and research</td>
</tr>
<tr>
<td>Stakeholder meetings</td>
</tr>
<tr>
<td>Through correspondence and in accordance with various agreements we have with them</td>
</tr>
<tr>
<td>Part of the University of Zambia Council</td>
</tr>
<tr>
<td>Through stakeholder meetings, public consultation and surveys</td>
</tr>
<tr>
<td>Direct meetings</td>
</tr>
<tr>
<td>Research and surveys</td>
</tr>
<tr>
<td>Through student services</td>
</tr>
<tr>
<td>Open tenders</td>
</tr>
<tr>
<td>Mostly in writing (depending on the stakeholder)</td>
</tr>
</tbody>
</table>

Source: Compiled from questionnaire responses by corporations-July 2009.

b) All the eight councils which responded stated that they consulted their stakeholders when making corporate decisions that affect them through the manner indicated below:

(i) Selected stakeholders are called to Council Chamber meetings regularly;
(ii) Through meetings and involvement in committees;
(iii) Through their elected representatives;
(iv) Through DDCC bringing issues, proposals and general public and customers on commercial issues to Council for attention;
(v) Through councillors elected by the people;
(vi) Reports are availed to stakeholders’ meetings where they are allowed to make decisions;
(vii) Through councillors or directly; and,
(viii) Through stakeholder meetings.

c) Of the seventy-eight employees surveyed, 36 (46.15%) said that they were consulted, 42 (53.84%) said that they were not. Those consulted indicated that the manner of consultation was through

(i) Briefings;
(ii) Circulars/correspondence;
(iii) Meetings; and
(iv) Union representatives.

d) Of the 51 Suppliers surveyed, 41 (80%) indicated that they were consulted while 10 (20%) stated that they were not consulted. The consultations were mainly through briefings, circulars/correspondence, meetings and union representatives.

e) Of the 48 customers surveyed 38 (73.68%) indicated that they were consulted while 10 (26.31%) stated that they were not consulted. The consultations were mainly through letters, posters, telephone, email, sales agents, consultative meetings, and notices on notice boards, personal contacts and union representatives.

(6) Mechanisms available to stakeholders to seek redress in case of violations of their rights by corporations

a) Ten corporations out of the fifteen surveyed indicated that the mechanisms for redress available to stakeholders are as listed in 5.41.

Table 5.41: Mechanisms for redress of violations Corporations

<table>
<thead>
<tr>
<th>Mechanisms for Redress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complain to CEO in writing, issues resolved by various departments</td>
</tr>
<tr>
<td>(Consumer law) which protects rights of consumers</td>
</tr>
<tr>
<td>Lodge complaint through the Board, MCT or DCA and the union AAWUZA</td>
</tr>
<tr>
<td>LuSE, SEC, Board Chairman of SABmiller Plc</td>
</tr>
<tr>
<td>Whistle blowing toll free line</td>
</tr>
<tr>
<td>Arbitration, courts and amicable resolution</td>
</tr>
<tr>
<td>Through administrative process to senior management, University of Zambia Council and the courts</td>
</tr>
<tr>
<td>Through the Regulator</td>
</tr>
<tr>
<td>Grievance handling procedure</td>
</tr>
<tr>
<td>With departments dealing with specific complaints</td>
</tr>
<tr>
<td>Existing laws</td>
</tr>
<tr>
<td>Mutual collaboration</td>
</tr>
</tbody>
</table>

Source: Compiled from responses by corporations-July 2009.
b) The mechanisms for redress available to councils’ stakeholders were given by seven councils that answered as follows:

(i) Through laid down council procedures in contracts (Lusaka);
(ii) Through dialogue and legal action (Livingstone);
(iii) Through Integrity Committee (Ndola);
(iv) Through Director of Administration or Director of Engineering for resolution (Kabwe);
(v) Through petitions (Chipata);
(vi) Through courts of law (Mongu); and,

c) Suppliers surveyed listed the following as mechanisms for redress when their rights and privileges are violated by corporations:

(i) Arbitration;
(ii) Courts of laws;
(iii) Dialogue;
(iv) Stop supplying; and,
(v) Hold delivery.

d) Customers surveyed listed the following as mechanisms for redress when their rights and privileges are violated by corporations:

(i) Courts of law;
(ii) Complain to management;
(iii) Grievance procedure;
(iv) Return goods;
(v) Stop dealing with corporation; and,
(vi) Seek redress through union.

(7) Whether Members of Employers’ And Workers’ Mother Bodies have put in Place Measures to Recognise the Rights of:

a) employees;
b) customers;
c) suppliers;
d) creditors; and,
e) general public.

5.2.4.19. The Zambia Federation of Employers stated that the whole system of corporate governance requires recognition and protection of all stakeholders indicated above. In this regard, the Federation suggested that the governance systems in member organisations take into account the rights and interests of all stakeholders.

5.2.4.21. Recommendations

5.2.4.22. Based on the preceding findings and discussion, it is recommended that:

(i) The ZFE, IoD and other professional organisations/associations intensify the training and sensitisation of their members on good corporate governance; and,
(ii) SEC, LuSE and the IoD mount advocacy campaigns to educate shareholders and other stakeholders on their rights and obligations, and the remedies available to them to seek redress in the event that their rights are infringed upon.

5.2.5. Providing for Accountability of Corporations, Directors and Officers

5.2.5.0. This objective focuses on three areas:

(i) Whether the corporate governance framework ensures that timely and accurate disclosure is made on all material matters regarding the corporation;

(ii) The extent to which the accounting and auditing standards and practices are in line with international standards; and,

(iii) Whether the corporate governance framework ensures strategic guidance of the corporation, effective monitoring of management by the Board and the Board’s accountability to the corporation and the shareholders.

5.2.5.1. Corporate Governance Framework

5.2.5.2. PACRO is an executive agency of the Ministry of Commerce, Trade and Industry specifically responsible for registration of commercial enterprises in the country.

5.2.5.3. It is in this context that PACRO stated the following:

(i) Financial and non-financial information which private and public corporations are required to disclose by law;

(ii) Public companies are required by law to submit their audited financial statements with their annual returns. On the other hand, private companies are only required to submit annual returns and not financial statements; and,

(iii) Mechanisms are in place to evaluate, supervise and monitor compliance.

5.2.5.4. PACRO uses three mechanisms, namely;

(a) An inspectorate team which goes out to inspect companies from time to time;

(b) Letters to remind companies and businesses of their obligations; and,

(c) Workshops to sensitise businesses and the general public.

(iv) Sanctions and penalties available against corporations for non-compliance.

PACRO charges penalties for late filing of annual returns or they can strike-off a company from the register for non-compliance.

(v) Corporations in the past year that did not comply with the disclosure requirement and the sanctions/penalties imposed.

A list of non-compliant corporations was not provided. However, PACRO indicated that 50% of approximately 500,000 operational corporations did not comply with the disclosure requirement in the past year. Penalties imposed were not given.

(vi) Challenges in evaluating, supervising and monitoring compliance and the efforts being made to address them
PACRO faces the following challenges

(a) Insufficient manpower to effectively enforce compliance with the requirements of the Act; and,
(b) Budget constraints also inhibit the effectiveness of carrying out enforcement activities.

5.2.5.5. In order to counteract the above situation, PACRO is doing the following

(i) Reminders in the media;
(ii) Holding of workshops;
(iii) Attending shows and exhibitions to enhance sensitisation and awareness; and,
(iv) And carrying out inspections from time to time.

(a) Accounting and Auditing Standards and Practices

5.2.5.6. The Zambia Institute of Chartered Accountants (ZICA) was established under an Act of Parliament to regulate the accounting and auditing profession in the country.

5.2.5.7. It is in this context that ZICA stated the following:

(1) Accounting standards used in Zambia

(i) Zambia adopted and applies International Financial Reporting Standards and International Accounting Standards
(ii) The National Council for Construction (NCC), a statutory regulator of the construction industry confirms that ZICA, in line with other Accountancy regulatory bodies, adopted the use of International Accounting Standards and the International Financial Reporting Standards

(2) Material differences between Zambian and international accounting standards.

5.2.5.8. ZICA and NCC submitted that there are no Zambian accounting standards in terms of:

(i) Auditing standards used in Zambia;
(ii) Material differences between Zambian and international auditing standards.

5.2.5.9. ZICA and NCC submitted that there are no local Zambian auditing standards in terms of:

(i) Requirements regarding the audit of private sector corporations’ annual financial statements.

5.2.5.10. ZICA provided the following as the requirements for auditing of private sector corporations’ annual financial statements:

(i) The organisation should be registered with PACRO in accordance with relevant legislation (i.e. Companies Act);
(ii) The organisation should be a limited entity or be established in any legal form as described and/or determined by the relevant legislation; and,
(iii) The audit should be conducted by a duly registered auditor.
5.2.5.11. NCC submitted the following requirements:

(i) The organisation should be registered with PACRO in accordance with the relevant legislation (i.e. Companies Act);
(ii) It must be compliant with all statutory obligations i.e. tax compliant, NAPSA compliant, etc;
(iii) It must have a system of capturing and recording of financial information and transactions, either in-house or outsourced;
(iv) Must avail all records to the auditors;
(v) The directors of the corporations must invite the auditors in writing; and,
(vi) An engagement letter duly signed between the directors of the corporation and the auditors must be in place before the start of the audit.

(3) Requirements regarding the audit of public sector corporations’ annual financial statements.

5.2.5.12. ZICA provided the following requirements:

(i) Public sector corporations’ annual financial statements are audited by the Office of the Auditor General; and,
(ii) In some instances the Office of the Auditor General may directly engage or allow the respective public sector corporation to be audited by a private audit firm.

5.2.5.13. NCC provided the following requirements:

(i) A public sector company must be duly registered with PACRO under the Companies Act;
(ii) Auditors to be appointed by shareholders of the corporation at the AGM;
(iii) Remunerations of the auditors will be set at the AGM;
(iv) Engagement letter duly signed between the corporation’s directors and auditors; and,
(v) Audit findings will be presented to the shareholders at the AGM.

(4) Qualification requirements for the audit profession

5.2.5.14. ZICA provided the following requirements:

(i) The auditor should be a Chartered Accountant as defined in the Accountant Act of 2008;
(ii) The auditor should be a fully registered and paid up member of ZICA;
(iii) The auditor should have a practice licence issued by ZICA; and,
(iv) The auditor should be void of legal misdemeanour.

5.2.5.15. NCC provided the following requirements:

(i) The auditor must be a Chartered Accountant or Chartered Auditor (ACCA, CIMA, CIPFA).
(ii) Auditor must be a member of the Chartered Institute of Auditors (CIA).

(5) The role of auditors in the corporations with regard to regulation, oversight and discipline.
5.2.5.16. NCC submitted as follows:

(a) Regulation

5.2.5.17. Auditors play a role in ensuring that the corporation is compliant with the laws and regulations relevant to the corporation. This is done by regulation and compliance testing as well as monitoring.

(b) Oversight

5.2.5.18. Auditors play a role in the oversight function of a corporation. A primary focus of auditing as it relates to corporate governance is helping the Audit Committee of the Board (or its equivalent) perform its responsibilities effectively. This includes

1. Reporting critical internal problems;
2. Informing the Committee on the performance of the corporation's directors or managers; and,
3. Providing advice to the corporation on the improvement on the oversight function of the corporation.

(c) Discipline

5.2.5.19. Auditors help in maintaining financial and operational discipline in the corporation by

1. Highlighting shortcomings in their audit findings and following up the resolutions or implementation of their findings; and,
2. Many disciplinary cases in corporations have been as a result of audit findings or audit evidence has been relied upon greatly to conclude the disciplinary case.

5.2.5.20. The extent to which the corporate governance framework ensures the strategic guidance of the corporation, effective monitoring of management by the board (governing or supervisory body) and the board's accountability to the corporation and the shareholders

(a) Predominant structures and characteristics of the boards of directors or governing and supervisory bodies in public listed corporations.

(i) The Zambia Chamber of Commerce and Industry (ZACCI) stated that public listed corporations have good boards, predominantly headed by private sector people; and,
(ii) The Zambia Chamber of Small and Medium Business Associations (ZCSMBA) submitted that public listed corporations are required to abide by prescribed corporate governance provisions and standards handed down by the Lusaka Stock Exchange (LuSE). The composition of the board and roles of the chairperson, secretary and other officers are defined and a listed corporation has to abide by the requirements.

(b) Predominant structures and characteristics of the boards of directors or governing and supervisory bodies of state owned enterprises.

(i) ZACCI stated that boards of state owned enterprises are more public sector dominated and the governance is questionable;
(ii) Zambia Tourism Board submitted that the Board of the ZTB is appointed by the Minister of Tourism, Environment and Natural Resources in accordance with the Zambia Tourism Board Act of 2007. The Board comprises representatives of stakeholder Government ministries and the tourism industry; and,
(iii) ZCSMBA stated that state owned enterprises usually have boards comprising a majority of Government appointed directors and chairpersons. Unless they desire to list with LuSE for public subscription of shares, in which case they too must conform to prescribed corporate governance provisions and standards by LuSE, otherwise they are not bound by LuSE provisions.

(c) Predominant structures and characteristics of the boards of directors or governing and supervisory bodies in small and medium corporations.

5.2.5.21. ZCSMBA submitted that the majority of small and medium corporations in Zambia do not have boards of directors. The few that have will usually have members of their families and/or friends on the board. Efforts are being made by LuSE and other organizations, such as the Institute of Directors, to encourage small and medium corporations to adopt some minimum standards of corporate governance, including the appointment of boards of directors outside family circles.

(d) Predominant structures and characteristics of the boards of directors or governing and supervisory bodies in privately owned corporations.

(i) ZACCI submitted that the governance is quite good except that some of the organisations are family dominated and as such governance is questionable; and,

(ii) ZCSMBA submitted that private corporations, depending upon their size and other factors, will have a board of directors comprising representatives of shareholders of the company and/or two experts from outside. The board will usually be small and operate less formally as compared to that of public listed corporations.

(e) The process of appointment or election of Board/Council members

5.2.5.22. Procedures for the appointment of board members for state owned enterprises, private corporations and councils are as outlined below.

1) State owned enterprises

(i) The enabling Act stipulates that the minister under which the institution falls is the appointing authority;

(ii) The Act also stipulates the relevant constituencies which constitute the board;

(iii) The appointing authority invites nominations from the respective constituencies;

(iv) In making the nomination the institution takes into account the qualifications specified in the enabling Act;

(v) The minister then formally appoints members; and,

(vi) Executive board members are appointed by virtue of their position such as Chief Executive and Company Secretary.

2) Private Corporations

5.2.5.23. Within private corporations the articles of association stipulate the process of appointment of board members. The process for the appointment of non-executive directors is as follows:

(i) Inviting nominations from shareholders by the company secretary;

(ii) Nominations from shareholders are considered by the nomination committee/company secretary;

(iii) The committee draws up a shortlist of candidates after considering their suitability in line with the requirements of the articles of association;
(iv) The shortlist is presented to the shareholders at the annual general meeting where elections are held; and,
(v) Executive board members are appointed by virtue of their position such as Chief Executive and Company Secretary.

3) Councils

5.2.5.24. Seven councils which responded submitted that councillors are elected at five year intervals through local government elections under the following conditions:

(i) Nominees to be resident Zambians;
(ii) Nine supporters with National Registration Cards;
(iii) A letter of support from relevant political party (independent, no letter required);
(iv) Mayor –elected from among fellow councillors; and,
(v) MPs unelected but part of full council.

a) ZCSMBA submitted that their members are business associations of small and medium businesses in various parts of the country. Some of these associations observe, to some extent, corporate governance requirements and practices, e.g. holding Annual General Meetings (AGM) where office bearers are elected every so often. Sadly, others, and these are in the majority, fall short of observing even what is regarded as minimum corporate governance standards. They do not respect the provisions of their constitutions and AGM’s are rarely held. Some of their elective members have been in office for ever and have no intention of letting go (ZCSMBA).

Table 5.42: Quality of Strategic Direction and Monitoring and Evaluation-Corporations

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Respondent Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effective</td>
</tr>
<tr>
<td>Strategic Direction</td>
<td>3</td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Compiled from responses by corporations-July 2009.

5.2.5.25. Quality of strategic direction and monitoring and evaluation given by the Boards/Councils

(a) Corporations

5.2.5.26. The overall assessment by corporations with regard to the quality of the strategic direction and monitoring and evaluation is that both are effective. The specific assessments are shown in Table 5.42 below.

(b) Councils

5.2.5.27. The overall assessment by councils with regard to the quality of the strategic direction and monitoring and evaluation is not conclusive since only two said it was fair while most submissions did not address the question satisfactorily.

5.2.5.28. Recommendation

5.2.5.29. Based on the preceding findings and discussion, it is recommended that a framework for the appraisal of board performance be developed and enforced.
CHAPTER SIX

SOCIO-ECONOMIC DEVELOPMENT

6.0 Overview

6.0.1 Sustained socio-economic development within the APRM framework implies the continuous improvement in the well-being and in the standard of living of the people. It is premised on the principle that, in the context of accelerated economic growth, poverty can be effectively tackled through the promotion of democracy, good governance, peace and security; the development of human and material resources; gender equality; openness to international trade and investment; allocation of appropriate resources to the social sector; as well as building strong partnerships between the Government, the private sector and civil society.

6.0.2 When the MMD Government came to power in 1991, it was faced with the momentous task of rehabilitating and developing a shattered economy, and raising the standards of living of the population. In the social sector, neglect of essential services, especially health and education, had contributed to a severe decline in the standard of living for the majority of the population and institutional capacity had been weakened by disruption and continual crisis management.

6.0.3 Since 1991, Zambia has made considerable progress in recovering the economic and socio-cultural infrastructure lost during the years of economic hardships. The country has especially made significant progress in strengthening the capacities of the central economic management agencies that have primary responsibility for development planning (i.e. MoFPED and the Bank of Zambia). These agencies have played an extremely important role in the reform process, resulting in a strong sense of domestic ownership of the development process.

6.0.4 The Government has also made an attempt to sign or ratify international standards and codes in order to benchmark progress in socio-economic development against accepted international norms and practices. However, a systematic and comprehensive approach to the ratification and implementation of all the outstanding standards and codes would enhance progress in socio-economic development.

6.0.5 In an attempt to improve service delivery, the Government has set up a well-articulated institutional infrastructure to effectively deliver services through a decentralised service delivery system. This delivery system includes clearly articulated structures at central and local levels.

6.0.6 Zambia has made tremendous progress towards achieving some major socio-economic targets set out in the FNDP and the MDGs. Over the past 20 years, Zambia has achieved sustained growth and significant reduction in income poverty. The economy has grown at an average rate of 5.6 percent per year over the past five years. The income poverty headcount has declined from 56 percent in 1992/93 to 31 percent in 2005/06.

6.0.7 There have also been significant achievements in primary school and secondary school enrolment following the introduction of Universal Primary Education (UPE) and Universal Secondary Education (USE). The country has also made some progress in reducing HIV prevalence and AIDS (from 16% in the early 1990s to about 14.3% in 2005). However, there are still many problems facing these two sectors.

6.0.8 Despite many improvements over the years, effective policy implementation remains a critical challenge in Zambia. Corruption, inadequate resources, lack of capacity, particularly at lower levels, and politicisation of development programmes are major challenges. There is also lack of effective public expenditure management, revenue enhancement and coordination of development assistance.
Weak policy and programme implementation in Zambia suggests that there is need to strengthen programme monitoring and evaluation capacity. The decentralised system for service delivery also suffers from a number of structural, operational and financial weaknesses. This has tended to affect the quality of service delivery at the local level.

6.0.9 Dependence on external sources is a major constraint to genuine domestic ownership of the development process in Zambia. While this dependence has been declining over the years, it still remains relatively high.

6.0.10 There is also concern that economic growth has not been associated with significant job creation and poverty reduction. The country faces high and rising unemployment, particularly among the youth. The problem of household vulnerability to poverty is also an area of concern. The upswing in rural poverty levels since the early 1990s seems to indicate a significant level of household vulnerability to insecurity.

6.0.11 Another source of concern is rising inequality. Zambia has not been able to fully address the problem of rising income inequality (within and across regions and between urban and rural areas). Income inequality, as measured by Gini coefficient, stands at 0.57, meaning that inequality is still high in Zambia. See appendix 6o. The inequalities are not only evident for income but also for other basic social services such as health and education.

6.0.12 The issue of equitable access to land in Zambia remains unresolved. There is so much bureaucracy in land administration and a lot of poor people are facing problems processing their applications for title deeds. There is, therefore, need for urgent, broad-based consultations on the Land Question in general and the Land Policy in particular.

6.1. Standards and Codes

6.1.1 Zambia has, between 1964 and 2002, signed a total of 169 Agreements, Conventions, Treaties and Protocols. According to Ministry of Justice explanatory notes of 2009, 71 have been ratified, 24 have been acceded to, 17 successions and 13 participations. Of those directly related to socio-economic thematic area of the APRM, the progress is shown in the table 6.1 below.

<table>
<thead>
<tr>
<th>Standard and Codes</th>
<th>adopted</th>
<th>Signed</th>
<th>Ratified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rights (1981) including the protocol on the Right of Women in Africa</td>
<td></td>
<td>03.08.2005</td>
<td>Not Yet</td>
</tr>
<tr>
<td>African Charter for Popular Participation in Development (1990)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Summit on Sustainable Development (WSSD) Johannesburg (2002)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Nations Declaration on the Right to Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Summit on Social Development Plan of Action (1995)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committee on the Elimination of Discrimination against Women (CEDAW)</td>
<td>21.05.1985</td>
<td>17.07.1980</td>
<td></td>
</tr>
<tr>
<td>Freedom of Association and Protection of the Right to Organize Convention</td>
<td></td>
<td>02.09.1996</td>
<td></td>
</tr>
<tr>
<td>African Charter on Human and Peoples’</td>
<td>12.06.1986</td>
<td>17.01.1983</td>
<td>30.05.1986</td>
</tr>
</tbody>
</table>

6.1.2 There is currently no information regarding the African Charter for Popular Participation in Development (1990); World Summit on Sustainable Development (WSSD) Johannesburg (2002); World Summit on Social Development Plan of Action (1995); and, the NEPAD Framework Document (2001).

6.1.3 Steps taken to complete ratification and compliance

6.1.4 The steps being taken to complete ratification and compliance include domestication of international treaties, review of policies to align them with international standards and treaties, and implementation of some regional and international standards and codes. One critique is that standards and codes are housed in different government institutions. There also appears a lack of ownership and communication of these standards and codes leading to a lack of awareness of what standards and codes are among citizens.

6.1.5 Legislative, Policy or Institutional Instruments or Frameworks

6.1.6 In terms of legislative, policy and institutional frameworks, a number of steps have been taken in the twenty sectors. In the education sector, a new strategic plan in line with vision 2030, Education for All (EFA) and Millennium development Goals (MDGs) has been developed including a Free Education Policy. Others are Programme for the Advancement of Girl Education (PAGE), Basic Education Investment Programme (BESSIP), Early Childhood Care, Development and Education (ECCDE) and Re-entry Policy for girls. TEVETA, Zambia Education Capacity Building Programme (ZECAB), a bursary scheme for the youth are other milestones in the sector.

6.1.7 In the health sector, policies include free access to ARVs for all, including pregnant women and the universal immunization policy. Institutionally, the National AIDS Council and the HIV/AIDS work policy have been established. The Basic Health Care Package (BHCP) was formulated to offer services freely or on a cost-sharing basis. In terms of institutional steps, community level institutions like the Neighbourhood Health Committees and WASHE Committees have been established.

6.1.8 In the agriculture sector, the Fertilizer Support Programme (FSP) and the Food Security Pack Programme have been beneficial to farmers and the rural people in general. To address gender issues, a Ministry for Gender and the Gender in Development Division have been established. In the water sector, policies formulated under the TNDP/PRSP include the District-Water sanitation and Health education (D-WASH). Implementation of the Water Resources Action Programme (WRAP), which is aimed at implementing Zambia’s National Water Policy, started in 2001. Under the Rural Water Supply and Sanitation Sub-sector, the National Rural Water Supply and Sanitation Programme (NRWSSP) is being implemented and will run until the end of 2010. In the housing sector, the National Housing Bonds Programme, National Housing Policy and the empowerment of Low Capacity Households (LCHs) has been initiated. Further, the Land Policy of 2007 is being reviewed.

6.1.9 Challenges experienced and the Steps taken to Address Shortfalls and Capacity Constraints

6.1.10 Before or after ratifying a treaty, the State Parties must review whether their national legislature is consistent with convention requirements and make any necessary changes in law implied by the convention. This process of domestication creates resource, financial and institutional hindrances.

6.1.11 Progress made in achieving standards

6.1.12 Zambia’s progress can be seen, among others, in three key areas:

(i) Making women’s rights a part of law and policy;
(ii) Putting in place the National gender Policy; and,
(iii) Setting up a child law secretariat within the MoCDSS, dealing with the Rights of the Child.

6.1.13 Zambia has involved CPs, including the ILO, in improving access to education and health.

6.1.14 Recommendations

6.1.15 Based on the preceding findings and discussion, it is recommended that:

(i) Zambia domesticate the standards and codes it is party to;
(ii) Improve citizen knowledge and participation in the adoption and implementation of the standards and codes;
(iii) Improve the sense of ownership of the standards and codes by national institutions so that they can be implemented successfully; and,
(iv) Improve and update data storage in order present consistent information.

6.2. Assessment of Objectives

6.2.0 Below is an assessment of the extent to which Zambia has met the six objectives outlined in the APRM’s socio-economic thematic area.

6.2.1. Promote Self-Reliance in Development and Build Capacity for Self-Sustaining Development

6.2.1.0 This objective focuses on how Zambia is promoting self-reliance in development and building capacity for self-sustaining development. In this regard, the study describes the steps taken in the design, adoption and implementation of national development programmes, outlining how the stakeholders are involved in the process and their responsiveness to community needs.

6.2.1.1. Ownership of Development Plans

6.2.1.2. The study findings show that all the national development programmes are designed, adopted and implemented from the national development plans which include the Transitional National Development Plan (TNDP) and the Fifth National Development Plan (FNDP). Both plans were developed through broad-based consultations with the public sector, private sector and local communities. The plans were deliberately inclusive to achieve allocative efficiency in the budget and make future policies more responsive. They relied on the Poverty Reduction Strategy Paper (PRSP) and the National Long-Term Vision 2030 (NLTV) respectively. Consultations were done at community, district, provincial and national levels, in turn establishing reliable indicators responsive to country dynamics.

6.2.1.3 In addition, the national programmes are designed, adopted and implemented in a very consultative way. However, this does not always seem to be the case because some expert panels ranked community involvement last, below bilateral agencies and NGO/CSO. (See appendix 5a and 5b). This was mirrored by the community members from the FGDs and the household interviews who had mixed feeling. Out of 1,200 households interviewed, 20% indicated having participated in some community projects. Of these, 47% and 46% participated in project identification and project implementation respectively. There was low indication of involvement in M&E and Training which is vital for ownership and sustainability as shown in figure 6.1.
6.2.1.4 In the implementation, adoption and monitoring of national programmes, the MoFNP, through the Planning and Economic Management Division (PEMD), takes the leading role and is assisted by line ministries and Cooperating Partners. The reason for this is to enable the MoFNP monitor and prioritize the financial and resource cost of national plans, specifically the FNDP. Pursuant to the FNDP, priorities at government level are reviewed annually in line with Vision 2030. The complementary strategy begins with the budgetary review of objective and priority assessments of Ministries, Provinces and Spending Agencies. The advantage in the process adopted in the FNDP is that, once implementation begins, there are few institutional hindrances to information flow (See appendix 5c for details).

6.2.1.5 Sector Analysis

6.2.1.6 Below is an analysis of the responsiveness to planning in Zambia's key economic and social sectors.

(a) The Agricultural Sector

6.2.1.7 Policies have had limited responsiveness because of meagre budgetary allocations. The sector has an average allocation of 6% annually and most of it goes to the FSP and the Strategic Food Reserve Programme (SFRP). In 2007, both programmes received ZMK204.8 billion each or 58.5% of the total ZMK699.9 billion budget. The sector’s contribution to GDP was below the FNDP 14.5% target and its growth rate 2.8% was below the 9.2% target. It is noteworthy that Zambia is signatory to the Maputo Comprehensive Africa Agricultural Development Programme (CAADP) of 2003 in which its committed to allocate 10% of its budget to the agricultural sector, instead of the 6% it does. The major drawbacks of the FSP and SFRP are poor delivery mechanism (unstructured system to monitor service delivery for its intended purpose and non crop – diversification that is heavy focus on maize production and marketing. For this reason, the intention and objective of assisting the small scale farmers is hindered. This was confirmed by the data from the APRM household survey which indicated that more than two – thirds of the households had no access to agricultural inputs specifically fertilizer. See appendix 5d.
(b) The Mining Sector

6.2.1.8 The policies are more responsive to investors than immediate communities. Challenges in the sector include outdated policies, absence of Cadastre and GIS systems resulting in delays in issuance of rights. The sector was projected to grow by over 2% in 2008 due to forecast upsurge in copper and gold demand on the international market. Of the allocated budget, 88.2% was released and 49.5% was spent on mine exploration and source surveys and 30.7% on strengthening institutional capacity of the Ministry of Mines. Under the FNDP, large-scale mining activities were initiated. To improve safety, increased inspection visits were done which resulted in reduced accidents. This notwithstanding, there is a poor Information and Management System (IMS) and there is need to decentralize. With respect to the legal framework, the Petroleum Exploration and Production Act of 2008 was enacted and a review of the Mines and Minerals Act of 1995 was commenced. Government also commissioned drafting of the Mining Cadastre Regulations and the Uranium Mining Regulations to curb conflicts and delays in issuing mining rights (For indicator performance see appendix 5e.)

(c) The Tourism Sector

6.2.1.9 Tourism is largely private sector driven. It is plagued by outdated policies and infrastructure, which bear on the government. Less than 19% of its allocated ZMK68.8 billion budget was released in 2007. The Support to Economic Expansion and Diversification Project (SEED) received only 12% out of its total allocation of ZMK64.4 billion. Other government funds through the Tourism Development Credit Facility (TDCF) have not been adequate to cope with the demand for credit by citizens. The Transitional National Development Plan (TNDP) focused on high growth areas and private sector involvement while the FNDP focused on improving established tourist areas such as the Kafue National Park and the surrounding areas of such national tourist places.

(d) The Manufacturing and Industry Sector

6.2.1.10 Manufacturing contributed 4.9% to GDP in 2007, below its 6% target. It also missed its 52,176 employment target by about 934. Part of the reason was that private investment was impeded by the cost of finance, tax rates, administration, and regulatory uncertainty. The intention within the TNDP was to develop an export-driven manufacturing industry sector with the necessary technology and economic-friendly zones. The FNDP focused on large-scale capital investments and industrialization programmes. In 2007, the ZDA was established in response to business challenges. The MSM and the CEEC were also initiated and operationalised to facilitate citizen contribution to the local economy. At resource level, investment nearly doubled to US$ 811.7 million from 2006 to 2007. Market capitalization at the Lusaka Stock Exchange (LuSE) increased by 37.2%. Ninety-four percent of the total ZMK24.7 billion was released and two core FNDP programmes, namely, rural industrialization, and Investment promotion (including the establishment of ZDA), were undertaken.

(e) The Energy Sector

6.2.1.11 According to the APRM household survey, the responsiveness of sector policies is poor at household level. This does not mean that policies are bad but that their results are future based and are, at current, more business oriented in order to facilitate the needed growth in the sector. Some strategic pillar includes: Biomass, Electricity, Petroleum, Coal, Uranium, Renewable Energy Sources, Renewable Energy Provision, Energy Efficiency and Management, Household Energy and Energy Pricing. TNDP focused on rural and urban areas’ access to power and export possibilities while the FNDP concentrated on administrative, organizational and policy objectives such the Energy Sector Reform Programme. The National Energy Policy was revised and adopted by cabinet in 2007. Other programmes included Uniform Petroleum Pricing, phasing out Leaded Petrol and
development of the Electricity Grid Code. The biofuels Incentive Framework was designed in line with the provisions of the ZDA Act. In 2007, Articles of Association for Bio-fuels and contracts for long-term supply and financing of petroleum products were initiated, while a detailed scope of works to facilitate the rehabilitation of the TAZAMA pipeline was developed. Rehabilitation works were commissioned in 2007. The Sector was under funded in 2007; only 49% of the allocated ZMK25.9 billion budget was released for core FNDP programmes. The Energy Exploration and Installation Programme received 73.8% and the Rural Electrification Fund got the remainder.

(f) The Communications and Meteorology Sector

6.2.1.12 Outdated policies, infrastructure, inadequate funding and trained personnel, among others, are some of the challenges faced in the sector. The key players in mobile communication are Zain with 78.6% market share, MTN with 18.1% and Cell Z (the mobile branch of ZAMTEL) with 3.3%. Mobile phone subscriptions were 36.8% in 2007. Growth in fixed phones lines has stalled. Nonetheless, advances in the ICT include the adoption of the National ICT Policy in 2007; the repealing of the Postal Services Act; and the initiation of feasibility studies for the construction of meteorological infrastructure. As part of FNDP aims to improve infrastructure, 22 districts were included in the fibre optic rollout by ZESCO and an e-Governance Project was initiated. The sector does not have a comprehensive IMS policy and one indicator was met in 2007. In 2007, the meteorological sub-sector received 67.7% of total budget of ZMK3.6 billion while the communications sub-sector received 22.3%. The enactment of the ICT, electronic communications and transaction bill should be hastened in order to provide a legal and regulatory framework. The operations of the public service ICT need to be enhanced to make it competitive.

(g) The Infrastructure and Transport Sector

6.2.1.13 In this sector, major challenges include inadequate road networks, low investment especially by the private sector and poor skills among local private contractors. Poor road networks have a cyclical effect on communities, especially those in inaccessible areas. Under the TNDP, maintenance and improvement of existing infrastructure and wealth creation were prioritized. The aim was to increase private sector investment in hotels and other lucrative areas. The FNDP focused on implementing the Public Private Partnership (PPP) programme in 2007. Other programmes under the FNDP are Building Infrastructure Development Programme and Infrastructure Planning and Monitoring Programme facilitated the construction of schools and hospitals and improvements of the road network. To maintain donor confidence, increased transparency of fund disbursement and utilization, IMS and monitoring are being improved. In the budget, 56% of the total ZMK108.2 billion was released for construction and rehabilitation of buildings. The road sector was also under funded by 35.4%. In 2007, only four of the 12 indicators were met. FGD participants and household findings rated infrastructural services quite low. (See appendix 5f) Management and building capacities at the Road development Agency (RDA) and the National Construction Council should be improved.

(h) The Environment and Natural Resources Sector

6.2.1.14 Policy responsiveness has been fair, considering that related outcomes and benefits are future-based. However, inadequate budget allocations, absence of investments, poor maintenance of biological diversity and lean private and local participation are challenges that should be addressed. Over 3,000 national heritage sites have been identified, but these sites have no management and tourism plans for proper management. The inadequacies in the legal framework and the lack of implementation of the Forest Act No.7 of 1999 are also challenges. The TNDP reviewed outdated policies such as Community Environmental Management Plans (CEMP) and Community-Based Natural Resource Management (CBNRM). The FNDP focused on formulating modern policies
responsive to current and future needs of the communities. The Management of Protected Areas, Environmental Institutional Strengthening Programme and the Management of Wetlands Programme are just three of the planned 15 programmes. Nearly 97% of the allocated ZMK7.6 billion budget was released for this sub-sector in 2007. Impressively, 40.5% was spent on the Forestry Development Credit Facility (FDCF) in view of empowering communities and building infrastructure. Two major drawbacks were the late release of funds and the inadequacy of the funds. Only one out the targeted eight KPIs was met.

(i) The Commerce and Trade Sector

6.2.1.15 Policies in this sector appear to be more responsive to foreign than local investors. Outdated polices and infrastructure, high inflation and tax rates are compounded by Zambia being landlocked. The FNDP focused on exporting goods and services where Zambia has an advantage, improving marketing, negotiation, and technical capacity. In terms of regulation, PACRO has reduced the number of days necessary to register a business. The Trade Licensing Act Cap 393 of 1993 of the Laws of Zambia has been reviewed in order to improve compliance. At regional level, trade promotion through SADC and COMESA continued. A Bill to establish the Tariff Commission was produced and presented to cabinet. The volume of trade in merchandise exports and imports increased to US$4,613 million and US$3,998 million in 2007, beyond the US$3,177 million target. In 2007, 100% budget of ZMK1.2 billion was released. The elimination of trade related supply constraints got budgetary priority. The Export and Trade promotion programmes were the only two programmes that received more than their allocated budget. Government should deliberately focus on exporting services or finished goods to earn more income.

(j) The Science and Technology Sector

6.2.1.16 The Technology Achievement Index describes this sector as underdeveloped because of outdated policies, infrastructure and inadequately trained labour. Under the FNDP, some infrastructure was rehabilitated at the National Institute for Scientific and Industrial Research (NISIR), National Science and Technology Council, Mwekera Forestry Training Institute, Zambia Agriculture Research Institute, School of Agriculture at the University of Zambia, the Tropical Diseases Research Centre, and Copperbelt University at the Geological Survey. These rehabilitations were in direct response to technological and human resource deficiencies. Increasing the retirement age of skilled personnel was another strategy aimed at retaining skilled labour. All the key performance indicators fell short of the targets in 2007. Of the three KPIs on which data was available for 2006, two of them remained at the same level in 2007 while one of them decreased. ZMK12.8 billion was released, 68% was spent on emoluments and administrative costs rather than core programmes.

(k) The Education and Skills Development Sector

6.2.1.17 In this sector, responsiveness of policies as an avenue to socio-economic growth is fair and good as shown in figure 6.2. Spill-over effects of HIV/AIDS, loss of staff, orphans, and child-headed homes that force children to engage in Income Generating Activities (IGAs), have meant high dropout rates in schools, low enrolment levels and progression, poorly motivated and, in some cases, poorly qualified staff against an outdated infrastructure and policy framework. The response to these challenges is commendable. Measures taken include the introduction of Interactive Radio Instruction (IRI) centers for grades 5-7 to complement distance learning; low cut-off points for girls to boost their falling numbers at high school level; re-entry policy for post-pregnancy school age girls; and, a 30% bursary reserve for females at the tertiary level. These measures were introduced through the Programme for the Advancement of Girl - Child Education (PAGE) in 1994. Orphans and vulnerable children now have a bursary, the free education policy for grades 1-7 and the Adult
Literacy Policy has been finalized to promote lifelong education and improve progression rates at grade seven and nine.

**Figure 6.2: Community Rating of the Provision of Education Services**

Community rating of the Provision of Education *Base n=1200*


6.2.1.18 In the education sector, a new strategic plan in line with vision 2030, Education for All (EFA), is being developed. The TNDP launched training programmes, The Technical Education, Vocation and Entrepreneurship Training (TEVETA) in 1998 in response to a service and technology based labour market. In 2007, the Early Childhood Care, Development and Education (ECCDE) programme was introduced to address the quality of basic education. The Basic Education Sub-Sector Investment Programme (BESSIP) was introduced to improve access, equality and equity of basic education was also introduced. Resultantly, Net Enrollment Ratios (NER) for grades 1-7 exceeded the 5.2 target. However, high dropouts affected target performance for grade 9 pupils. The Gender Parity Index (GPI) was met for all target levels except for grades 1-7. In 2007, 3,000 teachers graduated from Basic School Colleges of Education, 350 from High School Colleges and 3,300 from Primary Teachers’ Diploma by Distance Learning (PTDDL).

(l) **The Health Sector**

6.2.1.19 In the health sector, policies have been progressive and responsive despite poor infrastructural, policy, human and financial constraints. The Basic Health Care Package (BHCP) to offer free services or on a cost-sharing basis was formulated. This is the benchmark for health development programmes as most diseases are preventable and curable at the basic stage. The TNDP addressed the social economic impacts of HIV and AIDS on labour, education and Prevention and treatment. Mitigation, prevention and intervention were the focus. The FNDP was more disease-specific and centered on making health services accessible. The Roll Back Malaria programme, Counseling and testing sites, Anti-Retroviral Treatment (ART) have all increased remarkably because of the FNDP’s direct response to source funding for capacity and infrastructural building. However, the APRM household and FGDs indicated that the policies have not been responsive to the community needs with half indicating that the policies were either “poor” or “very poor”. See
The number of HIV positive children on ART and infants accessing ARV prophylaxis increased by 10,626 and 9,200 respectively. This was as a result of increased cases of HIV positive pregnant women. Government disbursed K13.5 billion to training institutions countrywide and increased staffing of medical professionals. In response to HIV/STIs, all the previously 72 districts in Zambia have Counseling and Testing sites, PMTCT and ART facilities. As at December 2007, the country had 1,028 VCT sites. The sector did largely well in 2007 and met national immunization targets. But more than 50% of the ZMK772.88 billion 2007 budget was spent on personal emoluments. This explains why improvements in this sector make little difference at the household level. A number of infrastructural projects such as construction of health posts and district hospitals were undertaken in 2007 to provide quality primary health care services showing a slight improvement in service delivery as indicated in appendix 5h.

(m) The Arts and Culture Sector

Poor marketability and the absence of supportive regulation are some of the unique challenges. Zambia has a problem marketing itself, resources, art or mineral, are sold below their actual value, since marketing drives sales. The obvious and direct response by the FNDP has been initiating policy reviews, enhancing financial and technical capacities, nurturing arts at rudimentary level and planning for International cultural programmes. Inadequate funding makes talent nurturing very difficult. Only 60% of the sector’s already meager budget was released.

(n) The Water and Sanitation Sector

Sector policies have been responsive. A major challenge is weak or inadequate legal and institutional frameworks for water resources development and management for Rural Water Supply and Sanitation (RWSS). There is more funding towards the urban compared to the rural areas. Three complementary strategies were employed under the TNDP/PRSP, RWSS and the FNDP. Remedial policies under the TNDP/PRSP included the D-WASHE and the implementation of the Water Resources Action Programme (WRAP) in 2001 through the Zambia’s National Water Policy. Under the RWSS Sub-sector, the NRWSSP was implemented and will run until 2010. Boreholes are being constructed and rehabilitated. However, poor coordination has resulted in stagnation and duplication of programmes within the FNDP. Ninety six water rights were investigated and issued, 35 hydrometric stations were rehabililtated, ten gauging stations in the Zambezi Basin were maintained and rehabilitated, while four hydro-meteorological stations were installed. The provision of water was rated highly, with over two thirds of the respondents indicating that it was either “very good” or “good”. See appendix 5i. Clean water and good sanitation is vital because it has a direct impact on health. In 2007, ZMK36.3 billion of the total budget was released out of which 87.3% was spent on urban programmes. ZMK13.7 billion was released under the Water Resources Development sub-sector; ZMK3.1 billion for the Rural WSS and ZMK19.5 for the Urban WSS sub-sectors. The FNDP has facilitated increased funding to the sector.

(o) The Housing Sector

FGDs and APRM household survey rated the policies in this sector as either “very poor” or “poor” at 77% (Annex 6.11) The houses built through the NHA are accessed by very few people, resulting in increased demand for decent housing and growth in unplanned and peri-urban settlements. Outdated legislation such as the Land Act of 1994 and delays in disbursement of funds add to the challenges. By 2001, the housing stock had increased to 2,311,988 of which 71,675 (3.1%) reflected medium to high-cost homes. Sixty-six percent were traditional type buildings. Under the FNDP, funds were provided to improve living conditions in unplanned urban settlements. Through the Zambia Low Cost Housing Development Fund Trust (ZLCHDFT), 170 medium cost houses were built in Lusaka and 53 low cost houses countrywide. To help raise cheap long-term housing finance
on capital market for local authorities, the government has been implementing the National Housing Bonds Programme. In 2007, the programme allocated ZMK 4.2 billion to the MoLGH and K 2 billion to the MoCTI. Funding for unplanned settlements has been poor. The Lusaka City Council (LCC) received only K110 million to upgrade informal settlements and 9 local authorities received K100 million each, meaning 63 councils did not receive funding. In the 2007 budget, 94% of the approved monies were made available. No data exists on the value of rents accruing to local councils. There is urgent need to put in place an administrative routine data collection and storage system for the sector, implement fiscal decentralization to improve efficiency in the flow of funds to the implementing districts and agents, and to review the institutional capacity to undertake the Housing Bond Programme for and speedy implementation.

\(\text{(p) The Disability and Development Sector}\)

6.2.1.23 Sectoral policies in this sector have not been responsive to the needs of people with disabilities, resulting in poor performance. Moreover, the Persons with Disabilities Act No.33 of 1996 has not been enforced. During the period under review, the FNDP undertook education and awareness programmes to promote a positive image of persons with disabilities. Other measures were provision of medical care, infrastructure improvements and special needs education from primary through to tertiary education. Financial and resource mobilization for Disabled Peoples’ Organizations (DPOs) and Disability Service Organizations (DSOs) were undertaken in order to enable them effectively represent persons with disabilities. There was improved budgetary allocation in 2007, although only 67% of the total ZMK11.9 billion was released. In 2007, only 10% of Persons with Disabilities (PWD) had functioning assistive devices, only 17 low cost houses were constructed for PWDs, and only 2% of the MPSAs included a disability component in their budget in 2007.

\(\text{(q) The Social Protection Sector}\)

6.2.1.24 The sector has experienced low performance. Policy responsiveness could improve with increased finance. Population growth, insufficient health and education facilities exert pressure on social services. In 2007, a total of 72,000 beneficiaries were targeted to benefit from fertilizer and seed under the Food Security Pack Programme but only 22,527 benefited, below the 28,527 beneficiaries in 2006/2007. Households on Cash Transfer Schemes increased from 2,905 in 2006 to 7,476 in 2007. The 2007 achievement fell far below the target of 28,000. The number of rehabilitated street children remained constant at 1,630 in both 2006 and in 2007 above the target of 1,000 in 2007. These street children were reached through District Street Children Committees (DSCCs), mobile clinics, and family counseling resulting in reintegration back into their families, and Children Centres. Sector programmes in the FNDP include empowerment of Low Capacity Households (LCHs); welfare support to incapacitated households; support for vulnerable children and youth; access to health facilities for incapacitated and low capacity households and bursaries for OVCs. ZMK27.5 billion was allocated for core programmes under social protection out of which ZMK 25.4 billion was released. Thirty-six percent went towards the FSPP administered by Programme Against Malnutrition (PAM). A fund implemented through Micro Bankers Trust (MBT) received 2.4%. The sector also does not have a IMS to enable the assessment of all the six key performance indicators. Only three KPIs could be assessed due to lack of availability of data.

\(\text{(r) The Youth and Child Development Sector}\)

6.2.1.25 In 2007, less than one percent of the total national budget, or ZMK59.9 billion, was allocated to the sector and 97.3% was released. This weakens the responsiveness of sector to the challenges facing the youth and children. NGO participation has been admirable in reaching areas were government has been limited. As noted in Chapter Two, 68% of Zambians are below the age of 25 years of age. Street children number 75,000, while children with HIV/AIDS are about 90,000. There
is a severe strain on social protection services and the health and the education sectors. FNDP programmes increased the number of youth trained in relevant skills by 92,780 in 2007. Programmes included small-scale business and leadership training skills, participating in regional games targeting youths, the introduction of the Zambia Education Capacity Building Programme (ZECAB) and bursary scheme for youths. The Vice President's Office and the responsible ministry have begun involving youth in resettlement programmes. However, the absence of few well thought out strategic plans and lack of adequate funds are major challenges.

(s) The Employment and Labour Sector

6.2.1.26 Sector policies are improving in their responsiveness to match labour market requirements. As discussed in Section 6.3.2, formal employment in Zambia is extremely low, with only about 10.0% of the labour force in formal employment. The FNDP focused on Labour Market Legal and Regulatory Framework Reforms to strengthen the regulatory and legislative framework for the Sector; mitigation of labour migration to reduce the brain drain in the country; and, family planning to contribute to the reduction in the population growth in order to improve people's standard of living. There were increased labour and factory inspections from 1,130 and 224 in 2006 to 1,900 and 312 in 2007 respectively. Social dialogue improved, as evidenced by a reduction in the number of strikes from 32 in 2006 to 14 in 2007, and a reduction in industrial/occupational accidents from 44 in 2006 to 31. Although there were improvements with regard to overall labour administration in 2007, two targets were met among the key performance indicators. Three of them were only partially met. The recent closures of a number of mines also have resulted in job losses. TEVETA, explained above is one way of retraining the population to match labour market requirements. There is need to facilitate effective target setting by collecting baseline data. The sector should also build the necessary capacity to cope with the fast changing labour market. Coverage of the two workers schemes – the National Pension Scheme (NAPSA) and the merged Pneumoconiosis Board and the Workers’ Compensation Control Board) –are restricted to employees in the formal sector.

(t) The Lands Sector

6.2.1.27 The responsiveness of sector programmes has been limited because of centralisation at the Ministry of Lands, poor recording keeping, slow processing title deeds and inadequate funding. Inadequate funding explains the poor budget performance of the sector. The FNDP projected ZMK18.6 billion for its core programmes in the 2007. Only half of that amount was allocated to the sector in the budget and just 89.4%, or ZMK8.6 billion, was released. Policy and infrastructural challenges in the sector hinder government’s empowerment programmes. In 2007, the FNDP ensured finalisation of the Draft Land Policy. In coming up with the Land Policy, GRZ held consultations with all key stakeholders, including traditional rulers. A total of ZMK5.6 billion was released under the Land Development Fund to 16 qualifying district councils to enhance citizen empowerment through the opening up of new areas for development. Furthermore, 178 land banks were secured and reserved after land advocacy and negotiations with chiefs in Northern, Southern, Copperbelt and Central provinces. To strengthen the institutional framework, two provincial offices were opened in Ndola and Livingstone in an effort to decentralize the land delivery system. Forty-two percent of the budget was spent on National Mapping and Surveying, 15% for the Land Development Fund, 11.8% for the demarcation of international and local chiefdom boundaries and 11.5% for land administration and management.

6.2.1.28 Measures taken to Sustain Ownership of the Development Programmes

6.2.1.29 Ownership of national programmes is essential for sustainable development. This is why government involves a cross section of different stakeholders at different levels such as community members, district officials, provincial heads, ministries, CSO and the cooperating partners in
programme design, adoption, implementation and monitoring. Through the MoFNP, line ministries have been sensitized on the importance of the FNDP and it is being implemented at ministerial level thus enhancing ownership. Internal and external resource management is enhanced via the adoption of the Aid Policy and Strategy for Zambia, 2007. Other structure which have been put in place to sustain ownership include, Performance Assessment Framework, Sector Monitoring in collaboration with the SAGs, Budget Tracking and Analysis, FNDP Monitoring Data Base, regular reporting decentralization of the M & E Department of the MoFNP and National Economic Management Cycle among others.

6.2.1.30 **Funding of National Development Programmes**

6.2.1.31. National development programmes are largely financed through three sources namely, domestic revenues; external grants and to a limited extent, borrowing (both internally and externally). The internal and external resources for the funding of the national budget are provided in the table below. It should be noted that figures could not be provided with respect to National Investment Programmes.

**Table 6.2: Internal Resources and External Resources to Fund the National Budget (K' Billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>National Budget</th>
<th>Internal Budget</th>
<th>External Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>2004</td>
<td>6,374</td>
<td>4,711</td>
<td>74%</td>
</tr>
<tr>
<td>2005</td>
<td>8,325</td>
<td>6,259</td>
<td>75%</td>
</tr>
<tr>
<td>2006</td>
<td>15,926</td>
<td>5,552</td>
<td>35%</td>
</tr>
<tr>
<td>2007</td>
<td>10,735</td>
<td>8,486</td>
<td>79%</td>
</tr>
<tr>
<td>2008 (Est)</td>
<td>13,530</td>
<td>11,200</td>
<td>83%</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and National Planning.*

6.2.1.32. **Assessment of the Degree of the Country’s Aid Dependence**

6.2.1.33. One of the indicators used to assess the degree of a country’s indebtedness is the Total Debt ratio to GDP and Total Debt Service Ratio to Exports. Export earnings have been on the increase from US$1,052 million in 2003 to US$4,273.4 million in 2007, nearly 25% growth in four years. During the same period, the amount spent on debt servicing declined by over US$359.3 million. Total debt service ratio to exports has declined due to debt cancellations resultant of reaching the HIPC point. As such, less money is spent on debt servicing. The total debt service ratio to GDP has also declined. (See appendix 5k) Expert panels mentioned that the country was heavily dependent on external aid in its development programmes.

6.2.1.34. From the preceding discussion, it is evident that there is considerable consultation in design, adoption and implementation stages of national programmes. However, there are inconsistencies in the consultation process that lead to communities feeling isolated from the process as there a general perception that they are not involved much throughout the project cycle. There are also a number of factors which affect different sectors in fulfilling national development programmes, including misplaced priorities, lack of qualified staff, inadequate infrastructure, and underfunding against actual budgets. Moreover, certain sectors are investors-driven and result in policies that are not necessarily responsive to community needs, while some portion of budget funding is dependent on external assistance.

166 **DSB=Debt Service Burden** consists of principal and interest payments on all fixed term credits (short, medium, long term) including IMF credits, but exclusive of prepayments, interim financing, deposits and rollovers. **DSR=Debt Service Ratio** is computed as the ratio of debt service burden (DSB) on all fixed term credits to foreign exchange receipts of the immediately preceding year.
6.2.1.35. **Recommendations**

6.2.1.36. Based on the preceding findings and discussion, it is recommended that:

(i) Inconsistencies in stakeholder involvement in policing and programming be addressed through formalized structures;

(ii) Government focus on investing in infrastructure and technology than subsidies in order to grow the sector. This would, inter alia, reduce dependency on rain-fed agriculture and improve soil quality;

(iii) Crop diversification for the agriculture sector be promoted;

(iv) Budget allocations, infrastructure, human resource, capacity building and technology investments be improved;

(v) IMS be improved along with M&E strategies, outdated policies reviewed and programme awareness should be enhanced;

(vi) Access to basic necessities such as health, education, land and water and sanitation be increased; and,

(vii) Funding to technology, service-driven exports and alternative energy sources be increased.

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6.2.2 **Accelerate Socio-Economic Development to Achieve Sustainable Development and Poverty Reduction**

6.2.2.0. Accelerating socio-economic development to achieve sustainable development and poverty reduction is the second objective of the Socio-economic Development thematic area. The CSA process focused on what Zambia was doing to accelerate socio-economic development to achieve sustainable development and poverty eradication and what the outcomes of the policies and mechanisms to achieve sustainable development and poverty eradication were.

6.2.2.1. **Measures to Accelerate Socio-Economic Development and Achieve Sustainable Development and Poverty Eradication**

6.2.2.2. Three key indicators were used to measure this subject:

(i) Providing evidence of legal, policy and institutional steps to accelerate sustainable development and achieve poverty reduction;

(ii) Providing details of the volume and criteria for resource allocation to accelerate sustainable development and achieve poverty eradication; and,

(iii) Describing the challenges that have been encountered in this regard and the measures taken to address constraints and sustain progress.

(a) **Legal Steps to Accelerate Sustainable Development and Achieve Poverty Eradication**

6.2.2.3. The Constitution of Zambia is the legal framework from which all other laws are derived. The Constitutional provisions which relate to acceleration of national development and achieving poverty eradication include Article 110 which provides for the development and implementation of national policy. Part IX of the Directive Principles of State Policy in the Constitution includes development and implementation of national policies. Article 110 (a) and (b) state that when resources are available, the State should meet its national development objectives. Article 112 (b) promotes self-reliance and obligates the State to provide an enabling environment for self-empowerment. It further spells out the State’s responsibility in providing security, employment and basic welfare in its national plans.
6.2.2.4. The Constitution acknowledges the importance of financial availability and prudence to achieve these goals. Some of the instruments designed for this include, Public Finance Act of 2004, Loans and Guarantees (Authorization) Act Chapter 366, Public Audit Act 1980, Public Procurement Act 2008 and the Prohibition and Prevention of Money Laundering Act 2001. These are specific to management and control of resources and allow the Finance Minister Authority to raise funds for government use. The major flaw in this system is The Public Finance Act, which renders parliament no authority to review budget provisions. The Procurement and Money Laundering Acts address issues of accountability and stress government’s authority in retaining any assets of persons suspected of money laundering. The 2001 Local Government Act (cap 281 of the Laws of Zambia) governs the conduct of the 72 local councils and their authorities. Assessed together, these legal provisions empower citizens to undertake social economic activities and government to provide proper environment and resources for national development.

(b) Policy Measures

6.2.2.5. In 2005, the MoFNP included citizen participation in its budget guidelines. This is one of the institutional steps taken to eradicate poverty by broadening citizen participation in the annual budgeting process. The Government also adopted the Decentralisation Policy in November 2002 and the Decentralisation Implementation Plan in 2009. However, the requisite transfer of functions and resources has not been undertaken as envisaged in the policy. This is despite government having established the Decentralization Secretariat to spearhead the implementation of the policy.

6.2.2.6. The objective of the National Gender Policy is to increase the number of females in decision making position. The Education Policy has increased awareness of enrollment imbalances in the education school system, prompting the Government to, inter alia, reserve 30% of its bursaries for females. Bursaries for Orphans and Vulnerable Children (OVC) are offered. These measures are not enough and government continues to monitor and make progress where necessary. Appendix 6a shows respondent views on the impact of selected policies on poverty reduction. Most of these policies were rated moderately effective by the APRM expert panels.

6.2.2.7. The re-introduction of planning was premised upon the previous plans that included the following:

(i) Transitional Development Plan 1965 – 1966
(iv) Third National Development Plan 1978 – 1983
(vi) Interim Poverty Reduction Programme

6.2.2.8. After the PRSP, the planning processes have resulted in the following policies:

(i) Transitional National Development Plan 2003 - 2005
(iii) Vision 2030

(c) Institutional Framework

6.2.2.9. The Ministry of Finance and Economic Development was reconstituted into the Ministry of Finance and National Planning in 2002. This was done to support the institutionalisation of planning when Government re-introduced centralized planning. Cabinet Circular No. 1 of 1995 administratively created the National DCC, PDCC and the DDCC. These committees were intended to bring different
stakeholders at each level for effective coordination of all public and private development initiatives. However, these committees do not have a legal status.

6.2.2.10. Zambia’s cabinet comprises 24 ministers who are all MPs. As policy makers, ministers are compelled to play multiple roles such as explaining policies to their technical staff. The Provincial Administration implements programmes at provincial level. It coordinates and monitors programmes through the PDCC that is chaired by Permanent Secretary (PS). The role of the PDCC is to harmonize policies to National Programmes. District councils and the Office of the District Commissioner (DC) implement programmes at district level. Councils are particularly responsible for programme development and are composed of officials elected through adult suffrage.

6.2.2.11. The Office of the DC has convening power at district level, which is why it was established. Nevertheless, because civil service procedures were not changed to accommodate it, line ministries who report directly to their controlling officers often bypass it. The DC chairs the DDCC, which is also an advisory institution at district level. The DDCC was set up through a government circular in 1995. Ward Development Committees, Resident Development Committees and Area Development Committees participate in implementation and monitoring of programmes at community level. (see Annex 6.4)

(d) Weaknesses in existing Legal, Policy and Institutional Steps

6.2.2.12. A major weakness in the existing legal, policy and institutional framework is that the AGs findings have been consistently ignored over time. This has led to some disregard for financial management procedures and poor management of records. One of the best ways to enable and empower the public service is the introduction of Civil Service examinations focused on rules and procedures of the institution and that offices created outside the civil service must be brought in line with its structures.

6.2.2.13. For the Public Procurement Act of 2008, the ongoing sensitisation activities should be used to capture baseline data on the capacity of the procurement officers, committees and the units. This should be used for future capacity building. For the Loans and Guarantees Act, the power given to the Minister to raise loans in the Chapter 366 should be debated. National Assembly involvement in this should be preceded by educating MPs on the provisions of this the Loans and Guarantees Act, as it directly impacts on the funds for their constituencies.

6.2.2.14. The Local Government Act requires enforcement to ensure that resources are utilized for their intended purposes. There is need to enact legislation that legalizes the existence of the Area and Residence Development Committees (ADCs/RDCs) that are proposed in the National Decentralisation Policy. The legalisation of ADCs/RDCs should improve the capacity of councils. Their structure, composition and other institutional necessities should be covered by such a law. Inevitably, the Registration and Development of Villages Act need to be repealed. According to the 2005 MoFNP budgeting guidelines, the annual draft district budgets should be debated by the DDCC and recommended to the Council for adoption. Given the current scenario the Council’s ability to debate and adopt the annual budgets is compromised. Public sensitization is cardinal for all these areas.


6.2.2.16. This section of the Report looks at the details on volume and criteria used for resource allocation to accelerate sustainable development and achieve poverty eradication (Table 6.3). The FNDP is used as the basis for this section as it covers most of the period that is being reported on in this report.
Table 6.3: Volume of Budget Allocation and Releases to Poverty Reduction Programmes in ZMK’ Billion

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocatio</td>
<td>534.6</td>
<td>527.1</td>
<td>4,208.4</td>
<td>4,338.5</td>
</tr>
<tr>
<td>% of total Budget</td>
<td>44.8%</td>
<td>42.6%</td>
<td>46.9%</td>
<td>46.9%</td>
</tr>
<tr>
<td>Released</td>
<td>527.1</td>
<td>4,208.4</td>
<td>4,338.5</td>
<td>5,645.7</td>
</tr>
<tr>
<td>Allocatio</td>
<td>534.6</td>
<td>527.1</td>
<td>4,208.4</td>
<td>4,338.5</td>
</tr>
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</tr>
<tr>
<td>Released</td>
<td>527.1</td>
<td>4,208.4</td>
<td>4,338.5</td>
<td>5,645.7</td>
</tr>
</tbody>
</table>


(1) Criteria for Resource Allocation

6.2.2.17. The criteria for resource allocation are presented as addressed in the FNDP and the Green Paper. The FNDP focused on capital expenditure as a means of targeting and forecasting national growth. Expenditure for education and health sectors are projected to increase to 18.4% from a 17.7% baseline; capital expenditures, as a percentage of GDP, to increase by 1.4% from 2006 to 2010 and FNDP capital expenditures to be scaled up to a 7% annual average. These actions reflect the commitment to improve infrastructure particularly in the health and education sectors. Reflecting the FNDP’s projections above, the Government aims to liquidate domestic arrears, reduce recurrent expenditures and transfer those resources into improving and building infrastructure. These commitments are contained in the Green Paper, which the Government uses to relay its medium term economic policies, targets and fiscal strategy to the public. Budget Call Circulars are prepared according to the FNDP resource allocation criteria. The Budget Call Circulars are a component of the MTEF that was introduced in 2003.

(2) Volume of Resources

6.2.2.18. Annual budgets contain a component dedicated to poverty reduction programmes. The MoFNP Economic Reports provide details of the budget and allocation for the years 2004 – 2006. The budget allocations and releases for Poverty Reduction Programmes (PRPs) to accelerate sustainable development and achieve poverty eradication are provided in Table 6.3 above. Budget allocations for PRPs have on average increased both in volume and as a percentage of GDP. In 2005, however, domestic expenditure exceeded its allocated budget by 12%. This led to a reduction in the following year in budgetary allocation for PRPs. In 2006, external funding accounted for over 65% of the budget, over double of that received in other years.

6.2.2.19. In the 2006 and 2007 budgets, health and education accounted for 57.4% and 52.8% respectively. This was in line with FNDP recommendations to improve service delivery and infrastructure such as schools, health centres and houses for staff in these sectors (Annex 6.14) However, no comparative analysis has been done due to lack of figures in other years and inconsistent presentation of the data.

(e) Outcomes of the Policies and Mechanisms to Achieve Sustainable Development and Poverty Eradication

6.2.2.20. The policy outcomes and mechanism to reduce poverty are addressed in terms of:

(i) GDP growth rate, including GDP per capita over the past five years;
(ii) MDG indicators;
(iii) WSSD indicators; and,
(iv) Social indicators disaggregated by gender, rural and urban areas.
(1) GDP Growth

6.2.2.21. Available evidence shows that Zambia’s GDP growth rate, including GDP per capita over the past five years has improved. Table 6.4 shows that real GDP has ranged between 5.1% and 6% for five years since 2003. It also shows an improving GDP per capita resultant of improved market conditions for Zambia’s primary export, copper. What the table does not show is the increasing gap between rich and poor and citizens savings as a component of GDP. The three years between 2004 and 2007 recorded a GDP per capita of over US$400 yet the demographic study showed little improvement in the service sectors, health and education. The targeted GDP growth rate for the FNDP period 2006 to 2010 was 7%. Owing to the global meltdown, the government revised the growth rate to 4%.

<table>
<thead>
<tr>
<th>Variables</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth rate (%)*</td>
<td>5.1</td>
<td>5.4</td>
<td>5.2</td>
<td>6.2</td>
<td>5.7</td>
<td>5.8**</td>
</tr>
<tr>
<td>Projected GDP growth rate***</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP per capita**** (US$)</td>
<td>402.7</td>
<td>490.6</td>
<td>US$635*</td>
<td>922</td>
<td>US$934*</td>
<td></td>
</tr>
</tbody>
</table>


(2) Employment

6.2.2.22. In 2008, as noted in Chapter Two, the population of Zambia was estimated at 12.4 million. This was an increase from 11.4 million in 2005, an 8.8 percent increase. About 66 percent of the population resided in rural areas while 34 percent were in urban areas. Most of the population was concentrated along the major line of rail stretching from the Southern Province, through Lusaka and Central Provinces and up to the Copperbelt. The country has a relatively young population with about 45 percent aged between 0 and 14 years inclusively.

6.2.2.23. In 2008, the population of people aged 15 years and above in Zambia was estimated at 6.8 million which was an increase from 6.2 million in 2005. About 80 percent of this population was economically active. About 15 percent of the labour force was unemployed. The majority of the employed (73 percent) were in the agriculture, primarily subsistence farming.

<table>
<thead>
<tr>
<th>Residence</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Employed Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>71.6</td>
<td>28.4</td>
<td>100</td>
<td>5,221,761</td>
</tr>
</tbody>
</table>


6.2.2.24. The data further show that only 10 percent of those employed were in the formal sector (LFS 2008).
Table 6.6: Percent Distribution of Currently Employed Persons Aged 15 years and above by residence and sector, 2008

<table>
<thead>
<tr>
<th>Residence</th>
<th>Formal Sector</th>
<th>Informal Sector</th>
<th>Employed Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Rural</td>
<td>143,155</td>
<td>4</td>
<td>3,596,712</td>
</tr>
<tr>
<td>Urban</td>
<td>379,021</td>
<td>26</td>
<td>1,102,873</td>
</tr>
<tr>
<td>All Zambia</td>
<td>522,176</td>
<td>10</td>
<td>4,699,585</td>
</tr>
</tbody>
</table>


6.2.2.25. Some of the most severe problems facing the Zambian labour market, which need to be solved in order to improve the employment prospect, include:

(i) The high youth unemployment rates, which may have major consequences for the behaviour of young people in the labour market.

(ii) Labour market is too skewed towards agriculture. Improved labour productivity would ultimately liberate the redundant and underemployed surplus labour in the rural areas.

(iii) The size of the informal sector is very large and increasing.

(iv) Six percent of the people leaving the school system have access to tertiary education (MSTVT, 2008). This is not enough to build up the required level of human capital.

6.2.2.26. As noted in Chapter Two, there are a number of factors that have contributed to the unemployment situation in Zambia, including:

(i) Economic Restructuring under the Structural Adjustment Programme (SAP)- The Economic reforms undertaken by Government in the early 1990s meant to find a lasting solution to Government’s fiscal stress at the time, had an immediate impact of job losses due to privatisation and other adjustment measures. Though the economy has tremendously improved, job recovery is improving at a slower rate;

(ii) Weak demand for labour among employers in the formal sector- The absorptive capacity of the economy with regard to new entrants on the labour market is low;

(iii) Weak Investment climate- The Investment climate has been weak though beginning 2004 this is being addressed through an aggressive campaign called Private Sector Development Reform Programme;

(iv) Insufficient export sector to drive economic growth- To create well paying formal employment, exports especially manufacturing exports need to increase. These are critical because the domestic market is small and demand for manufactured goods is low;

(v) Labour Demand and Labour Supply Mismatch- Mismatch of the education system and job market- ‘inappropriate’ school curricula leading to youth graduates that lack ‘employable’ skills;

(vi) Population growth which has led to an increase in working age population;

(vii) The HIV/AIDS scourge - as breadwinners die early the youth are deprived of opportunities for further education and training; and,

(viii) Weather patterns, agricultural infrastructure and other challenges affecting agricultural production in rural areas – Agriculture is the sector employing the majority\(^{167}\) of Zambians.

\(^{167}\) According to the 2005 CSO/MLSS Labour Force Survey, 72.2% of total employed persons were working in the agriculture, forestry and fisheries sector.
6.2.2.27. Recommendations

Based on the preceding findings and discussion, it is recommended that:

(i) Transformation of the economy from its heavy reliance on extractives economic activities such as mining to a more diversified economy targeting manufactured exports be expedited;

(ii) The movement from low productive traditional agriculture to a more diversified economic setting be expedited;

(iii) The need to pursue labour-intensive high value agriculture and agro processing and the growing industrial and services sectors be intensified, taking advantage of business linkages and globalization’s opportunities;

(iv) The movement to a more formalized setting in which decent work conditions prevail to reduce the emergence of the informal economy be intensified;

(v) The need to focus creating opportunities for young women and men through related strategies for youth employment and the development of skills that are market responsive be intensified;

(vi) Facilitating private sector investment to create more employment be expedited; and

(vii) Eliminating exploitative and abusive labour practices be quickened.

(f) The MDGs indicators

The data on the MDGs is summarized from the extract of the 2008 MDG report. The report assesses progress made towards the attainment of the MDGs in Zambia. There is commitment to attainment of the MDGs by the Government. This is evidenced by an expert panel’s high rating of government’s prioritizing of the MDGs. (See Annex 6.15 for details.) An increasing number of respondents at the community level were satisfied with MDG-related services they received. Health, as an important sector received 21% approval ratings, meaning that more work is required. According to the MDG report, the most difficult target to attain is sustaining the environment (target 9/ goal 7).

Goal 1: Eradicate extreme poverty and hunger

(i) Target 1: Halve, between 1990 and 2015, the proportion of people living in extreme poverty; and,

(ii) Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

There is a likelihood that both targets are likely to be met because there is strong supportive environment. However, poverty still exists and there food insecurity. (See Annexes 6.16 and 6.17)

Goal 2: Achieve universal primary education

(i) Target 3: Ensure that by 2015, children everywhere boys and girls alike, will be able to complete a full course of primary schooling.

The MDGR found that there is likelihood that that the above targets will be met in terms of:

(a) Net enrolment ratio in primary education

(b) Proportion of pupils starting grade 1 who reach the age of 7

(c) Literacy rate of 15 to 24 year olds
6.2.2.33. The statutory age for enrolment into school is seven years and the average completion age is thirteen, when they go on to basic school. Net enrolment in 2006 increased to 97% as shown in Annex 6.18. Literacy levels are low in rural areas because teachers prefer to be in urban areas. This is as a result of a number of factors, including irregular pay of rural hardship allowances and poor infrastructure.

Goal 3: Promote gender equality

(i) Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all level of education no later than 2015

(a) Ratio of girls to boys in primary secondary, and tertiary education;
(b) Ratio of literate females to males among 15-24 year olds;
(c) Share of women in wage employment in the non-agricultural sector; and,
(d) Proportion of seats held by women in national development.

6.2.2.34. Equality is a fundamental right and key in achieving the MDGs. Although inequalities still exist, the Government has made strides in achieving equality between women and men through the adoption and implementation of the NGP, gender mainstreaming, formation of GIDD and a general supportive environment. There is a likelihood that that the above targets will be met. Government is viewed to be very committed to promoting gender equality at all levels. The ratio of girls to boys in primary school has been fairly stable at a level close to 1.0 between 2003 and 2006. However, the ratio in secondary school seems to have undergone a notable decline from 0.90 to 0.73 during the same period. (See Annex 6.19)

Goal 4: Reduce child mortality

(i) Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate. The indicators for this goal and progress towards their realization are presented in appendix 6h.

6.2.2.35. By 2007 infant mortality rate (IMR) dropped to 70 deaths per 1000 births and under-five death rates fell to 119 per 1000 deaths as shown in Annex 6.20. Although these are significant figures, considering the impact of HIV/AIDS and malaria, the Government acknowledges that more work must be done. The immunization policy has been a big reason for the fall in malaria-caused deaths. This could be the strong indication advanced by the MDGR that the above target will be met. Also the people are more comfortable with the rate of child mortality because they feel the policies have had a positive impact.

Goal 5: Improve maternal health

(i) Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal ratio. The two indicators for this goal and the progress towards their realization are presented in Annex 6.21.

6.2.2.36. In 2007, 93.4% of mothers received a tetanus injection as part of antenatal health care, while births attended to by a health professional increased to 46.5%. In the same year, the ratio of maternity mortality declined to 449 per 100,000 live births. Interventions through the BHCP, have contributed positively.

Goal 6: Combat HIV/AIDS, malaria and other major diseases

(i) Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS
- ZDHS HIV prevalence rate (%)
- Contraceptive prevalence rate (any method) (%)

(ii) Target 8: Have halted, by 2015, and begun to reverse, the incidence of malaria and other major diseases

Figure 6.3: Assessment of the policies/programmes with respect to immunization, malaria, HIV/AIDS and other communicable diseases

6.2.2.37. Coordinated national and international efforts, by the Government, Cooperating Partners and NGOs, have created partnerships and effectively increased funding for HIV/AIDS projects. Statistics show a decline of 1.3% of HIV/AIDS cases in the 15-49 age groups. Related policies are however, rated averagely. Expert panels commended the immunization and malaria policies, rating them over 70% both as shown in figure 6.3 above. There is improvement in malaria prevention. (See Annex 6.22) The 2007 ZDHS shows as decline in malaria prevalence in between 2001/2002 and 2007. (See Annex 6.23)

Goal 7: Ensure environmental sustainability

(i) Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources; and,

(ii) Target 10: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.

(a) Proportion of population without sustainable access to an improved water source (%); and,

(b) Proportion of population without access to improved sanitation (%).

6.2.2.38. The indicators of environmental sustainability are presented in the Annexes 6.24 and 6.25, respectively. The above target is unlikely to be met.
Goal 8: Develop global partnerships for development

6.2.2.39. The primary objective for this goal is a global environment that is conducive to the attainment of the MDGs through comprehensive partnerships at national, regional and international levels. This is done through the Official Development Assistance (which increases the national budget), Trade and export (which boost national earnings through diversification policies), International debt (which includes initiatives for debt relief) and Communication (aimed at improving ICT).

(g) WSSD Indicators

6.2.2.40. The WSSD developed four broad social indicators to monitor its implementation and achievement of outputs which include health, environment, economic and energy. Some were alluded to in the MDGs.

(1) Social indicators

(i) Poverty Indicators - The LCMS 2004 indicates that poverty is higher among females and more prevalent in rural areas by two-thirds. Access to health, education, water and sanitation is a government priority which is why policies are pro-poor. There is high unemployment which the Government has attempted to address by adopting policies that support private sector development. Sixty-four percent of the population live below the poverty line (FNDP Annual Review Report, 2007). Fifty-three percent are classified as extremely poor, as they cannot afford basic food requirements. Poverty has cyclical effects; for example, lack of education will entail, in most cases, lack of sustainable income. In other words, poverty is both a cause and result of low socio-economic development.

(ii) Gender equality indicators - Although the Government is making strides in this area, females continue to earn less than males for the same work (Annex 6.26). Government has devised a number of policies and outcomes, including the National Gender Policy and its Ministry to address this issue with the aim of aligning it to with CEDAW requirements. Table 6.7 shows respondents’ views on government’s efforts in mainstreaming gender equality.

Table 6.7: Rating of the Country in Mainstreaming Gender Equality by the Expert Panel

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Rating of the measures the country is undertaking to mainstream gender equality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>8%</td>
</tr>
<tr>
<td>Good</td>
<td>41%</td>
</tr>
<tr>
<td>Fair</td>
<td>38%</td>
</tr>
<tr>
<td>Poor</td>
<td>11%</td>
</tr>
<tr>
<td>Very poor</td>
<td>3%</td>
</tr>
</tbody>
</table>

(i) Nutritional status indicators - Stunting is indirectly related to poor nutrition caused, in part, by low-income levels and unemployment. The ZDHS of 2007 found that 45% of children under five are stunted and 21% are severely stunted as shown in Annex 6.27. This is why infrastructure building in health, education and other vital sectors is important.

(ii) Mortality indicators - Refer to Goal 4 under MDG indicators.

(iii) Sanitation indicators - The 1994 National Water Policy has seven principles that govern the State’s policy in water and sanitation. These are Separation of water resources management from water supply and sanitation, Separation of regulatory and executive functions, Devolution of authority to local authorities and private enterprises, Achievement of full cost recovery for
the water supply and sanitation services in the long-run, human resources development leading to more effective institutions. Progress has been made because of the seven principles. See appendix 6q for social, health and sanitation indicators.

(iv) Drinking water indicators - According to the 2007 ZDHS, urban areas get over four times (or 82%) of the access to improved water sources, which total 41.8% for the country. Rural areas get 19.6%. Another peril for rural areas arises from water borne diseases. Therefore, policies complement those made in the health and education sectors. According to NWASCO, the DTF had reached 429,600 people in peri-urban areas after 2007.

(v) Healthcare delivery indicators - Availability of skilled personnel is a pronounced problem in Zambia, particularly in rural areas. The Government has designed programmes for prioritising healthcare delivery, even in the face of these challenges, access to health is prioritized. Primary health care facilities are available to 89% of the respondents, according to the LCMS. The 2007 ZDHS found that 67.6% of children were covered under prevailing immunization programmes; it also found 30% of women to be on contraceptives. This does not tally with statistics on population growth.

(vi) Living conditions indicators - According to the 2000 census Report, more people (41.2%) live in two-roomed houses in both urban and rural areas. One-roomed houses are the next commonly occupied, two-roomed houses were next on the preference ladder.

(vii) Population change indicators - The population growth rate was estimated at 3.2% per annum by the CSO during the last comprehensive census in 2000. The effects of population growth and migration have been well noted under the housing sector in chapter five of this report.

(2) **WSSD environmental indicators**

6.2.2.41. Under environmental indicators, WSSD considers emissions of greenhouse gases, ozone layer depletion, air quality, agriculture, forest, desertification, urbanisation, fisheries, water quality, ecosystems and species. Data was not available for the Greenhouse Gas emissions (see Annex 6.32):

(i) Ozone layer depletion - There has been a continuing decline in the consumption of ozone depleting substances. The Government enacted Statutory Instrument (SI) no. 27 of 2001 – the ODS Control Regulations. These cater for key activities for enforcement, including licensing, border controls, inspections and disposal operations. (See Annex 6.33) The ECZ spearheads the activities, though some of the legislation on ODS are hosted by other ministries. The ECZ is compelled to involve other agencies and ministries to enforce Statutory Instrument no. 27 of 2001. Air quality is a challenge in heavy industrial and mining areas such as the Copperbelt. Tree felling and the increased number of motor vehicles have contributed to this.

(ii) Forest indicators - Forests cover between 56.4% and 66.4% of the total land area in Zambia. An increasing population has an effect on forest coverage via settlements, new land for agriculture, charcoal production and uncontrolled fires. Some responses to the above threat to forests include the rural electrification programme, introduction of efficient wood/charcoal burning stoves, piloting of wood efficient tobacco barns, conservation farming and tillage and sensitization on the disadvantages of late burning. (See Annex 6.34.)

(iii) Desertification - Zambia signed and ratified the United Nations Convention to Combat Desertification (UNCCD) on 15th October 1994 and 19th September 1996, respectively. Accordingly, Zambia prepared a National Action Plan (NAP) with financial assistance from cooperating partners and developed the UNCCD NAP in 2002. The intention was to domesticate the UNCCD’s aims in eradicating desertification. The focus in Zambia was on Agro-ecological regions I and II that had experienced drought and severe land degradation. Vision 2030 suggests that the pace of forest depletion has accelerated. The Government has implemented several programmes to facilitate the implementation of the UNCCD NAP.
(iv) **Fisheries indicators** - There are 11 main fisheries in Zambia shared between the Congo River and Zambezi River basins. Conservative estimates put the local fish demand at 120,000 tons/year, about 35,000 tons more than natural fisheries supply (which is 90% of the total). The long distance between catch and consumption areas, including limited cold storage entails that only fish agreeable to such conditions are supplied. Government has taken a number of measures to counter the reduction in catch. The Government undertook deliberate measures to increase fish population which include aquaculture development and stocking small water bodies.

(v) **Water quality indicators** - The key document on the water balance in Zambia is the National Water Resources Master Plan 1995 which estimated that Zambia generates an estimated 100 km$^3$ per year of surface water and has an estimated annual ground water potential of 49.6 km$^3$ per year. There is currently inadequate data to make an accurate assessment of the groundwater availability for exploitation. (See Annex 6.35)

(vi) **Ecosystems indicators** - Zambia has the second largest proportion of land under protection status, about 30%, reserved for National Parks (NPs) and Game Management Areas (GMAs). Preserving the integrity of the ecosystem is enshrined into law in Zambia. Challenges faced include population growth, unplanned settlement areas, encroachment of GMA for cultivation. (See Annex 6.36) Species indicators- Animals in the 19 NPs and 36 GMAs receive legal protection status. The 3rd CBD Report projected that the populations of elephants and other large mammals have declined. The re-introduction of rhinoceros was initiated in two sites. (See Annex 6.37)

(vii) **Waste Generation and management** - The ECZ undertook an inventory on the generation of hazardous waste in 1997. This data was used in the formulation of the National Solid Waste Management Strategy for Zambia in 2004. The total hazardous waste produced was 48,250 tons. According to the ECZ, total household waste was 150,000 metric tonnes. The waste produced by households can, for this Report, be assumed to contribute to the municipal solid waste as it is the mandate of the Local Councils in Zambia to collect this waste whether directly or through contracted private companies. (See Annex 6.39)

(3) **WSSD economic indicators**

6.2.2.42. Indicators developed in this regard are Economic Performance, Trade, Financial Status, and Waste Generation and Management.

(i) **Trade indicators** - Table 6.6 below shows that Zambia relied on external funding to meet its commitments to national development. This was because of a trade deficit during the 2003-2007 periods; and,

(ii) **Financial status**- Total ODA in 2006 was 5.2% of GDP and the debt stock as a percentage of GDP was 14.6% (Annex 6.38).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of trade in goods and services</td>
<td>The difference between the value of exported goods and services and the value of imported goods and services.</td>
<td>$US</td>
<td>None</td>
<td>2004 = -$109 2005 = -$2632 2006 = -3$ 222.5 2007 = - $4638.6</td>
</tr>
</tbody>
</table>

6.2.2.43. Strategic Implementation of Sustainable Development is one of the institutional indicators. Zambia has a FNDP and the Vision 2030 in place. The first is the MTEF that coordinates all the existing policies and their implementation arrangements. It is used to guide the medium term planning and annual budgeting process. The cumulative outcomes of all future national plans are to achieve the Vision 2030. (See Annex 6.40)

6.2.2.44. Other indicators are international cooperation, information access, communications infrastructure, and science and technology:

(i) International cooperation indicators- There are treaties which Zambia has either signed or ratified which have resulted in design and implementation of environmental programmes;

(ii) Information access - The number of internet subscribers per 1000 inhabitants was computed to be a minimum of 3.5 subscribers per thousand people according to ICT Policy of 2006. This is a conservative figure given that the sector has been expanding in both capacity and subscriber base. Government, in 2002, also presented the Freedom of Information (FOI) Bill to Parliament. The Bill did not pass its second reading and is yet to be re-submitted after cabinet approval;

(iii) Communications (fixed lines) infrastructure - The ICT Policy of 2006 established that there were nine people per 1000 with fixed telephone lines, that is, 105,300 of the population. ZAMTEL installs these fixed lines. Zambia’s fixed telephone lines had a Compound Annual Growth Rate (CAGR) of negative 1.9%, the Republic of South Africa’s is negative 2.8%. By Southern Africa standards, Zambia has a high telecommunication penetration. Science and technology - Government approved a Science and Technology (S&T) Policy in 1996, whose aim was to domesticate (imported) technology and use it for the socio-economic growth of the country. The policy has undergone strategic review.

6.2.2.45. Social indicators – the social indicators are aggregated by gender, rural and urban areas. The social indicators referred to in this section include poverty, education, housing, sources of drinking water, garbage disposal, toilet facilities and proximity to facilities:

(i) Poverty – Refer to social indicators above (See also Annexes 6.42 and 6.43);

(ii) Education - Net enrolment increased steadily from, 80% to 97% in 2006. Girls’ enrolment shows an upward trend. This can be attributed to the introduction of free education at primary school level and the expansion of the bursary scheme (Annex 6.44);

(iii) Housing - About 90% of the rural population lives in traditional and improved traditional huts. In urban areas, just over 20% of people live in such accommodation. Rural areas have higher home ownership, 89.9%, than urban areas which have 47% (Annexes 6.45 and 6.46);

(iv) Source of drinking water - At the national level about 57% of households had access to safe water supply in 2004. The remaining 43% of households accessed water from unsafe sources. The proportion of people accessing unsafe water was more in the rural areas, i.e. 62% versus 14% in urban areas. Water sources do not vary in wet and dry seasons (Annex 6.47). The APRM household survey showed that households faced various challenges in accessing water (Annex 6.48);

(v) Garbage disposal – this mainly comprises pitting followed by dumping. These were the most common method of garbage disposal used;

(vi) Toilet facilities - over half of the households country wide used pit latrines. About 56% had own pit latrines, 7.3% communal latrine and another 6% used neighbours pit latrines. Fourteen percent used flush toilets - 9% own flush toilet inside the house, 4% own flush toilet outside the house; and,
Rural and Urban Use of various amenities- As stated earlier, various amenities are easily accessible in urban than rural areas. More than 70% of households in Zambia were within a 5 kilometre radius of key socio economic facilities. Only 45.6% of rural households had this advantage (Annexes 6.49 and 6.50).

6.2.2.46. Measures to Address Challenges and Sustain Progress

6.2.2.47. The challenges and measures taken to address sustainable progress, including M&E, are identified in various budget speeches, economic reports (2004-2007), the MDSR 2008 and the FDNP. A synthesis of the literature review, output of the Households survey and focus group discussions provided insights into how to respond to these challenges.

6.2.2.48. The measures taken are implicit in the following:

(a) Human Resources

6.2.2.49. Human resource challenges were noted in all the twenty sectors discussed in the sector analysis section. The same challenges which were identified are mirrored to those identified during FGDs, APRM Household Surveys and Expert panels. For the health and education sectors, the recruitment and training of personnel, use of community volunteers and introduction of rural hardship allowances have been undertaken. Neighbourhood Health Committees have also been set up to combat health related challenges. The high female dropout rate at secondary school level has resulted in low representation of females in tertiary education and in wage employment. Re-entry policies for pregnant girls, bursary schemes and IRIs to support distance learning are some of measures or responses undertaken. Net enrolment increased by 2.0% in 2007 from the previous year. The National Gender Policy has been adopted to redress institutional imbalances in gender equality. Other policies undertaken to respond to human resource challenges include TEVETA, which focuses on gender balanced training and re-training of youths in modern methods attuned to labour market dynamics.

(b) Finance

6.2.2.50. Zambia’s reliance on exporting raw materials adversely affects the country. Reaching the HIPC point has reduced the country’s debt burden but more resources are needed for expedient economic development. Government aims to maintain low levels of borrowing and keep ODA at acceptably low levels. In 2007, 98% of the budget for social sectors was released and budget shares for education and health increased to 15.4% and 11.5% respectively. Specific measures taken include effective PPP to create jobs and effective engagement with cooperating partners to mobilize funds for development programmes. Prudent financial management by the MoFNP to attain full funds’ disbursement is another serious measure undertaken by government.

(c) Capacity of Public Systems

6.2.2.51. Poor resource management has in part been the result of slow implementation of policies, exclusion of Parliament in the loan systems and the limited surcharge of the AGs findings. Others are limited capacity of public systems, poor performance utilities, electricity and water supply, inadequate logistical technology and poor coordination mechanisms. Responsive measures include the Public Sector Management programme and Multi-sectoral coordination and collaboration, enactment of the Public Procurement Act, and partnership among major stakeholders like SAGs, PDCCs and DDCCs.
(d) **Income Inequalities**

6.2.2.52. Low income levels and associated inequalities have an impact socio-economic development. To address these issues, a revision of the Minimum Wages and Conditions of Employment Act (Cap.276), particularly Statutory Instrument (SI) no.57 of 2006 that governs working conditions and wages for general workers has been introduced and implementation of pro-poor programmes has been initiated.

(e) **Infrastructure**

6.2.2.53. Challenges include delays in the execution of public capital projects, constraints within spending agencies and contractors in the private sector, and delayed procurement. Measures taken to address some of these challenges include revising the budget process timeline; up-scaling FNDP capital expenditure to 7% of GPD annually; prioritising infrastructure development; and taking; and, conducting an audit of the capacity of private infrastructural contractors’ capacity to deliver programmes and blacklisting of contractors with inadequate capacity

(f) **HIV and AIDS**

6.2.2.54. The adverse impact of HIV and AIDS on the socio-economic development of Zambia cannot be overstated. Measures taken to address this include free provision of Anti-Retroviral Therapy (ART); introducing HIV and AIDS policies in the workplace; and creating Ministerial AIDS taskforces to expand HIV/AIDS education and its impact on the economy as a whole. As a result, the number of people accessing ART increased to 110,000 in 2007.

(g) **Gender**

6.2.2.55. The challenges are manifold and include patriarchal attitudes and belief systems that men are superior, the low female enrollment at primary school level and high dropout rate in secondary schools, unequal wage system and the high prevalence of AIDS among women. Responsive measures include a fixed 30% bursary scheme for females at the University of Zambia and increased education of gender matters by different stakeholders. These campaigns have led to articulation of the Gender Policy (2000) including a Cabinet Minister to maintain governments focus on this important issue. The FNDP has specific measures taken in this regard such as gender mainstreaming, fight against gender-based violence and harassment. Gender based violence hinders growth in gender parity and to this end NGOs have called for remedial legislation. It is worth noting that the National Gender Policy is meant to improve equality for both men and women.

(h) **Capacity to Transform Policy into Reality**

6.2.2.56. Challenges include the slow implementation of certain policies such as the Decentralization Policy and a prevalence of outdated policies such as the Agricultural Policy and the Land Policy. Among the responsive measures undertaken are the NRWSSP 2006-2015, which includes an investment plan to combat challenges in the WSS sector, and the Education Sector Strategic Plan (2003-2007) and its complementing National Implementation Framework (NIF) 2003-2007. The 1973 Forest Act has been finally implemented. In the health sector, policies have been supplemented by awareness creation and advocacy of maternal care programmes, including expansion and scaling-up of voluntary counseling and testing and PMCT programmes to district and local community levels; and, exemption of pregnant women from paying user fees.
(i) **Community Participation**

6.2.2.57. Effective community participation has not been achieved. Increases in population mean that government has to increase its communicative and coordinative capacities. This often takes time since it requires capacity building. Responsive measures taken include the formation of district boards aimed at empowering district boards, and policy participation by NGOs, faith-based Organization (FBOs), Community-Based Organization and other private actors. Government has incorporated community schools into the mainstream education system to sustain funding. Community schools are important in providing education services to OVCs.

(j) **Knowledge Management**

6.2.2.58. Poor IMS systems create challenges such as lack of comparative data for reporting and policy formulation and inadequate data harmonization among MLGH, CSO and NWASCO. This compromises statistical accuracy. Measures to address this include staff training and retraining in monitoring SAG progress and the annual FNDP progress review have been adopted. Also, improved overall capacity planning and monitoring and evaluation has enabled the Ministry of Education (MoE) to access monies through the Medium Term Expenditure Framework (MTEF 2006-2008). In addition, MWED, is putting in place an integrated IMS that will enable the timely collection and compilation of energy related information, as well as addressing the deficiencies of data management in the sector.

(k) **External Shocks**

6.2.2.59. The challenges associated with the external shocks include high international oil prices that push up production costs and prices of final output and the need to augment resources to the FSP in the face of record high fertilizer prices. Fertilizer prices increased by between 130 -300% from July 2007 and August 2008. The measures adopted to address the external shocks include international borrowing to enable procurement for crude oil supplies; and increase in the budgetary allocation to the FSP.

6.2.2.60. **Recommendations**

6.2.2.61. Based on the preceding findings and discussion, it is recommended that:

(i) The on-going public service reform focus on results to ensure that national development plans and annual budgets are tools for effective delivery of goods and services;

(ii) Human Resource training be prioritized. Apprenticeships must form part of that training at public and private institutions. IMS should be improved as a way of addressing income disparities between men and women;

(iii) Instruments of planning and initiatives to enhance transparency and accountability be strengthened at public and private institutions;

(iv) A long-term plan to grow the entire infrastructure in Zambia using both public and private capital be developed. This requires sustained and consistent long-term measures that will also increase the citizen’s confidence in the government. The consistent implementation of the National Long Term Vision 2030 would be a good start; and,

(v) Land policies be modernized as an empowerment tool. The ascending price of private real estate should be countered by government policies to afford its citizens housing.
6.2.3.0. This objective focuses on measures that the Government has taken to strengthen policy, delivery mechanisms and monitor outcomes in order to make progress towards the social development targets, and what the outcomes of the policies and mechanisms on social indicators are. These measures were analyzed in term of the following:

(i) Legal, policy and institutional steps to strengthen policy and delivery mechanisms;
(ii) Overall volume and criteria for resource allocation for this purpose;
(iii) Participation of all stakeholders in the design of policies, delivery mechanisms and monitoring of outcomes; and,
(iv) Challenges faced and efforts to address constraints.

6.2.3.1. Measures taken to Strengthen Policy, Delivery Mechanisms and Monitor Outcomes

6.2.3.2. Below are the measures taken by the Government to strengthen policy, delivery mechanisms and monitor outcomes in the education and health sectors.

(a) Education

(1) Legal Steps in the Education Sector

6.2.3.3. Several laws have been enacted including the Technical Education, Vocational and Entrepreneurship Training Act, No. 13 of 1998 which established TETEVA. The Education Act, Chapter 134 instructs the minister to prioritize institutions that facilitate education in Section 4 (1) and further allows the minister to make changes to the enrollment system to make it beneficial to pupils and students. The flexibility granted to the minister allows government to use education as an avenue for socio-economic development by making it affordable and accessible.

(2) Policy measures for Education

6.2.3.4. A number of policy measures have been taken in the Education Sector. These include the Education Policy of 1996 which is under review; the Re-Entry Policy of 1997 which allows girls to re-enter after falling pregnant; and, the National Child Policy of 2006 which promotes accessible education for children through Interactive Radio Instructions (IRI) that encourage distance learning. Others are the Public Service Training Policy of 1996 which aims to modernize the civil service through training; the Early Childhood Care Development and Education (ECCDE) Policy was initiated in 2007; and, Adult Literacy Policy which has been almost finalised by the MoE.

(3) Institutional measures for Education

6.2.3.5. Four ministries oversee education and training in Zambia. The Ministry of Education (MoE) guides service delivery in the educational sector. Its presence at provincial and district levels through Provincial Education Management Committees (PEMCs) and the District Educational Management Committees (DEMCs) aims to strengthen decentralisation through the Book Procurement Policy, which allows schools to purchase books according to their specific needs. The Ministry of Science, Technology and Vocational Training (MSTVT) oversees TEVETA, a standards and training regulator. However, this does not include courses/training offered by universities. The Ministry of Sport, Youth and Child Development (MSYCD) is concerned with community-based skills training. The Ministry of Community Development and Social Services is concerned with orphans, non-literate youths and adults, and other vulnerable groups in society. Other measures taken are the bursary schemes for
OVCs introduced in 2007 and the ECCDE which was instrumental in identifying policy gaps as a result. Basic school guidelines were revised and finalized.

6.2.3.6. The outcomes of these government policies include increased enrollment from Grade 1-7. The increased number of community schools and the MoE’s Programme for the Advancement of Girl-Child Education (PAGE) has further increased girl numbers in schools. The MoE has since mainstreamed the Education Sub Sector Education Programme (BESSIP) into its main programme to increase access to education at all levels without discrimination. This is part of achieving the National Education Policy and forms part of government’s intention to review the Education Act of 1966 so that a framework of quality control and adherence to regulation is set up. Offices of internal auditors have been set up in all provincial education offices aimed at ensuring accountability and transparency in the management of funds disbursed to different education institutions pursuant to the Decentralisation Policy in the education sector.

(b) Health

6.2.3.7. The legal steps taken include the enactment of the National HIV/AIDS/STI/TB Act no. 10 of 2002. The Act established a National HIV and AIDS Council (NAC) and mandated the Council to develop a data bank for HIV/AIDS/STI/TB and develop guidelines for the protection of human rights for people living with HIV/AIDS (PLWHA). The Public Health Act simply provides for the prevention and suppression of infectious diseases. The Environmental Protection and Pollution Control Act deals with environmental protection and pollution control with a view to minimizing the negative health effects of pollution. In 2008, three draft bills were also prepared, namely, the Traditional Health Practitioners Bill, Health Professions Bill and the Mental Health Bill. Further, regulations relating to ionizing radiation protection and radioactive waste management were drafted.

(2) Policy Measures under Health

6.2.3.8. The policy measures taken include:

(i) The National Health Policy aimed at providing access and affordable quality health care. The policy encourages inter-sectional collaboration;
(ii) The National HIV/AIDS/STI/TB Policy aims at reducing HIV/AIDS rates to manageable levels;
(iii) The Environmental Health Policy denotes the environmental health standards applicable in Zambia;
(iv) The Family Planning Policy encourages male responsibility in family planning;
(v) The policy promotes accessible and indiscriminate services; and,
(vi) The National Child Policy and Reproductive Health Policy.

6.2.3.9. The National Food and Nutrition Policy and the National Medical Laboratory Policy are other policies related to HIV/AIDS. The free ARV drugs programme of 2005 is an expanded policy that includes all anti-retroviral therapy related services.

(3) Institutional measures under Health

6.2.3.10. The institutional measures undertaken at four levels: government, macro, sectoral, civil society and private sector levels. There is also an implementation, monitoring and evaluation framework. NAC has developed a national M&E framework to better coordinate and track Zambia’s progress and commitment to the National HIV/AIDS strategic framework. A national M&E system aimed at capturing HIV/AIDS data at district level was completed using NAC Activity Reporting Forms.
(NARFs). Its collaborative and comprehensive framework synergizes government efforts in combating HIV/AIDS. Macro-level response concerns the superstructure from the Ministerial Cabinet Committee on HIV/AIDS that directs, supervises and monitors policy implementation to provincial, district and community level task-forces (PATFs, DATFs and CATFS). Government’s partners are included at this level through the Partnership Forum and the National AIDS Council, to foster broad based participation in the fight against HIV/AIDS. Sector-level response promotes the improvement of delivery mechanisms and addresses sectoral mainstreaming between and among ministries. This level is important to reveal national trends and necessary combative programmes.

6.2.3.11. Civil Society Response includes the media, trade unions, traditional healers, youth structures as well as NGOs, CBOs and FBOs. Civil society is an important stakeholder and plays a significant role in strengthening the multi-sectoral response to HIV/AIDS, TB and STIs. The Traditional Health Practitioners’ Association of Zambia (THPAZ) has been active in natural remedies research and income generating activities. Private Sector Response has involved design and Implementation of HIV/AIDS programmes in the workplace aimed at reducing stigmatization.

(c) Overall Volume and Criteria for Resource Allocation

6.2.3.12. In 2007, allocation for the education and health sector was increased. ZMK 1,752 billion was released in 2007 compared to 1,062.6 billion in 2005. Budget releases are set to increase in the future to reflect government’s commitment to build responsive capacity and infrastructure service delivery. The fund releases to the education function have generally been over 100%. See Annex 6.51 for annual budget allocations for the education sector.

6.2.3.13. From a budget of ZMK432 billion in 2005, the health budget more than doubled to ZMK996.1 billion in 2008. The funds released per annum to the this sector have always surpassed the budgetary provisions that have been made except in 2007 when the funds released as a percentage of the budget stood at 93.3%. Despite these trends, a proper accounting system continues to elude the sector.

6.2.3.14. With regards to HIV/AIDS funding, 86% of the funds in 2006 were from external sources, multilateral agencies (GFATM, UN) bilateral agencies and international NGOs. There was an improved absorptive capacity for HIV/AIDS funding during this period reflected by a 48% increase in actual spending. Public expenditure as a percentage of public allocation rose to 34% in 2006 suggesting a strengthened commitment and response to combat HIV/AIDS by the government. External funding was dominated by three main sources, the GFATM, the World Bank Multi-country AIDS Programme (MAP), and PEPFAR. Principal recipients of the GFATM funding in 2005 and 2006 were the Ministry of Health (MOH), Churches Association of Zambia (CHAZ), Zambia National AIDS Network (ZNAN) and the MoFNP. See Annex 6.52 annual budget funds for health and 7c for HIV funding patterns.

(d) Participation of all Stakeholders in the Design of Policies, Delivery Mechanisms and Monitoring of Outcomes

6.2.3.15. Decentralisation involving devolution of responsibilities from the centre to the District Education Boards and the involvement of communities is increasingly leading to prompt action on issues that have otherwise taken long to resolve. Consultations on the structure and operation of the ADCS and RDCs have reached an advanced stage and conducive policy direction on participation by the private sector, NGOs, FBOs and CBOs in the provision of education has contributed to growth in the provision of universal primary school education. The decision by the Government to integrate the community schools into mainstream educational system means that the schools are assured of stable and increased funding. The MoE is organized according to the following levels: Headquarters,
nine Provincial Education Offices (PEOs) and 72 District Education Boards (DEBs). In order to strengthen education decentralisation and facilitate the deconcentration and devolution process, the MoE has created Provincial Education Management Committees (PEMCs) and District Education Management Committees (DEMCs) at provincial and district levels respectively. The introduction of DEBs and College and High School Boards is meant to enhance community participation in the provision of education.

**(e) Challenges faced and efforts made to address Constraints**

6.2.3.16. The challenges outlined cover the education and the health sectors. Efforts which the Government has made to mitigate these challenges are also highlighted. Most challenges in this part of the report are very brief because similar issues were discussed under sector analysis.

(1) Education Sector

6.2.3.17. The MoE has started the process of revising the Education Act of 1966 to make way for the establishment of a Higher Education Authority and the National Qualification Framework. Another challenge is the issue of the curriculum which is old and not relevant to national development. To address this challenge steps have been initiated to revise the basic and high-school curriculum to focus on competence and continuous assessment instead of using examinations as a means of assessment and grade qualification. The challenges also include infrastructural, human and finance resource. With regards to financial and infrastructural constraints, the Government has undertaken a PPP Policy through which donors contributed nearly 19% of the budget in 2007. Such donations and private investments have been important for private institutions aiming to reduce their high indebtedness. Government also launched empowerment programmes such as the Book Procurement policy, which allows schools to purchase books according to their specific needs. Government is introducing a degree programme for teachers to upgrade teacher-skills. The building of Mulungushi University is aimed directly at further improving enrolment figures in the country (Annex 6.54).

(2) Health sector

6.2.3.18. Inadequate funding and infrastructure, human resource HIV/AIDS, absence of an initial long-term response strategy and the loss of skilled labour are among the challenges the MoH currently faces. Government has increased awareness throughout its ministries as a way of combating HIV/AIDS, TB and other diseases. The introduction of user fees caused an internal restructure and dislocation between the health sector and service users. Although the move was necessary, the MoH and other government institutions as a whole did not adequately anticipate the shortcomings. Current policy responses include the BHCP, free ART provision and the abolition of user fees for pregnant women and vulnerable groups. The Government is set to increase health personnel particularly in rural areas were this shortage has had an adverse impact. Access to resources (human, financial and material) for a sub-national response should be increased to support coordination and OVC activities among other programmes. There is need to strengthen resource tracking mechanism in the sector. Furthermore, to improve on funding, a more integrated approach such as a SWAp should be adopted to address the problem of skewed donor funding to the sector, which favours HIV/AIDS and Malaria.
Outcomes of the policies and mechanisms on social indicators

6.2.3.19. This section looks at the outcomes of the policies and mechanisms on social indicators. It has one key indicator which is the description of trends in social indicators over the past 5-10 years with regard to:

(i) Health, especially with respect to infant mortality and malaria;
(ii) Prevalence rates for HIV/AIDS and other communicable diseases disaggregated by gender, between rural and urban areas; and,
(iii) Education, particularly with respect to the rate of enrolment of girls in schools including tertiary institutions and other institutions of higher learning.

6.2.3.20. The evidence gathered by the study shows that Zambia has one of highest rates of immunization rates in the SADC sub-region. Coverage rates for TB vaccination (BCG) stands at over 90%, while for measles, DPT3 and polio, the range is between 80-85%. The 2001-2005 National Health Sector plan strategises interventions such as universal immunization, which has reduced child and infant mortality rates (IMR). In 2007, the Expanded Programme on Immunization was implemented. In the same year, vaccine-monitoring tools were installed in all nine provincial health centers. The ‘Reaching Every District’ (RED) strategy to track children that missed their immunizations was scaled up. In child health, the underweight prevalence trend was quite stable during the period 2004 to 2007. There was a steady increase of 20% in the number of fully immunized children under-one year during the period 2004 to 2006. Child mortality rate figures were discussed under Goal 4 of the MDGs. (See Annex 6.55 for tabulated trends in the health sector over the past 5-10 years.)

1) Prevalence Rates for HIV/AIDS and other Communicable Diseases disaggregated by Gender, between Rural and Urban Areas

6.2.3.21. The HIV prevalence rate stands at 14.3%. About 90% of these infections are from stable and discordant partnerships. Heterosexual contact and mother-to-child transmission are responsible for 80% and 20% of HIV infections respectively. The national HIV/AIDS response has successfully focused on mass media campaigns to sensitize and educate the general public, especially young people, on the ABCs (abstinence from sex, being faithful to one partner, consistently using condoms) of safer sex and on reduction of stigma and discrimination against PLWHA. (See Annex 6.56 for trends in HIV/AIDS indicators.) Measures aimed at reducing HIV/AIDS have been put in place, including promoting reproductive health campaign programmes; promoting awareness campaigns in schools and workplaces of the dangers of HIV/AIDS; application of WHO/ILO guidelines which prohibit discrimination against PLWHA in work-places; strengthening workers education and family welfare programmes; and, articulation of an HIV/AIDS code of conduct in the work-place.

2) Trends in Education Enrolment

6.2.3.22. There are several factors which are used to measure the trends in the education sector and these include the enrolment ratio, gross intake rate, net intake rate, net enrolment ratio, dropout ratio, completion rate etc. For this study specific factor will be looked at instead.

(i) Rate of Enrolment in Primary and Secondary Education

6.2.3.23. Enrolment in primary schools has gone up and measures to curtail female dropout rates at secondary school level have been introduced. Statistically, total enrolment increased by 38% for grades 1 to 9 and by 45% for grade 10-12 in 2008. The free education policy has ensured another 68% increase in enrolment largely because it is responsive to the basic needs of communities.
Enrolment policies have been complemented at senior levels by bursaries and re-entry programmes. (See Annex 6.57 for enrolments and gender parity figures and Annex 6.58 for data on access to education.)

(ii) **Pregnancies and Re-admissions**

6.2.3.24. The pregnancy rates are on the increase and proportionately higher at basic and high school levels. The re-admission rate has been low. On average less than one-third of the children have been re-admitted in schools. This does not correspond to the expectations of the policy. (See Annex 6.59 for percentages on pregnancies and re-admissions per year.)

(iii) **Equity Issues in education**

6.2.3.25. Equity in education calls for the provision and utilization of opportunities for the disadvantaged groups of children in the society to participate in accessing education. The education policy, “Educating our Future” emphasizes the provision of quality education that is both equitable and accessible to all categories of children. The Education for All (EFA) policy is one of the responses designed to expanding education services through bursaries targeting OVC. In 2007, OVC enrolment increased by 29% with females accounting for 49% of the total (Annex 6.59).

(iv) **Children with special educational needs**

6.2.3.26. In 2004, the total number of Children with Special Education Needs (CSEN) in basic education was 73,316 and this rose to 170,084 in 2007, representing an increase of 132%. The female students accounted for about 48% of the total CSEN enrolments. In high school education, the total number of CSEN in 2004 was 2,828 and this rose to 5,245 in 2007, representing an increase of 85%. The female students accounted for about 50% of the total CSEN enrolments (Annex 6.61). An APRM household survey found that 54% of respondents thought policies for the sector could be improved.

(v) **Dropout rate and completion rate**

6.2.3.27. The rate shows the extent to which pupils abandon school in a particular school year for various reasons. High dropout rates imply high input/output ratios and lead to low internal efficiency. At primary school level, the dropout rate declined by 7% in 2007. The national dropout rates for secondary schools decreased by 30% as shown in Annex 6.62.

6.2.3.28. Completion rate gives a picture of pupils who actually complete the education cycle. The completion rate for boys has continued to be higher than that of girls. According to the 2007 FNDP progress report, the Government met and exceeded its target of 84.4% for the completion rate at grade 7 level. The actual completion rate in 2007 was 89.8%. This has largely been attributed to the implementation of a free education policy. (See Annex 6.63)

(3) **Tertiary education**

6.2.3.29. The tertiary education sub-sector can be categorized into two groupings. The first are those institutions falling directly under the MoE. These include the University of Zambia (UNZA), the Copperbelt University, Mulungushi University and 14 Colleges of Education. The second category is those institutions registered with the TEVETA under the MSTVT. The public universities have not expanded adequately to meet the demand in the country. The Government has, therefore, provided for private universities to operate in the country. As at December 2006, there were over five private universities.
(vi) **TEVETA sub-sector**

6.2.3.30. In 2008, the number of registered institutions providing technical, education, vocational and entrepreneurship training stood at 276. Enrolment has increased steadily from 30,512 in 2006 to 33,399 in 2008, representing a 9% increase. The female students accounted for 41% of the total enrolments. Generally, there is a gender imbalance in favour of males in the enrolment of students. The student completion rate as at 2008 was 65%. (See Annex 6.64)

(vii) **University education**

6.2.3.31. The combined efforts of UNZA and CBU have resulted in the production of over 25,000 graduates as at December 2004. The two universities have experienced severe under-funding since the 1970s. This has led to overcrowding, dilapidated infrastructure, high student lecturer ratios, and lack of expansion in facilities, high levels of indebtedness and inadequate education materials and ICT. In 2008, female enrolment alone accounted for 34% of total admissions, while enrolments for both male and females increased by 34% (Annex 6.65). The major interventions being implemented to increase access to tertiary institutions are increasing the admission for privately sponsored students, Expanding distance and open learning programmes, evening classes and setting up foundations for financial assistance to students from disadvantaged backgrounds.

(4) **Pupil-teacher ratio**

6.2.3.32. Pupil-Teacher Ratio (PTR) is declining (Annex 6.66). At lower basic education level (Grades 1-4), the ratio declined to 71.8 in 2008 from 92 in 2004. For Grades 5-7, the PTR declined to 34.9 in 2008 from 37 in 2004. The PTR for Grades 8-9, rose to 32.4 in 2008 from 26 in 2004. The PTR for high school levels improved to an average of 18.9 in 2008 from 21.8 in 2005. This improvement was attributed to the recruitment of teachers. See appendix 7p. Within the teacher education sub-sector enrolment was 9,590 students in 2008 for all fourteen colleges. (See Annex 6.67)

6.2.3.33. **Recommendations**

6.2.3.34. Based on the preceding findings and discussion, it is recommended that:

(i) Bursary programmes and re-entry policies embrace complementary social strategies. For instance, causes for high pregnancy rates should be addressed in the policy;

(ii) The teacher/pupil ratio be improved by employing more teachers, especially in rural areas

(iii) Gender-disaggregated data be gathered to enable policies and programme design to be concise;

(iv) Inconsistencies in stakeholder involvement be addressed;

(v) Community schools be properly regulated by the MoE;

(vi) Budget allocations, infrastructure, human resource, capacity building and technology investments be improved;

(vii) IMS be improved along with M&E strategies, outdated policies reviewed and programme awareness be enhanced;

(viii) There be improved access to basic necessities such as health, education, land and water and sanitation;

(ix) Funding to technology, service-driven exports and alternative energy sources be increased. Budget commitments should reflect this goal; and,

(x) The implementation of initiatives, such as the curriculum revision and the 1996 Education Policy and the Education Act, be hastened.
6.2.4 Ensuring Affordable Access to Water, Sanitation, Energy, Finance (Including Micro-Finance), Markets, Information Communication Technology (ICT), Shelter and Land to all Citizens, Especially the Rural Poor

6.2.4.0 This objective examines policies and strategies the Government has put in place to ensure that all citizens, in particular the rural and urban poor, have affordable access to basic needs. As a guide to answering this question, the following key indicators are used in the analysis:

(i) Evidence of legal, policy and institutional steps to ensure affordable access to basic needs;
(ii) Evidence of the resources mobilised and allocated and criteria for such allocation;
(iii) Outcomes; and,
(iv) Outline the challenges faced and steps to address these constraints.

6.2.4.1 Legal, Policy, Processes and Institutional Steps to Ensure Affordable Access to Basic Needs

6.2.4.2 This section analyses the legal, policy, processes and institutional steps which have been taken to ensure affordable access to basic needs of water and sanitation, energy, finance (including micro-finance), markets, Information Communication Technology (ICT), shelter and land.

(a) Legal and Policy Framework

(1) Water and Sanitation

6.2.4.3 Zambia’s vision for water and sanitation is: “A Zambia where all users have access to water and sanitation and utilise them in an efficient and sustainable manner for wealth creation and improved livelihood by 2030.” The Government of Zambia aims to promote sustainable water resources development and sanitation with a view to facilitating an equitable provision of adequate quantity and quality of water for all users.

(i) Legal measures

6.2.4.4 The legal framework for water supply and sanitation is anchored on the Local Government Act No. 22 of 1991 and the Water Supply and Sanitation Act No. 28 of 1997. Other relevant legislation includes the Environmental Protection and Pollution Control Act of 1990 and the Public Health Act of 1995. A new water bill is scheduled to be presented to Parliament during the FNDP period.

(ii) Policy measures

6.2.4.5 In 2007, the Government reviewed the 1994 National Water Policy. The policy provides the overall framework for the water sector and has seven principles which were discussed under WSSD Social Indicators under the ‘Sanitation Indicators’ heading. (See Annex 6.68 for a list of relevant policies)

(iii) Institutional steps

6.2.4.6 The Government of Zambia in 2001 commenced the implementation of the Water Resources Action Programme (WRAP). The Water Resources Management Bill, New Water Resources Institutional Framework and Improved Water Resources Management Information System have been prepared following the WRAP:

(a) Water Resources Management and Development (WRM) - This is the first component of the Water Supply and Sanitation Sector. It is overseen by the MEWD, which prescribes national
standards for water development and management. The Department of Water Affairs is the other office responsible for water resources management (WRM) (Annexes 6.69 and 6.70);

(b) Water Supply and Sanitation (WSS) - This is the second component of the WSS and is broadly responsible for two related areas. the provision and maintenance of adequate supply of water for human consumption and domestic use in rural areas including the promotion of hygiene education in rural communities and schools and services for human consumption, industrial, agricultural, mining and other uses for urban towns and centers. Implementation of Rural Water Supply and Sanitation (RWSS) sub-sector programme is carried out in accordance with the institutional framework adopted by the Government (through MoLGH) in 2004. (See Annex 6.71)

(2) Energy

6.2.4.7 Zambia’s vision for the energy sector is: “Universal access to clean, reliable and affordable energy at the lowest total economic, financial, social and environmental cost consistent with national development goals by 2030.” The Government of Zambia aims to ensure availability and accessibility to adequate and reliable supply of energy from various alternative sources.

(a) Legal measures

6.2.4.8 The Energy Regulation Act, Chapter 436, established the Energy Regulation Board. It defines the Board’s functions and powers. The Act further provides for the licensing of undertakings for energy production and handling of certain fuels. The Rural Electrification Act of 2003 established an autonomous Rural Electrification Authority (REA). The Petroleum Act, Environmental Protection and Pollution Control Act and Fair Trading and Competitions Act regulate the Petroleum Industry. The Forestry Act regulates use of forest resources. These laws provide for independent regulation of the energy sector. However, there is still no comprehensive legal framework to govern strategic petroleum reserves and renewable energy sector. Currently, the energy regulation Act governs renewable energy regulation but ends where the Electricity Act begins. That is, when renewable energy is used for electricity, the latter takes supremacy.

(b) Policy measures

6.2.4.9 The Government adopted the National Energy Policy (NEP) in 1994 with the aim of strengthening the management and coordination of energy sector activities at government level. For it to fit new developments and changes, the policy was reviewed and was adopted by Cabinet in 2007. The new policy goes beyond traditional sources of energy and encourages exploration of uranium, biomass and Renewable Energy Sources (RES) among others. The Government of Zambia has articulated programme strategies for the energy sector in the FNDP (See Annex 6.72)

(c) Institutional steps

6.2.4.10 The MoEWD is the core institution which facilitates the effective implementation of energy programmes. The Ministry is responsible for the formulation and implementation of policy in the energy sector.
(3) Finance (including micro-finance)

(a) Legal measures

6.2.4.11. Finance issues in Zambia are governed by the Bank of Zambia Act, Cap 360 and the Banking and Financial Services Act, Cap 387. Micro-finance is governed by the Banking and Financial Institutions Act, Cap 387 and the Banking and Financial Services (Microfinance) Regulations, 2006 (Statutory Instrument No. 3 of 2006). Other piece of legislation related to finance are the Agricultural Credit Act, Cap 224, the Small Enterprise Development Act, Cap 425 enacted as Act No. 29 of 1996, the Money Lenders Act, Cap 398 and the Co-operative Societies Act of 1998. In the area of financial system stability, a law requiring the increase of paid up capital to K12 billion from K2 billion in 2007. Legal reviews aimed at strengthening corporate governance and harmonizing fees and penalties related to prudential matters among financial institutions were undertaken. The National Payment System Act to provide statutory support was enacted.

(b) Policy measures

6.2.4.12. National Agriculture Policy states that both the public and private sectors undertake provision of rural credit and finance. In addition, government provides the regulatory framework. Institutional arrangements have been promoted at all levels including apex organisations. Commercial banks and other financial institutions are expected to participate in the provision of agricultural finance to the agricultural sector where they deem it viable.

(c) Institutional steps

6.2.4.13 Zambia is implementing the FSDP. In this regard, a major milestone was the formal launch of the Credit Reference Bureau in January 2007. The original concept of establishing Micro-Finance Institutions (MFIs) was to fight poverty by empowering the youth and women economically. The BoZ is the regulatory authority of MFIs in Zambia. There are two categories of microfinance institutions that is the Deposit taking microfinance institutions and the Non deposit taking microfinance institutions. Deposit taking MFIs may provide credit facilities, linkage banking, in-country transfers, savings, and such other service as the BoZ may prescribe. Non-deposit taking MFI only provide credit facilities.

(4) Markets

(a) Legal measures

6.2.4.14 Food Reserve Agency Act No.12 of 1995 Cap 225, the Co-operative Societies Act No.20 of 1998, the Agriculture Marketing Act, the Control of Goods Act, the Zambia Bureau of Standards Act, Seeds Act and other related livestock, crops and fisheries sub-sector Acts govern agriculture marketing. The Cooperative Societies Act of 1998 provides for the formation, registration and regulation of agricultural cooperative societies and to provide for matters connected with or incidental to the foregoing.

(b) Policy measures

6.2.4.15 The National Agricultural Policy of 2004 encompasses all facets of the agricultural sector including irrigation, infrastructure building, reducing reliance on rain-fed agriculture, HIV/AIDS and gender development. The Policy notes that the major problem faced by producers is lack of access to markets. Domestically the policy aims to build and strengthen credit facilities and other infrastructure necessary to ease market access for small-scale farmers, especially those in remote areas.
(5) Information, Communications and Technology

6.2.4.16 The Information, Communications and Technology (ICT) sector has grown to a large extent in the country. Several legal, policy and institutional measures have been undertaken in this sector.

(a) Legal measures

6.2.4.17 In 1994, Parliament enacted the Telecommunications Act and the Postal Services Act which resulted in the restructuring of the telecommunications sub-sector by separating the posts and telecommunications functions in the Posts and Telecommunications Corporation (PTC) into two commercial entities: ZAMTEL and ZAMPOST. In addition, this prompted the removal of regulatory functions from PTC, resulting in the establishment of an autonomous regulatory agency, the Communications Authority of Zambia (CAZ). The CAZ administers the utilisation of the Radio Frequency Spectrum, which is an important component in the effective performance of the telecommunications and broadcasting sub-sectors. The Independent Broadcasting Act (IBA) of 2002 has also been enacted and it has affected the entertainment sub-sector, particularly radio and television broadcasting. With the enactment of the IBA Act, an advisory body – the Independent Broadcasting Authority – will assume the responsibility of regulating the broadcasting sub-sector.

(b) Policy measures

6.2.4.18 In 2007, the National Information and Communication Technology Policy of 2006 was launched to enhance ICT development in Zambia. This policy is underpinned by thirteen pillars, namely: Human Resource Development; Agriculture, Tourism, Environment & Natural Resources, Education, Health, E-Commerce, E-Government, Youth and Women, Legal & Regulatory Framework, Security in Information Society, Access, Media, Content and Culture and ICT Services. The thrust of the policy is to integrate ICT for sustainable national development and poverty reduction. A strategic ICT Implementation Plan has since been developed to operationalise the ICT policy to provide a framework for the overall development of the ICT sector in Zambia. Government has articulated programmes and strategies for the ICT sector in the FNDP. (See Annex 6.73)

(c) Institutional steps

6.2.4.19 The ICT sector in Zambia is categorised into four main sub-sectors: Telecommunications, Information Technology, Electronic Media and Postal Communication System. The MEWD of Communication and Transport is responsible for overall policy formulation and monitoring of ICT. However, there are many other players involved in the information and communications sub-sector and there are plans to effectively harmonise their work. The Ministry of Information and Broadcasting Services regulates media contents. The Ministry of Science, technology and Vocational Training formulates policies for general science and technology. The Communications Authority monitors and regulates the communications sub-sector. Under the current law this excludes postal and multimedia services. Government is committed to facilitating a vibrant, profitable and enabling ICT sector that embraces and thrives on private sector participation. Although the mandate for the ICT portfolio lies in the MCT, there are number of portfolios defining the required institutional framework which include the Finance and National Planning of the MoFNP, Telecommunication under the MCT, the electronic under the Ministry of Information and Broadcasting Services and Science & Technology and Education.
(6) **Shelter (housing)**

6.2.4.20 The vision of the Government of Zambia is: “Provision of adequate and affordable housing to the majority of Zambians by 2030”. The Government of Zambia aims to provide adequate affordable housing for all income groups in Zambia during the FNDP period.

(a) **Legal measures**

6.2.4.21 There are a number of laws designed to regulate all housing related issues which include the Local Government Act 1991 Chapter 281; Lands Act 1996 Chapter 184; Town and Country Planning Act Chapter 283; National Housing Authority Act Chapter 195; Rent Act 1977 Chapter 206; Public Health Act Chapter 295; and Environmental Protection and Pollution Control Act Chapter 204.

(b) **Policy measures**

6.2.4.22 The National Housing Policy was adopted in 1996. The policy spells out the roles of the various stakeholders for the housing matrix and their coordination for an effective housing system, stressing private initiative whilst strengthening government’s role as a provider of the requisite enabling environment for sustainable housing delivery. In the FNDP, Government allocated more funds for housing through its proposed strategies (See Annex 6.74) through the introduction of high premium bonds that provide cheap long-term finance for local authorities obtainable on the capital market. Since these funds act as a pool of receivable assets and issue the actual bonds, repayment is essential. In 1998, the Government, through Cabinet, passed a Directive Circular that resulted in a Housing Empowerment Scheme. The Scheme provided for Public sector employees who were sitting tenants in government/public owned houses to purchase the houses at half the market price. The scheme has promoted house ownership among Zambians.

(c) **Institutional steps**

6.2.4.23 The two main implementation structures will be the special purpose vehicle (SPV) for the National Housing Bonds Programme and the Zambia Low Cost Housing Development Fund Trust. The former, which is an independent body with its own Board of Trustees, will be used to raise funds using housing bonds from the capital market while the latter will concentrate its work on delivering low cost houses. Although independent, the operations of the two structures will be coordinated and harmonized with the activities of the Department of Physical Planning and Housing at the MoLGH. The Ministry will be supported by the Technical Committee and the National Consultant on the National Housing Bonds Programme.

(7) **Land**

6.2.4.24 The vision of the Government is “A Zambia in which there is secure, fair and equitable access and control of land for sustainable socio-economic development of the people by 2030.” The Government aims to have an efficient and effective land administration system that promotes security of tenure, equitable access and control of land for the sustainable socio-economic development of the people of Zambia.

(a) **Legal measures**

6.2.4.25 There are legal measures in place for the Land Sector which includes the Land Act, Lands and Deeds Registry Act, and the Lands Acquisition Act. The right to property in Zambia is guaranteed by Article 16(1) of the Constitution, which provides that: “Except as provided in this Article, property of any description shall not be compulsorily acquired, unless by or under the authority of an Act of
Parliament which provides for payment of adequate compensation for the property or interest or right to be taken possession of or acquired”. The Lands Act of 1995 provides for ownership of land, including land under customary tenure through title deeds. All Zambians above the age of 21 can own land and non-Zambians of ‘certain categories’ such as investors, and resident permit holders, are also allowed to acquire and hold land in Zambia. The Act grants the Republican President authority to hold land for and on behalf of Zambians. He or she may exclude certain persons from land acquisition. The president is, however, limited from alienating land under customary occupancy. Title of registration is held under the Lands and Deeds Registry Act, Chapter 185. Compulsory acquisitions of land by the state are found under the Lands Acquisition Act Chapter 189; sections 3 and 10 provide procedures for compensation.

(b) **Policy measures**

6.2.4.26 The Land Administration and Management Policy is in the process of being developed. In 2006, a draft Land Administration and Management Policy was prepared and copies have been distributed to all stakeholders (including traditional rulers) in the country for final consultation. The Policy is expected to address the multitude of constraints in the land sector. (See Annexes 6.75 and 6.76).

(c) **Institutional steps**

6.2.4.27 The MoL, as a principal government institution in land administration, works closely with other land delivery institutions to improve land administration and management. Other parties critical to the improvement of the land administration system include the MoLGH; the MoTENR; the MoCTI; the MoAC; the Resettlement Department in the Office of the Vice President; ZDA; District Councils; CSOs and traditional rulers.

6.3.4.2 Resources Mobilised and Allocation and Criteria for such Allocation

(a) **Water and Sanitation**

6.2.4.28 The budget allocation to water and sanitation has generally been decreasing since 2005 (see Annex 6.78). However, the amount released as a percentage of the budget increased from 41.1% in 2005 to 100% in 2007. The allocated budget for this sector was discussed five under the Water Supply and Sanitation Heading.

(b) **Energy**

6.2.4.29 Budget allocation and the budget releases were ZMK 23.5 billion and ZMK 22.3 billion in 2005. They increased to ZMK45.5 billion and ZMK 43.7 billion in 2008 representing a budget release of 94.9% and 96% respectively.

(1) **ICT**

6.2.4.30 The projected budget in the FNDP for 2007 for the ICT Sector was ZMK 5.3 billion. However, the 2007 budget allocation for the sector was K2.6 billion while the total release was ZMK1.2 billion as indicated in Annex 6.79.

(a) **Shelter (housing)**

6.2.4.31 The sector recorded progress in the construction of housing units in districts, legalising unplanned urban settlements, conducting of capacity building sessions in building technology for the poor and preparation of Integrated Development Plans (IDPs). Despite the notable progress in this area, it
was not possible to comprehensively assess the extent of housing development in the country due to lack of availability of data. The budget allocations and releases to the sector are provided in Annex 6.80

6.2.4.32 Results Achieved

(a) Water and Sanitation

6.2.4.33 The Government has continued with the development of regulation and commercialization of water supply and sanitation services under the ongoing water sector reforms. See the WSSD social indicators and the ‘Water and Sanitation Sector’ under sector analysis for details.

(b) Population with Access to Safe Water Supplies And Sanitation

6.2.4.34 There is a clear disparity in the availability of amenities in urban and rural areas. Observed statistics are as follows: access to safe water: Urban areas 86% and 37% rural areas and; Sanitation: 33% for urban areas and 4% for rural. In addition, 50% to 70% of the population lives in peri-urban areas yet 90% do not have access to acceptable sanitation facilities. Fifty-six percent of that population cannot access safe drinking water. According to the APRM household data, 83% of household respondents had access to water. Of these, 91% were in urban areas and 75% were in rural area as shown in Figure 6.4. People can have access to water but what matters is the quality of water. When asked what their main source of water was, the majority of the households have access to water although the water is not safe as shown in Annex 6.81.

Figure 6.4: Household with Access to Water

6.2.2.61. In the LCMS (IV), the sources of water considered were lake/stream, unprotected and protected wells, pumped water, borehole, and public tap and own tap. At national level 57% and 59% of households had access to safe water supply in 2004 and 2006 respectively (see Annex 6.82). The remaining households accessed water from unsafe sources. Access to safe water improved in the rural and urban areas during the period. The increment in the rural areas was insignificant.
6.2.2.62. The provinces with the largest proportion of households with own tap as main sources of water were Copperbelt and Lusaka provinces with 43% and 24% respectively (LCMS 2006). Southern province had recorded 13% of households with own tap as the main source of water.

6.2.2.63. Almost all the households in urban areas have access to sanitary means of excreta disposal compared to the rural areas. There was an improvement of the situation between 2004 and 2006. It is however, notable that there was an increase from 68% to 79% in the rural population that has access to sanitary means of excreta disposal. In urban areas, there was a decrease in access to flush toilets in the last 10 years and an increase in the use of pit latrines. This was also the finding of the APRM household survey (Annex 6.83).

6.2.3.1 Programme Performance

6.2.3.2. There are programmes which were implemented under the FNDP which includes the Rural Water Supply and Sanitation Sub-sector. These are repeated under WSSD sanitation indicators.

(a) Energy

(1) Petroleum sub-sector

6.2.3.3. The TAZAMA Pipeline from Dar Es Salaam to Ndola was rehabilitated, including the tank farm in Dar-es-Salaam; cathodic protection of the pipeline; refurbishment and improvement of pumps on the pipeline. Other components include improvement of telecommunications; rehabilitation of the Ndola fuel terminal; construction of a 40,000-ton capacity crude oil tank in Ndola; and creation of a Technical Cell on petroleum in the Ministry of Energy and Water Development.

(2) Biomass

6.2.3.4. Promotion of Efficient Production and Utilisation of Wood Fuel: The programme has so far involved the production of a Charcoal Production Manual and dissemination of improved wood fuel stoves. Promotion of Gel Fuel and Liquid Petroleum Gas: with the aim of providing an alternative to wood fuel for household energy requirements. The net result of these efforts is to achieve an annual saving in wood of about 10% of total wood consumption, which is equivalent to 400,000 tons per annum. The adoption of standard petroleum pricing is a plus for government. However, a streamlined and market oriented policy housed under a single unit should be developed. Strategic reserves are important for the country and should be managed by a flexible and stringent policy. In 2008, the Rural Electrification Master Plan (REMP) was adopted. Furthermore, in a bid to address the electricity deficit, the Government developed an Electricity Strategy Paper. In 2008, total electricity generation declined by 2.1% as shown in appendix 8o. This outturn was attributed to the shut-down of some generating units to facilitate the on-going rehabilitations and up-rating of the power plants.

(b) Access to Energy

(1) Commercial energy

6.2.3.5. The proportion of households with access to electricity considering the proportion of households connected to the ZESCO grid has increased by 4.9% between 2006 and 2007, implying 12.5% of households was connected in 2007 see appendix 8p. However, this figure does not take account of households with access to electricity, but who are not (formally) connected to the ZESCO grid, through initiatives such as the Rural Electrification Scheme. Preliminary results from the LCMS V show that 19.3% of households use electricity as their main type of lighting energy in 2006; with 49.3% of households in urban areas having this source and 3.2% in rural areas.
6.2.3.6. Firewood and charcoal remains the main source of energy in Zambia, accounting for almost 80% of total energy consumption. Firewood is predominantly consumed by rural households while charcoal is a major source of energy for urban households. Woodlands and forests cover about 54% of the total land area with the growing stock equivalent to 4,355 million tons of wood. This provides about 80% of the nation's energy needs. Annual loss of forest cover was estimated at 1.2% for the 1975 to 2003 period. Much of the loss was due to land clearing for agricultural use rather than energy purposes. The charcoal industry provides employment for about 50,000 people in rural and urban areas. Lighting Energy. In 2004, 46% of Zambian households used kerosene/paraffin as a major source of lighting energy. Sixty-two percent of these were in rural areas. Candles were used by 18% and other sources were open fire (6%), diesel (7%). See appendix 8q. Sources of Cooking Energy-56% of households in Zambia used firewood as the main source of cooking energy followed by charcoal at 27% and electricity 16%. Electricity is used more for lighting than cooking. See appendix 8r. In rural areas, 87% of households used firewood for cooking, followed by 11% who used charcoal; and only 2% of households used electricity. In urban areas, most households (53%) used charcoal for cooking followed by 39% who used electricity and only 8% who used firewood. This was similar to APRM findings.

(c) Finance (including micro-finance)

(1) Domestic credit

6.2.3.7. An increase in private sector lending improved domestic credit by 37.8% in 2008 compared with 20.3% recorded at end-December 2007. Lending to the private sector increased by 50.2% contributing 35.3% points to domestic credit growth. Credit to households accounted for the largest increase in private sector credit followed by lending to private enterprises. Lending to households increased by 164.4% while credit to private enterprises went up by 26.6%, with credit to non bank financial institutions increasing by 3.5%. Banking system lending to the Government increased in the period under review by 22.1% and contributed 5.5 percentage points to domestic credit expansion. However, lending to public enterprises declined by 61%. On a sectoral distribution basis, households (personal loans category) are the largest recipient of credit, accounting for 25.4% in 2008. The agricultural sector is second with 16.2% in 2008 and this is followed by manufacturing at 10.8%. Community, social and personal services is the least recipient of credit and in 2008 it received 1.3%. (See Annex 8.88 for details)

(2) Non-bank financial institutions and micro-finance institutions

6.2.3.8. There has been a steady increase in the number of Non-Bank Financial Institutions (NBFIs). The NBFIs include, leasing companies, building societies, micro-finance institutions, bureaux de change and a Credit Reference Bureau. In 2008 the number of NBFIs rose to 76. See appendix 8t for details. In 2004, there were 2 MFIs and in 2008, this number rose to 19 MFIs. As a result of the entry of new MFIs, the micro finance sub-sector total assets, capital and reserves have risen significantly Annex 6.90).

(d) Leasing Sub-sector

6.2.3.9. The overall financial condition and performance of the leasing sector in 2008 was satisfactory. The leasing companies maintained adequate regulatory capital and reserves relative to their risk profiles. As at end-December 2008, the sector regulatory capital was ZMK36.1 billion compared to ZMK42.9 billion in the previous year. The decline was due to loan loss provisions of ZMK23.3 billion, which were, however, mitigated by capital injection of ZMK21 billion. The sector recorded an after tax loss
of ZMK3.2 billion. The leasing sector’s total assets decreased to ZMK250.7 billion from ZMK263.8 billion in the previous year. This outturn was largely attributed to the decline in other assets by 31%. Cash balances with financial institutions declined by 27% from ZMK20.4 billion in 2007. The sector registered an improvement in earnings during the period under review. As at end-December 2008, the sector recorded a pre-tax loss of ZMK3.2 billion compared to ZMK4.5 billion in 2007. This was because of the decrease in interest expense by 11.4% in 2008 from ZMK17.5 billion in 2007. Reductions in loan loss provisions by 37.9% to ZMK4.1 billion in 2008 from ZMK6.6 billion in 2007 contributed (See Annex 6.100)

(e) Building Societies

6.2.3.10. At the end of 2007, the sector’s aggregate regulatory capital registered a ZMK34.2 billion increase. The improvement was largely due to the capital injection of ZMK25.1 billion and after tax profit of ZMK9.1 billion. Sector assets increased to ZMK276.0 billion in 2008 from ZMK222.8 billion at end-December 2007. The growth in assets was largely financed by a combined increase of ZMK21.9 billion in other borrowing and customer deposits, coupled with equity capital injections of ZMK25.1 billion. Total profit before tax increased to ZMK11.8 billion. This improvement was attributed to an increase in mortgage interest income to ZMK42.0 billion in 2008 from ZMK24.9 billion in 2007 (Annex 6.92).

(f) Bureaux de Change

6.2.3.11. There has been a steady increase in the total assets, and regulatory capital and reserves of the bureaux de change sub-sector during the period 2004 to 2008, as reflected Annex 6.93. The increase in total assets was mainly attributed to the rise in aggregate capital and reserves. At end-December 2008, all bureaux de change met the prescribed minimum capital requirement of ZMK40.0 million. Despite the efforts made by government to improve financial services, an APRM household survey recorded dissatisfaction in certain areas from the public

Figure 6.5: Community Rating of Performance of the Government in the Provision of Financial Services
6.2.4.1 Other Developments

6.2.4.2 In recent years, there has been an increase in the number of commercial banks which include Access Bank Zambia Ltd and First National Bank Zambia Ltd. All these banks have commenced operations. Implementation of the FSDP continued. A few achievements included the Dissemination of the results of the FinScope Supply Side Survey (2007) on financial services in Zambia which highlights that commercial banks only reached about one million people, spread between deposit and lending rates were too high and that formal banking sector, commercial micro-lenders, insurance companies and pension funds all served the top 20%, mostly the salaried end of the adult population, while the outreach of the social microfinance institutions was extremely limited. The BoZ issued a directive to harmonize commercial banks and NBFIs activities to the Companies Act. Accordingly, all their credit data would be submitted to the Credit reference Bureau.

(a) Markets

6.2.4.3 Eighty-two percent of households have access to a food market, 96% in urban households and 70% rural. There were more rural households (28%) who reported using an input market compared with 25% in urban areas. (See Annex 6.94)

(b) Information, Communications and Technology

6.2.4.4 Mobile telephone services have driven growth in the communications sector. There were marginal contributions to growth in the sector from internet services. Fixed land phone services remained steady. Major programmes that have been undertaken in the communication sub-sector thus far include: laying of the metropolitan fibre optic cable in Lusaka by Zamtel, renovations of Post Offices in Solwezi by the Zambia Postal Services Corporation (Zampost); rollout of the fibre optic cable by ZESCO from Sesheweke to Livingstone, up to Lumwana in North-western Province and covering Kafue Gorge to Kariba in the first phase. There were 13 districts covered in 2007 giving a cumulative total of 22 districts. The Postal Services Act was repealed to allow for operationalization of the ICT policy. Further the ICT and the Electronic Communication and Transactions Bills were formulated and are awaiting approval. There were three KPIs in the Communication sector. One was met (in terms of telephone access per 1000 people) and two were partially met (number of districts connected to fibre optic cable and access to internet services). See appendix 8z. The number of subscribers to internet services increased from 11,996 in 2006 to 16,830 in the year 2007. In addition, 215,472 are connected via mobile handsets giving the total of internet subscribers to 232,302. Only 22% of households had access to a public phone. Of these 39% of urban households reported having used the facility compared with only 8% in rural areas. On the other hand, 3% had access to an internet cafe. Six percent of urban households reported using an internet cafe, as shown in Annex 6.96. During the FNDP period, the Government broadened the ICT legal framework to include multimedia activities and postal services. The MCT envisages a converged legal framework for the telecommunication and broadcasting services. In view of the need to implement the Independent Broadcasting Act (IBA), the Government intends to set up a Department of Communications responsible for ICT issues at policy level.

(c) Telecommunications Services

6.2.4.5 Liberalization efforts are being made for the International Gateway. Gradual depreciation and changing technologies have rendered ZAMTEL infrastructure inadequate, and caused government to liberalize other segments of the market.
(1) Public switched telephone network

6.2.4.6 The network depends on an analogue system based on microwave technology. It has a fixed telephone-line capacity of 90,000, which is far below the demand. Modern technology depends on the digital microwave. ZAMTEL has commissioned one for the Lusaka-Copperbelt and Siavonga-Eastern province routes. Interconnections with neighboring countries and traffic to medium-size and rural towns are carried by the old system. An internet service was commissioned in 1997 for ZAMTEL. Over the years, tele-density in Zambia has been declining as shown in appendix 8a (ii). In 2006 there were 81 people per 1,000 with telephone services compared to 78 people per 1,000 in 2007. There has been a steady decline in the number of subscribers for PSTN. Competition from mobile and internet service providers has contributed to the reduced demand for the PSTN. Refer to 8.2.5.3 above for internet service providers, information technology, private data networks, satellite, fibre optic technology, postal services and WLL networks.

(2) Mobile phone services

6.2.4.7 Liberalisation has ensured vibrant competition in this sector such that mobile subscribers exceed fixed line (ZAMTEL) subscriptions only a few years after their introduction in 2002. The introduction of pre-paid services allows a greater portion of subscriber and installation. Market growth has especially been moved by pre-paid services. Currently, all provincial centres are covered by one of the top competitors. Demand for (cheap) internet by organizations and individuals is likely to sustain the descending growth of fixed-line services. This, however, will depend on available mass-market broadband technologies in the country. The communications sub-sector has grown because of the growth in mobile phone services. The subscriber base increased from 2.2 million in 2007 to 3.5 million in 2008 (Annex 6.97). Besides pre-paid services, reduced SIM pack prices and value added services such as internet use have led to market growth. Another has been the tariff reduction for services and innovative value-added services. Evidently, government intends to create more sector-responsive regulation.

(3) Broadcasting Services

6.2.4.8 Radio and TV form the key components of the sub-sector. The traditional approach to broadcasting has changed significantly over the years. Satellite and Internet technologies have created new opportunities and challenges for policy makers, broadcasters and regulators. This requires a lot of ingenuity given the not-so-clear separation of Radio/TV and Telecommunications services in the current scenario where technology and market convergence are driving diverse industries to merge. Currently, electronic content can be carried irrespective of the technology whether it is radio/TV or telecommunications transmission networks. Therefore, this situation is changing the legal and regulatory framework required to administer the sub-sector. A number of private radio and TV stations have been established in Zambia (MIBS).

(d) Shelter

(1) Tenancy status of dwelling

6.2.4.9 At national level, 73% of households live in their own dwelling, 16% rent from private landlords and 9% occupy free housing. Home ownership was 90% in rural areas compared to 47% in urban areas. The high occupancy in own dwellings in rural areas is because most people occupy traditional dwelling. Rented housing was prominent in dense urban (Annex 6.100). This trend is similar to the APRM household survey as shown below.
6.2.4.10 Programmes implemented during the period under review included: National Housing Development Programme, upgrading of unplanned settlements, National Housing Bonds Programme, Low Cost Housing Development for the Poorest. In the mid-90s, government pool houses including those formerly owned by local authorities and parastatal organizations were sold to sitting tenants as part of empowerment strategies in the sector. In addition, the Presidential Housing Initiative (PHI) was introduced which resulted in the construction of medium to high cost houses, in Lusaka and Ndola.

(e) Land

6.2.4.11 Government recognizes the dual nature of agriculture in Zambia and the poor state of infrastructure. Special measures are being undertaken to redress this issue which includes rehabilitation of feeder roads, bridges, storage sheds, dams, canals, dip tanks and on-farm. New farm blocks with the necessary infrastructure are to be opened up in each of the nine provinces with the aim of attracting both local and foreign investment in agriculture.

(f) Challenges Faced and Steps to Address Constraints

(i) Water and Sanitation

6.2.4.12 Refer to the sector analysis WSSD social indicators.

(ii) Energy

6.2.4.13 Refer to the sector analysis.
(iii) Markets

6.2.4.14 Poor rural infrastructure has created difficulties in agricultural inputs and marketing of produce especially in the outlying areas of Zambia. Government recognizes that special measures are needed to help farmers in less developed regions. Such measures include development and improvement of rural infrastructure.

(iv) ICT

6.2.4.15 As highlighted under the sector analysis.

(v) Shelter

6.2.4.16 Inadequate finance is the main problem in the housing sector. Prior to 1996, investment in housing was less than 3.0% percent of the GDP. The prevalence of cheap housing and their high transferability costs repel investment private investment. In response, the 1975 Land Act is being reviewed.

(vi) Land

6.2.4.17 As highlighted under the sector analysis.

6.2.4.18 Recommendations

Based on the preceding findings and discussion, it is recommended that:

(i) The coordination between the water sector and the other sectors be strengthened;
(ii) The RWSSP rural sanitation component be finalised and the urban sanitation strategy implemented to mitigate national disaster strategies;
(iii) Telecommunication infrastructure be adjoined to Fibre Optics and other alternatives to have a holistic approach to social and economic infrastructure development in the country;
(iv) The Communications sub-sector in collaboration with CSO undertake baseline surveys on key performance indicators;
(v) Investment in the ICT sector be coordinated by the communications sector to avoid duplication;
(vi) The operational efficiency for the public service ICT provider e enhanced in order to improve competitiveness; and,
(vii) Institutional capacities to undertake the Housing Bond Programme for effective implementation be reviewed.

6.2.5 Progress towards Gender Equality in all Critical Areas

6.3.5.0 The fifth objective of the Socio-economic Development thematic area of the APRM examines the extent to which a country has made progress towards gender equality in all critical areas of concern, including equal access to education for girls at all levels. This is done is done by looking at the measures the country has taken to mainstream gender equality and results such measures have achieved in terms of the following:

(i) Legal, policy and institutional steps to promote and encourage gender equality;
(ii) Specific targets towards gender equality in all critical areas of concern;
(iii) Resource mobilisation and allocation, in particular, the percentage of the national budget allocated to promote gender equality;
Progress made in terms of trends of:

(a) Participation and contribution of women in key economic and social activities
(b) Gender ratios at all levels of education and training,
(c) Women participation in decision-making positions,

Any other gender disparity indicators (for example disparities in wages and earnings); and,

Evaluations on the status of women in the country.

6.3.5.1 Legal, Policy and Institutional Steps to Promote and encourage Gender Equality

6.3.5.2 As previously noted, the constitution of Zambia is the basis for the legal framework in the country, from which all other laws emanate. In this section, the focus is on the legal framework which promotes and encourages gender equality, as highlighted in the objective above.

(a) Legal Steps

The Constitution has other provisions related to equal opportunities for both genders. Article 112 provides for the State to endeavor to create conditions under which all citizens shall be able to secure adequate means of livelihood and opportunity to obtain employment. It shall provide equal and adequate educational opportunities in all fields and at all levels for all and recognize the right of every person to fair labour practices and safe and healthy working conditions. Article 11 stipulates that every person in Zambia is entitled to the fundamental rights and freedoms without discrimination based on race, place of origin, political opinions, color, creed, sex or marital status. The intention is to change systemic discrepancies between men and women without external influence. Government is aware that gender equality is not about targets and numbers but essentially a cultural and socio-economic overhaul.

(b) International Agreements


However, there is inadequate representation of women in decision-making structures. The HMCS (2005) found that women were not adequately represented in decision-making positions. This is besides the 50% minimum target set by the SADC Protocol which was ratified by Zambia. According to the CEDAW report of 2007, Zambia has incorporated some of the provisions of CEDAW through policy documents such as National Gender Policy; National Cultural Policy; Education Policy; Health Policy; and the FNDP. Further, the Report shows that Zambian Legislation has also incorporated certain provisions through the Penal Code (Amendment) Act No. 5 of 2005: and, Articles 11 and 23 of the Constitution that proscribe discrimination including discrimination based on sex or marital status.

\textsuperscript{168} Karlyn Eckman (2007).
Safeguarding inheritance rights of women as contained in the Intestate Succession and the Wills and Administration of Testate Estates Acts.

(c) Policy

6.3.5.6 As noted elsewhere, the Government adopted the National Gender policy in 2000 and launched the Strategic Plan of action (2004 to 2008) in 2004. The NGP highlights a number of policy areas which include poverty, health, education, decision making, gender based violence, legal reforms, commerce and trade and labour and employment. The national gender strategic plan of 2005 included gender sub-committees at provincial and district levels aimed at strengthening its institutional framework. Government is currently preparing a Land Policy aiming to redress customary practices that hinder land ownership by women and education of the girl-child. Out of the many objectives of this policy is the allocation of at least 30% of the available land to women. The policy, however, will need to be supported by corresponding changes in the traditional practices of land.

(d) Institutional Framework

6.3.5.7 Regarding institutional framework for gender mainstreaming, Zambia has had a designated structure since the 1975-1985 UN Decade for Women era. A national Women in Development Desk was and later elevated to a Unit within the National Commission for Planning in the Ministry of Finance in 1984. In 1992 it became a Department within the Planning Commission. In 1996, the office became the Gender in Development Division at Cabinet Office, within the Office of the President (World Bank 2004).

6.3.5.8 As noted elsewhere, GIDD serves as the National Gender Machinery in Zambia. Its mandate is to coordinate, monitor, and evaluate the implementation of the National Gender. GIDD facilitated the establishment of gender sub-committees in line ministries, provincial and district administrations. This was in response to the review of the performance of the GFPs indicating a lack of coordinated commitment from sector ministries. The Gender Consultative Forum (GCF) was set up in 2003 as a national level advisory body to help government keep abreast of international agreements and changes. Its membership consists of key stakeholders from government ministries and specialised agencies, the private sector, trade unions, the finance sector, civil society organisations, traditional authorities (House of Chiefs), and academic/research institutions. The Office of the Minister for Gender in Development was established in April 2005 to ensure that gender issues were represented at the highest level of Government decision making.

6.3.5.9 Specific Targets towards Gender equality in all Critical Areas of Concern

6.3.5.10 In 2006 and 2007, the number of women in decision-making positions remained at 18%, far short of the 50% SADC target. One of the reason for this is that gender equality affects broader issues like the health and education infrastructure and their respective budgets, than just statistics in one employment area. This explains why the government has launched multi-faceted programmes in the education, land and housing sectors and in the legal arena (mainly through the National Gender Policy). The other, rather unpopular, reason is that gender policy in Zambia aims at improving the lives of both men and women (Table 6.7).
Table 6.9: Performance against key performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2006 Actual</th>
<th>2007 Actual</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Declarations and convention domesticated</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>% of women with titled land</td>
<td>-</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>% of women in decision making positions</td>
<td>18</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>The ratio of girls to boys at</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Primary</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>(b) secondary and</td>
<td>0.73</td>
<td>0.73</td>
<td>0.73</td>
</tr>
<tr>
<td>(c) tertiary</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>Number of sector collecting gender disaggregated data (and included in a data base)</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Proportion of reported cases of gender violence resulting in a convictions%</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: MFNP 2007 FNDP Progress Report

6.3.5.11 Resource Mobilisation and Allocation

6.3.5.12 In absolute terms, total FNDP core expenditures are estimated at ZMK 38,645.4 billion. The total allocated to gender is ZMK9.5 billion which is less than 1% of the FNDP budget (Table 6.8)

Table 610: Core FNDP Costs

<table>
<thead>
<tr>
<th>Sector</th>
<th>GRZ</th>
<th>% of GRZ</th>
<th>Donor</th>
<th>% of Donor</th>
<th>Grand total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors</td>
<td>25,177.30</td>
<td>100</td>
<td>13,468.10</td>
<td>100</td>
<td>38,645.40</td>
<td>9.4</td>
</tr>
<tr>
<td>Gender</td>
<td>9.5</td>
<td>0.04</td>
<td>-</td>
<td>-</td>
<td>9.5</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: GRZ FNDP.

6.3.5.13 A total of ZMK1.5 billion was released in 2007 against the budgeted amount of ZMK1.8 billion for the implementation of various programmes such as, adaptation and application of regional/international instruments, capacity building, and gender mainstreaming in national development (Table 6.9).

Table 6.11: Gender Budget Performance in 2007 (ZMK' Billion)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Budget</th>
<th>Releases</th>
<th>Releases as % of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptation and application of regional/international instrument</td>
<td>334.7</td>
<td>310.4</td>
<td>92.7</td>
</tr>
<tr>
<td>Capacity building</td>
<td>326.0</td>
<td>326.8</td>
<td>100.2</td>
</tr>
<tr>
<td>Gender Mainstreaming in national development</td>
<td>386.4</td>
<td>156.9</td>
<td>40.6</td>
</tr>
<tr>
<td>Monitoring and evaluation of gender and development programmes</td>
<td>388.1</td>
<td>335.3</td>
<td>86.4</td>
</tr>
<tr>
<td>Provision and dissemination of gender information</td>
<td>1813.9</td>
<td>1475.3</td>
<td>81.3</td>
</tr>
</tbody>
</table>

Source: MFNP 2007 FNDP Progress Report

6.3.5.14 Evidence of Progress made

6.3.5.15 The increasing participation and contribution of women in key economic and social activities is evidence of the progress made in promoting gender equality in Zambia. According to the LCMS
2004, the employment status for men and women, as of 2003, is that more men were in formal employment than women as of 2003.

Table 6.12: Status of employment in Zambia, Formal and informal Sectors as of 2003

<table>
<thead>
<tr>
<th>Sex/Residence</th>
<th>Formal Sector</th>
<th>Informal Sector</th>
<th>Number of Persons employed (12 years and above)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of persons</td>
<td>Percent</td>
<td>Number of persons</td>
</tr>
<tr>
<td>All Zambia</td>
<td>597,953</td>
<td>17</td>
<td>2,919,418</td>
</tr>
<tr>
<td>Male</td>
<td>441,813</td>
<td>24</td>
<td>1,399,076</td>
</tr>
<tr>
<td>Female</td>
<td>150,883</td>
<td>9</td>
<td>1,525,599</td>
</tr>
<tr>
<td>Rural</td>
<td>179,981</td>
<td>7</td>
<td>2,391,172</td>
</tr>
<tr>
<td>Urban</td>
<td>416,336</td>
<td>44</td>
<td>529,882</td>
</tr>
</tbody>
</table>


(1) Pregnancies and re-admissions

6.3.5.16 In order to redress the situation, the re-admission policy must resolve the conditions responsible for the high pregnancy rates at secondary school level. Re-entry policies only deal with the result and not the cause (Annex 6.59).

6.3.5.17 Equity Issues in Education

6.3.5.18 Equitable provision of quality education in Zambia is given impetus by the over-bearing number of boys in the education system and the correspondingly high number of males in formal employment. It is why the MoE has introduced bursaries for OVCs and re-entry programmes. The Ministry has also targeted rural areas were these disparities are more pronounced. Positively, the number of OVCs in basic schools increased by 29% to 655,952, their number in high schools rose by 68% to 50,127 from 2004 to 2007. Females accounted for 48% of the total (Annex 6.60).

(1) Drop-out rate

6.3.5.19 Class performance is not responsible for the high dropout rates for girls at secondary school level. It is influenced by external factors which is why a counterfactual or corresponding programme to the re-entry policy should be developed. (Refer to Annex 6.62 for details)

(2) Women participation in decision-making positions

6.3.5.20 The highest percentage of representation by women in decision making structures is 18%. There has not been a change in this figure since 2004. This figure has continually fallen short of the 50% SADC requirement. (See Annex 6.101)

(3) Other gender disparity indicators

(i) Average Monthly earning by sex, residence and occupation

6.3.5.21 The 2005 Labour Force Survey shows that the average monthly income for an individual in employment was ZMK293, 621. The average monthly income for a male employee was ZMK354, 988, while that for a female employee was ZMK196, 453. The income disparities are also pronounced between urban and rural workers.
6.3.5.22. Details of Reports or Evaluations on the Status of Women in the Country

6.3.5.23. The two prior reports on the status of women in Zambia that have been used in this report are: Beijing Progress Report 2006 - This provides the situation analysis, measures being undertaken and constraints concerning poverty, education and training, health, power and decision making, gender violence, media, the environment, institutional frameworks and how women are affected by these. Challenges noted by the Report in include: low labour participation of women in the formal economy which leads to their marginalisation and high poverty rates; continued high dropout rates among girls especially in rural areas; the brain drain and resultant under staffing in relevant service institutions; lack of gender disaggregated data and readily available up-to-date statistics; non-reporting of most cases of gender violence; and, high levels of illiteracy among women, especially in rural areas which makes it difficult for them to access vital information. A gender neutral electoral system which has been cited among the many hindrances to women's participation in political leadership. A review of current literature reveals that the above challenges are still valid.

6.3.5.24. Zambia’s Fifth and Sixth Country Reports on the Implementation CEDAW – The CEDAW report was laid out in CEDAW covenant format. Part 1 has the Domestication of the provisions of the Convention. Part 2 looks at the implementation of the Convention and this shows the Zambia’s progress towards meeting CEDAW articles. The following are the articles that are addressed: definitions of discrimination against women; obligation to eliminate discrimination against women; development and advancement of women; acceleration of equality between women and men; sex roles and stereotypes; prostitution and stereotypes; political and public life; international representation and participation; nationality; education; employment; health; social security and economic benefits; special programme for rural women; equality before the law and civil matters; and equality in marriage and family law.

6.3.5.25. Recommendations

6.3.5.26. Based on the preceding findings and discussion, it is recommended that:

(i) Gender mainstreaming programmes and policies to do with gender be deepened so that there is a genuine understanding of the role of gender equality in development;
(ii) More attention be paid to programmes that address the strategic needs of women and men;
(iii) The design and implementation of a mechanism for mainstreaming gender into the human resource management and development process is facilitated;
(iv) Gender training programmes in all government ministries and institutions be developed and implemented;
(v) Discriminatory laws and procedures, especially at the customary level, be reviewed and amended;
(vi) All key regional and international instruments on gender are ratified and domesticated; and,
(vii) Ensure that both men and women participate fully in the development process.

6.2.6 Encourage Broad-Based Participation in Development by all Stakeholders at all Levels

6.2.6.0. The objective on encouraging broad-based participation in development by all stakeholders at all levels was addressed by examining the following four key indicators:
(i) Evidence of legal, policy and institutional steps to ensure broad based participation in the development process by all stakeholders including civil society, private sector, media, rural communities, women, groups, minorities and marginalised groups;

(ii) The Governance System, particularly with regards to budgeting and disbursement processes;

(iii) Effectiveness of the measures for broad-based participation; and,

(iv) Challenges and measures taken to sustain progress in broad-based participation (including training, monitoring, evaluation, adjustment over the years)

6.2.6.1. Legal, Policy and Institutional Measures

6.2.6.2. This section looks at the legal, policy and institutional steps taken in each socio-economic sector to ensure broad-based participation in the development process by all stakeholders, including civil society, the private sector, media, rural communities, women groups, minorities and marginalised groups.

(a) Legal, Policy and Institutional Steps taken in the Agricultural Sector

6.2.6.3. In terms of policy, there is the National Agricultural Policy of 2004 which encompasses all facets of the agricultural sector including crosscutting issues i.e. HIV/AIDS, gender and the environment. The laws that regulate the sector include the Food Reserve Agency Act No.12 of 1995 Cap. 225, Co-operative Societies Act No.20 of 1998, Agriculture Marketing Act and the Control of Goods Act, Zambia Bureau of Standards Act, Seeds Act and the Cooperative Societies Act of 1998 which provides for the formation, registration and regulation of agricultural cooperative societies.

(b) Legal, Policy and Institutional Steps taken in the Mining Sector

6.2.6.4. The Ministry of Mines and Minerals Development is in charge of coordinating activities in the mining sector. The Mines and Minerals Development Act (1995) which resulted in the formulation of the Mining Policy regulates the mining sector. It was amended in 2008. Other relevant legislation include the the Prescribed Minerals and Materials Act, Explosives Act, mining regulations for the sector and the Mines, Health, and Safety (MHS) Policy provides the policy framework. The mining sector has not yet decentralised its operations. According to the FGD and APRM household survey, the sector is biased towards foreign investors and this fuels dissension among workers. Growth in this sector is private investor driven such that participation from local communities is rudimentary (Annex 6.6).

(c) Legal, Policy and Institutional Steps taken in the Communications and Meteorology Sector

6.2.6.5. This sector is fully liberalised and the presence of multiple players is evidence of stakeholder participation. The legal framework includes the Radio Communications Act of 1994 and the Independent Broadcasting Act of 2002. A National Information and Communications Technology (ICT) policy of 2005 also exists. The meteorological sub-sector has been operating without a policy and legal framework. Government has commenced the process of formulating the policy and legal framework in order to improve the provision of accurate weather forecasts and climate information to all sectors of the economy.

(d) Legal, Policy and Institutional Steps in the Infrastructure Development Sector

6.2.6.6. Stakeholder participation has been hindered by outdated policies and to this end, the Ministry of Works and Supply is reviewing and developing an appropriate policy with the aim of promoting PPP. The above notwithstanding, the Public Private Partnership Act no. 14 of 2009 has been enacted.
6.2.6.7. Other pieces of legislation include:

(i) The National Council for Construction (NCC) through the NCC Act of 2003; 
(ii) The Public Roads Act No. 12 of 2002 which established the Roads Development Agency; and 
(iii) The National Road Fund Agency which provides for a National Road Fund Agency (NRFA) which manages and administers the Road Fund.

6.2.6.8. Sector policies include:

(i) The Construction Industry Policy of 1995; 
(ii) The Transport Policy of 2002; 
(iii) The 1996 Housing Policy; 
(iv) The 2002 Decentralisation Policy; and, 
(v) The FNDP.

(e) Legal, Policy and Institutional Steps taken In the Natural Resources Sector

6.2.6.9. The Zambian Constitution recognises the importance of the Natural Resources Sector under Article 112 of the Zambian Constitution. The Environmental Protection and Pollution Control Act (EPPCA) subsequently led to the establishment of the ECZ. The Ministry of Environment and Natural Resources (MENR) was created in 1991 as an apex institution for environmental management in Zambia. Successive programmes included: The National Conservation Strategy, the National Environmental Action Plan (NEAP, 1994), the Environmental Support Programme (ESP), the Zambia National Biodiversity and Action Plan (NBSAP), the Zambia Forestry Action Plan (ZFAP), the National Action Plan for the implementation of the United Nations Convention to Combat Desertification (UNCCD) and the Zambia Wetland Strategy and Action Plan. Legislation includes the Environmental Protection and Pollution Control Act (EPPCA) of 1990 and the Forests Act No. 7 of 1999 and the ZAFFICO Company Act. During the FNDP period, Government has been giving priority to the domestication of five conventions, namely, Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES); Convention on Biological Diversity (CBD); United Nations Convention to Combat Desertification (UNCCD); Convention on Wetlands of International Importance (Ramsar Convention); and Convention for the Protection of World Heritage; and provision of support to Provincial Forestry Offices. Efforts are being made to improve private sector participation through marketing and preservation strategies which include domestication of the above treaties.

(f) Legal, Policy and Institutional Steps taken in the Tourism Sector

6.2.6.10. The Tourism and Hospitality Act provides the legal framework for the Tourism Sector. The National Policy on Environment, adopted in 2005, is the basis on which the FNDP was formulated. The general policy of the Government for the Tourism Sector during the FNDP is that the private sector should drive tourism development within an overall public sector tourism policy framework. The major public sector institutions that continue to operate in the Tourism Sector are the Ministry of Tourism, Environment and Natural Resources (MTENR); Zambia National Tourist Board; Zambia Wildlife Authority; National Heritage Conservation Commission; National Museums Board; Environmental Council of Zambia; Forestry Department; and Hotel and Tourism Training Institute Trust (HTTI). The Zambia National Tourist Board (ZNTB) is largely charged with the responsibility to undertake tourism promotion. The proliferation of these institutions is intended to modernise the sector and improve its GDP contribution through increased private sector participation.
Legal, Policy and Institutional Steps taken in the Manufacturing Sector

6.2.6.11. This sector focuses on improving PPP. In 1994, the Competition and Fair Trading Act was enacted and resulted in the establishment of the Zambia Competition Commission (ZCC). ZCC is an institution mandated to strengthen and uphold competition in order to ensure success of the deregulatory reforms. Further developments include of the Zambia Development Agency Act no. 11 of 2006 and repeal of the Investment Act (1993) in order to create a more investor-friendly environment, and the Companies Act to set up the Patents and Companies Registration Office (PACRO) to improve efficiency in business registration. The Commerce, Trade and Industrial Policy was adopted in 2005 and the Private Sector Development (PSD) programme aimed at providing an enabling environment for private sector economic activity was created. Some donor-supported programmes, such as, the Triangle of Hope Initiative, the Integrated Framework, and the European Union EDF IX programme, complement activities in the PSD programme. During the FNDP, the Government has operationalised the ZDA and set up a Tariff Commission. The functions of five statutory bodies, namely – Zambia Investment Centre (ZIC), Zambia Privatization Agency (ZPA), ZEPZA, Export Board of Zambia (EBZ) and SEDB – have been merged and rationalized into the ZDA. In 2004, the Government launched the PSD programme aimed at providing an enabling environment for private sector participation in economic activity. Government is in the process of developing a Land Administration and Management Policy. The Policy is expected to address the multitude of constraints in the land sector, which includes review of legislation and creation of land banks for all potential investors from within and outside the country in line with Citizens Empowerment Act.

Legal, Policy and Institutional Steps taken in the Trade Sector

6.2.6.12. The legal, policy and institutional frameworks of the Trade Sector are the same as those of the Manufacturing Sector. However, the Trade Sector is further regulated by the following legal instruments: the Industrial Act and the Competition and Fair Trading Act of 1994. The latter Act led to the establishment of the Zambia Competition Commission (ZCC).

Legal, Policy and Institutional Steps taken in the Energy Sector

6.2.6.13. Under the PSRP, the MEWD was restructured in 2003 to strengthen the management and coordination of the energy sector. However, issues of petroleum, coal supply and utilization were still inadequately addressed. In terms of electricity, the adoption of the National Energy Policy of 1994 was followed by enactment of the new Electricity Act Cap 433 and the Energy Regulation Board Act Cap 436 of the Laws of Zambia in 1995 which led to the establishment of the ERB in February 1997. The National Energy Policy was amended in 2005. The new laws provided for liberalization and independent regulation of the power sector. In 2003, the Rural Electrification Act was passed establishing an autonomous Rural Electrification Authority (REA). REA is responsible for all rural electrification activities at national level and works with other players in the sector. Liberalization of the industry in the 1990s led to the emerging of new players such as Copperbelt Energy Corporation (CEC) and Lunsemfwa Hydropower Company. ZESCO remains a vertically integrated power utility and dominant player in the electricity industry. It is regulated under the Energy Regulation Act and when used for electricity generation, the Electricity Act applies. The former also regulates the Petroleum industry in tandem with the Petroleum Act (2008), the Environmental Protection and Pollution Control Act and Fair Trading and Competitions Act and the ERB, ECZ, and ZCC enforce the legal provisions. The Department of Energy manages petroleum exploration activities.
(j) **Legal, Policy and Institutional Steps in the Science and Technology Sector**

6.2.6.14. The Science and Technology Act No. 26 of 1997 provides the legal framework for the Science and Technology Sector. The National Science and Technology Policy (NSTP) was adopted in 2006 and launched in 2007. Its goal is making Zambia an active participant of a service driven and technology based global economy. With this goal, PPP through technology exchange programmes, and expatriates' initiatives will need to be prioritized. Aside from donors, private sector participation is still rudimentary and needs to be formalized. In terms of institutional steps taken, there are a number of research centers that have been established in the country to undertake S&T related research. They include the Zambia Agricultural Research Institute (ZARI); the National Institute for Scientific and Industrial Research (NISIR), formerly National Council for Scientific Research (NCSR) and the National Malaria Control Centre (NMCC).

(k) **Legal, Policy and Institutional Steps taken in the Education Sector**

6.2.6.15. As previously noted, in order to achieve the National Education Policy, the MoE has mainstreamed BESSIP. The main objectives of BESSIP are to improve access, equality and equity of basic education mainly through enhanced provision of education materials, curriculum reforms, attention to health and nutrition as well as strengthening of pre-and in-service training. Stakeholder participation is evidenced by the myriad of private education institutions at tertiary and primary school levels.

(l) **Legal, Policy and Institutional Steps taken in the Health Sector**

6.2.6.16. A number of legal instruments regulate the Health Sector. The major ones are: The National Health Services Act, Food and Drug Act Chapter 303 and the Public Health Act Chapter 295, the Medical and Allied Professions Act Chapter 297, the Flying Doctors Services Act Chapter 298 and the Pharmacy and Poisons Act Chapter 299. Policies and programmes include Family Planning Policy; National HIV/AIDS Policy of 2005, National HIV/AIDS Intervention Strategic Plan 2002-2005, Health Care Package (BHCP), National Health and Strategic Plan 2001-2005, Guidelines on the Donation of Drugs and Medical Supplies and Drug Procurement Plan 2005-2007 and the Human Resource Rescue Plan 2004. The structure of public health services run by the Government comprises of health posts, health centres, levels one, two and level three hospitals. The National AIDS Council was established in 2000 as the national AIDS coordinating authority. This and the education sectors have been, in recent times, the more participatory and transformative areas. Stakeholder participation by local/international NGOs and CSOs dealing with HIV/AIDS and immunizations has been formalized and is progressive in this sector.

(m) **Legal, Policy and Institutional Steps taken in the Arts and Culture Sector**

6.2.6.17. In terms of policy steps, the Government launched the National Cultural Policy in 2003. In the FNDP, the focus is to operationalise Article 112 (g) of the Constitution, which mandates the promotion and development of cultural traditions, customs and languages. The Arts and Culture Sector is regulated by: The National Arts Council Act No. 31 of 1994, which led to the establishment of the National Arts Council in 1996, The National Heritage and Conservation Act of 1998 which established the National Heritage Conservation Commission, The National Museums Board Act No 174 in 1966 which established the National Museums Board and the Copyright and Performance Rights Act (1994). As a way of responding to the Decentralisation Policy of 2002, the Department of Cultural Services’ new structure operates at district level, headed by the District Cultural Affairs Officer. Cultural institutions are essential institutions in the country’s efforts to collect, preserve, document and interpret its past. Four national museums are maintained and managed by the National Museums Board, namely Livingstone Museum in Livingstone; Moto Moto Museum in
Mbala; the Copperbelt Museum in Ndola; and the Lusaka National Museum in Lusaka. Inadequate funding and outdated policies strain private sector participation.

**Legal, Policy and Institutional Steps taken in the Water and Sanitation Sector**

6.2.6.18. The legal framework for water supply and sanitation is currently anchored in two main pieces of legislation namely, the Local Government Act No. 22 of 1991 and the Water Supply and Sanitation Act No. 28 of 1997. Other relevant pieces of legislation include the Environmental Protection and Pollution Control Act of 1990 and Public Health Act of 1995. Policy measures include the National Water Policy of 1994, National Environmental Support Programme of 1994, the Water Resources Master Plan of 1995-2015 and the FNPD and the National Irrigation Plan (NIP), which were launched in 2006. These measures envisage intensive exploitation of Zambia’s water resources. Strategies to effect water sector policies have been adopted, such as the Rural Water Supply and Sanitation (RWSS), and Mainstreaming gender in WSS sector strategies both developed in 2000. Strategy and Institutional Framework for the Water and Sanitation Sector (approved in 1995), which specifies the institutional arrangements for provision of WSS by local authorities. National Environmental Sanitation Strategy (launched in 1998) and Peri-Urban Water Supply and Sanitation Strategy (launched in 2000) that targets WSS service provision to urban low-income communities. Sanitation and Hygiene Education (WASHE), adopted in 1996 is another significant strategy. According to the APRM survey sector policies were responsive (see appendix 5i). Stakeholder participation has been formalized through donor support for WSS projects. See appendix 10a for full list of stakeholders.

**Legal, Policy and Institutional Steps taken in the Housing Sector**

6.2.6.19. Government adopted the Construction Industry Policy in 1995. The National Housing Policy was adopted in 1996 with the aim of providing adequate and affordable housing to all income groups. A number of laws are in place to regulate housing related issues. Some of these include the Local Government Act 1991 Chapter 281, the Lands Act 1996 Chapter 184, Town and Country Planning Act Chapter 283, National Housing Authority Act Chapter 195, Landlord and Tenant Act, Public Health Building Regulations Chapter 295, Rent Act 1977 Chapter 206 and SIAA protects and plans/illegal settlements from eviction for purposes of demolition, Statutory Improvement Acts which try to upgrade shanty compounds or illegal settlements, Public Health Act Chapter 295, Environmental Protection and Pollution Control Act Chapter 204, and the National Council for Construction Act of 2003 which led to the establishment of the National Council for Construction. In terms of institutional steps, government institutions under the Housing Sector are the National Housing Authority (NHA) and the Zambia Low Cost Housing Development Fund Trust (ZLCHDFT) formerly Africa Housing Authority (AHA). The housing policy is to be reviewed in line with the current challenges and in conformity with the 2002 Decentralisation Policy that seeks to devolve power to lower levels. Improving stakeholder participation, which is currently hindered by outdated policies, is central to these policy reviews.

**Legal, Policy and Institutional Steps in the Disability and Development Sector**

6.2.6.20. There is only one piece of legislation on disability namely, the Persons with Disabilities Act No. 33 of 1996. This Act ushered in the Zambia Agency for Persons with Disabilities (ZAPD). The Act has not been enforced and its violations are rarely recognized despite the FNPD’s goal of fully incorporating people with disabilities into mainstream society. The Zambia Federation of Organizations for Disabilities (ZAFOD), the national umbrella body for Disabled Peoples’ Organizations (DPOs) and Disability Service Organizations were established in 1996. Various CBOs and NGOs countrywide, which deal with people with disabilities, are affiliated to ZAFOD. Stakeholder participation is erratic and unsatisfactory.
(q) **Legal, Policy and Institutional Steps in the Social Protection Sector**

6.2.6.21. The Social Protection sector looks at three categories of people in Zambia that is the low capacity households, low-income households; households affected by HIV/AIDS and Child-headed households and street children and issues to deal Gender-based violence (GBV). These have been identified as Zambia’s most significant invisible threat and Government has taken a number of remedial steps by promoting the expansion of Victim Support Units (VSUs) of the Zambia Police. The Ministry of Home Affairs coordinates the line ministries for extending social protection services for vulnerable refugees and refugee affected communities. The MoJ enacts the legislation that protects the vulnerable and improves access to legal aid while the MoYSCD provides long-term guidance for the implementation of child survival. The Disaster Management and Mitigation Unit coordinates framework for disaster preparedness, prevention, mitigation and provides information on hazards, risks and resources.

6.2.6.22. The private sector, NGOs, FBOs and communities complement government efforts in providing social protection by taking up roles of implementation and monitoring. The role of donor agencies includes provision and pooling of financial resources, materials and technical support. However, as earlier mentioned, one of the major challenges of the Social Protection sector is lack of coordination among all the participating institutions.

(r) **Legal, Policy and Institutional Steps In the Youth and Child Development Sector**

6.2.6.23. Sixty-eight percent the Zambian population is below the age of 25. Policies in this sector are thus designed to be progressive and inclusive of the youth. Government has developed the Child Rights Bill on the review of child legislation and domestication of the United Nations CRC. In line with the FNDP, Zambia is currently domesticating many human rights instruments affecting children and youth. In terms of policy, in 1994, Government launched the first National Child Policy and the National Youth Policy. The youth policy subscribes to the principles of equal opportunities and equitable distribution of resources and it seeks to promote gender equality, including working to eliminate all forms of gender discrimination and violence. Moreover, the child and youth policies provide for the mainstreaming of HIV/AIDS in children and youth programmes. At institutional level, Government works in conjunction with NGOs, CBOs and FBOs, often supported by the international community.

(s) **Legal, Policy and Institutional Steps in the Employment and Labour Sector**

6.2.6.24. Zambia has ratified the core ILO conventions that seek to uphold the fundamental rights of workers. This is intended to modernise the sector’s legal framework and as such, a National Employment and Labour Market Policy has been developed. Significant legal instruments include the Employment Act, the Industrial and Labour Relations Act Chapter 269 amended in 2008, Employment of Young Persons and Children Act, Factories Act Cap 441 of the Laws of Zambia and the Statutory Instruments on minimum wages and conditions of service. In the FNDP, job creation, productivity, efficiency and effectiveness are core priorities for this sector. In terms of institutional framework, the Government has put in place the SAGs, and Provincial and District Advocacy Groups to spearhead the implementation of the national employment and labour market policy and national programmes related to employment and labour. In addition, there is a Tripartite Consultative Labour Council with representation of the Government workers and employers’ organizations. Despite the prevalence of unions, stakeholder participation appears confrontational than collegial.
6.2.6.25. The right to property in Zambia is guaranteed by Article 16(1) of the Constitution, which provides that: “Except as provided in this Article, property of any description shall not be compulsorily acquired, unless by or under the authority of an Act of Parliament which provides for payment of adequate compensation for the property or interest or right to be taken possession of or acquired”. The Ministry of Lands, the principal government institution in land administration, works closely with other land delivery institutions to improve land administration and management. Other relevant laws are the Lands Act and the Lands and Deeds Registry Act, and the Lands Acquisition Act. District Councils, CSOs, traditional rulers, the public, and other ministries coordinate with the MoL. Stakeholder participation has been hindered by outdated policies and government is making efforts to modernize policies and improve participation.

6.3.6.2 Governance System, Particularly with Regards to Budgeting and Disbursement Processes

(a) Budgeting Process

6.2.6.26. Each year, before a national budget is prepared, the Secretary to the Treasury circulates the Budget Call Circular to all Ministries, Provinces and other Spending Agencies (MPSAs). This gives them guidelines for national budget and Medium Term Expenditure Framework (MTEF) preparation processes. The Budget Committee headed by a Controlling Officer, coordinates and oversees the budget preparation process in all MPSAs to ensure that respective budgets are submitted in time. MPSAs review their expenditure performance for the previous year, and revise the medium term plans and budgets with the guidance from the Government’s national development programmes and strategic objectives. This is to ensure that the budget is in tandem with Government’s objectives set in the National Development Plan. The Government’s commitment to achieving FNDP objectives entails that the budget is consultative and reflective of local dynamics. For example, MoFNP in 2005 provided for citizen participation in its budgeting guidelines. Once Treasury receives budgets from all MPSAs, the national budget is finalized which the Minister of Finance and Planning presents to Parliament during the budget hearing period. That budget becomes the centre for discussions in Parliament. MPSAs are advised by the Secretary to the Treasury, through the BCC, to provide support to their respective ministers by preparing parliamentary briefs containing precise and detailed explanations on budget estimates before the budget is presented to Parliament to allow their Ministers to digest the contents and defend their budgets effectively.

(b) Disbursement Process

6.2.6.27. To facilitate the disbursement process, the BCC for each year requests MPSAs to prepare and submit funding profiles and cash flow forecasts to the Treasury. The Treasury, through BCC requires that all MPSAs prepare annual funding profiles (by month) immediately after budget hearings. The profiles are meant to assist the Treasury in resource planning. In order to enhance resource predictability during the course of the year, the Treasury request that all MPSAs submit quarterly funding profiles indicating their resource requirements. The MPSAs are informed of the available resources against which they are expected to adjust their profiles to be re-submitted for funding. The Treasury emphasizes that “all funding will be based on the adjusted profiles and the Treasury will not consider ad hoc funding requests” (2009-2011 BCC). Once funds, are received, the MPSAs implement the programmes.

6.2.6.28. However, over the years, it has been observed that national budget implementation, particularly of capital programmes, has faced many challenges including the lack of the absorption capacity as evidenced by the accumulation of large cash balances in the central and commercial banks which has resulted in non-completion of capital projects and poor service delivery. A number of reasons
have led to this scenario. Firstly, the non-compliance by most MPSAs with the profiling and cash flow forecasting guidelines as provided in the MTEF manual when preparing their funding profiles as well as lack of involvement of Heads of departments (2008-2011 BCC). Secondly, there has been frequent variation of funds from priority to non-priority programme/activities which has resulted in the Government falling short of achieving the intended objectives (2009-2011 BCC). Thirdly, tender procedures for capital projects take long to execute. Another reason is that, although consultations are made, stakeholder participation is inconsistent at different levels. Therefore, an improved and consistent consultative process will ensure that FNADP targets and KPIs are met for the specific year. The Government has adjusted the entire budget cycle with the purpose of disbursing funds in a timely manner for the implementation and of projects.

6.2.6.29. Effectiveness of the Measures for Broad-Based Participation

6.2.6.30. Assessment of the effectiveness of measures to ensure broad-based participation entails an assessment of whether the measures taken were able to cover all the key stakeholders, and the major factors which influenced the achievement or non-achievement of the objectives of those measures. The measures taken to ensure broad-based participation in national development programmes have been described under Objective 1 Question 1 Indicator (iii) where all stakeholders from community to national level are involved and both the top-bottom approach and the bottom-up approaches are used. However, it has been observed that the FNDP reflects a weak link in the programmes outlined therein to the development programmes which were identified by the DDCCs and PDCCs.

6.2.6.31. The structures at national, provincial district and community level have not been as effective and functioning as planned. Most SAGs do not meet quarterly to review the implementation of the FNDP. This weakens the purpose of broad-based participation. The MoFNP has introduced a remedial M&E strategy focused on the outcomes of policies. This way, their responsiveness is measured by what has been achieved from the community’s perspective. The APRM survey revealed that there is a strong participation of CSOs in national programmes at all stages, especially at monitoring and evaluation stage. However, CSOs indicated lack of participation from the grass root; only a few participate in some programmes. Members of parliament (MPs) influenced and prioritized programmes they thought important, not the community. This is further confirmed by the responses from the household survey in which participants indicated low participation in decision making as shown in The table 6.11 below.

Table 6.11: Indication of whether community members have any opportunity to Influence decisions Regarding the Provision of Basic Social Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Region</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Urban</td>
<td>Central</td>
</tr>
<tr>
<td>Yes</td>
<td>8%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>No</td>
<td>92%</td>
<td>93%</td>
<td>91%</td>
</tr>
</tbody>
</table>

6.2.6.32. While communities have been involved at implementation stage, the involvement is through voluntarism in terms of identification of projects sites, provision of labour and some materials for certain construction works, etc. especially in health, education and agriculture. Communities also acknowledged some of their involvement in monitoring of projects through their RDCs and ADCs representatives. However, improvement on community participation is needed.
(a) **Challenges and Measures taken to Sustain Progress in Broad – Based Participation**

6.2.6.33. Annex 10b discusses the challenges and measures taken to sustain progress including training, monitoring and evaluation, and adjustment in detail.

6.2.6.34. In conclusion, it should be stressed that, although a number of legal, policy and institutional steps have been taken to ensure broad based participation in the development process by all stakeholders (including civil society, private sector, media, rural communities, women groups, minorities and marginalized groups), there a number of things which need to be improved upon. First, the process of enactment of bills into laws takes too long. Some policies take too long to be fully implemented due to delays in the development of strategic plans to operationalise them. Some Acts are outdated and therefore are not consistent with the current developments in the respective sectors. The operationalisation of the decentralization policy for national development programme planning, implementation, monitoring and evaluation and budgeting assumes the involvement of RDCs and ADCs at community level under the MLGH, yet these institutions are not legally observed.

6.2.6.35. **Recommendations**

6.2.6.36. Based on the preceding findings and discussion, it is recommended that:

(i) **The legal framework regulating each economic and social sector makes provision for the formal establishment to legalize the existence of ADCs and RDCs, and ensure the legalized RDCs and ADCs are in conformity and harmonization with other community-based institutions in other sectors like agriculture, health and education;**

(ii) **Institutional structures be put in place at sectoral level to ensure that management information systems and are functioning as envisaged to facilitate broad-based participation, ownership and sustainability;**

(iii) **KPIs for SAGs are set in order to easily assess their performance;**

(iv) **Coordination between the M&E department at the MoFNP and the sectoral monitoring and evaluation units is improved upon by creating focal points at sector level;**

(v) **The National Housing Policy be strengthened by enacting and incorporating a Real Estate Act and reviewing the Landlord and Tenant Act to streamline and strengthen regulation; and,**

(vi) **As much as the budget cycle has been adjusted, there is still need to disburse budget allocations timely to complete projects budgeted for in a particular year.**
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Annex 1.1: Zambia’s National Governing Council Set Up

The original 47 member NGC comprised the following stakeholders and eminent persons:

1. Mr. Akashambatwa Mbikusita Lewanika, Anti Corruption Commission, Chairperson;
2. Ms. Tamala Kambikambi, Zambia National Women’s Lobby, Vice chairperson;
3. Mr. Arthur M. Choobe, Ministry of Labour and Social Security;
4. Mrs. Anna Mwita Mubanga, Ministry of Lands;
5. Mr. Stephen S. Mulonda, Ministry of Commerce, Trade and Industry;
6. Mr. Paul Mumba, Ministry of Sport, Youth and Child Development;
7. Mrs. Matondo Monde C. S. Yeta, Gender in Development Division;
8. Amb. Susan Sikaneta, Ministry of Home Affairs;
9. Mr. Walubita Imakando, Ministry of Foreign Affairs;
10. Dr. Christopher Simoonga, Ministry of Health;
11. Mr. Amukusana C. Katundu, Ministry of Education;
12. Dr. James S. Mulungushi, Ministry of Finance and National Planning;
14. Ms. Rose Chumpuka, Ministry of Information and Broadcasting Services;
15. Mrs. Justice Florence Mumba, Judiciary;
16. Mrs. Rosemary C. Musenge, Cabinet Office (PAC);
17. Mr. Namukolo Mukutu, Zambia National Farmers’ Union;
18. Mrs. Annette C. Nkehairo, Zambia Law Development Commission;
19. Mr. Richard Zulu, Institute of Economic and Social Research;
20. Mr. Kellyford Nkalamo, Bank of Zambia;
21. Mr. Derrick Elemu, Foundation for Democratic Process;
22. Mr. Philip Chilomo, Economic Association of Zambia;
23. Mr. Reuben Lifuka, Transparency International Zambia;
24. Mr. Hanson Sindowe, Zambia Association of Chambers of Commerce and Industry;
25. Mr. Eddie Nason Mumba, Local Government Association of Zambia;
26. Mr. Stephen Lungu, Law Association of Zambia;
27. Ms. Lucy M. Muyoyeta, NGO Coordinating Council;
28. Dr. Gerry George Chabwera, Zambia Federation of Employers;
29. Dr. Ben U. Chinwa, National HIV/AIDS/STI/TB Council;
30. Mr. Guess Nyirenda, Operation Young Vote;
31. Mr. Steve M. Kateule, National Assembly;
32. Mr. Anselimo B. Mbuizi, Commission for Investigations;
33. Mr. Mumba Kapumpa, Institute of Directors;
34. Rev. Moses Lungu, Evangelical Youth Alliance International;
35. Mr. Wamuyuwa Sitibekiso, Federation of Free Trade Unions Zambia;
36. Mr. Amos Chanda, Press Association of Zambia;
37. Prof. Oliver S. Saasa;
38. Mr. Herbert Chibwe Nondo; (His Royal Highness Chief Nondo);
39. Dr. Mabel Mandela;
40. Bishop Simon Chihana;
41. Mr. Arthur Mazwaaai Yoyo;
42. Mr. Chibeza Mfuni;
43. Dr. Ludwig Sondashi;
44. Brig. Gen. Gilbert C. Chileshe;
45. Ms Anna Mufaya Imasiku;
46. Mr. Bruce Munyama; and
47. Mr. Langton Sichone

Annex 1.2: Members of the re-constituted Zambia NGC

The reconstituted NGC comprises the following members:

1. Ms. Lucy M. Muyoyeta, NGO Coordinating Council; **Chairperson**;
2. Mr. Philip Chilomo, Economic Association of Zambia; **Vice chairperson and Spokesperson**;
3. Dr. Francis Chigunta, Political Advisor to the President;
4. Mr. Arthur M. Choobe, Ministry of Labour and Social Security;
5. Mr. Stephen S. Mulonda, Ministry of Commerce, Trade and Industry;
6. Mrs. Matondo Monde C. S. Yeta, Gender in Development Division;
7. Mr. Walubita Imakando, Ministry of Foreign Affairs;
8. Mr. Amukusana C. Katundu, Ministry of Education;
10. Ms. Rose Chumpuka, Ministry of Information and Broadcasting Services;
11. Mrs. Justice Florence Mumba, Judiciary;
12. Mrs. Rosemary C. Musenge, Cabinet Office (PAC);
14. Mr. Reuben Lifuka, Transparency International Zambia;
15. Mr. Hanson Sindowe, Zambia Association of Chambers of Commerce and Industry;
16. Mr. Eddie Nason Mumba, Local Government Association of Zambia;
17. Dr. Ben U. Chirwa, National HIV/AIDS/STI/TB Council;
18. Mr. Guess Nyirenda, Operation Young Vote;
19. Mr. Steve M. Kateule, National Assembly;
20. Mr. Mumba Kapumpa, Institute of Directors;
21. Mr. Wamuyuwa Sitibekiso, Federation of Free Trade Unions Zambia;
22. Prof. Oliver S. Saasa, Eminent Person;
23. Mr. Herbert Chibwe Nondo; (His Royal Highness Chief Nondo)
24. Dr. Mabel Mandela, Private Universities Representative;
25. Mr. Chibeza Mfuni,;
26. Ms Anna Mufaya Imasiku, Eminent Person;
27. Mr. Bruce Munyama, Eminent Person;
28. Mr. Lawrence Hansingo, Anti Corruption Commission
29. Mr. Stephen Lungu, Law Association of Zambia; and
Annex 2: Historical Background

Annex 2.1: Zambia and South Korea

Few countries in the Third World seem as far apart as Korea and Zambia. Korea is reaching for a place in the small fraternity of industrialised countries and is held up as a model for emulation. Until recently, Zambia has been struggling. The economy was in doldrums and the country’s major industry was in doldrums. Yet in 1965, the same might have been said – in reverse. Korea was a resource poor agricultural country. Zambia was the richest country in Sub-Saharan Africa with a per capita that surpassed that of any other country and a world class mining industry.
Annex 3: Democracy and Political Governance

Annex 3.1: Legislative, Policy or Institutional frameworks put been put in place to implement co Compliance to International Standards and Codes

There are in place a number of legislative, policy and institutional frameworks that address the issues covered by the standards and code. These include:

Legislative Framework

- The Constitution Cap 1 of the laws of Zambia
- Human Rights Commission Act Cap 46
- Electoral Act No. 12 of 2006
- Electoral Commission Act Cap 17
- Referendum Act Cap 14
- Supreme Court Act Cap 25
- High Court Act Cap 27
- Judicature Administration Act Cap 24
- Legal Aid Act Cap 34
- Commission for Investigations Act Cap 38
- Penal Code Act Cap 87
- Criminal Procedure Code Cap 88
- Anti Corruption Commission Act No.42
- Extradition Act Cap 94
- Mutual Legal Assistance in Criminal Matters Cap
- Defence Act Cap 106
- Zambia Police Act Cap 107
- Public Order Act Cap 113
- Societies Act Cap 119
- Refugees (Control) Act Cap 120
- Immigration and Deportation Act Cap 123
- Citizenship of Zambia Act Cap 124
- National Registration Act Cap 126
- The Service Commission Act Cap 259
- Local Government Act
- Narcotic Drugs and Psychotropic Substances Act, Cap 96
- The Prohibition and Prevention of Money Laundering Act 2001
- Public Audit Act, Cap 378
- Education Act
- University Act No. 11 of 1999
- Public Health Act Cap 295
- Food and Drugs Act Cap 303
• National HIV/AIDS/STI/TB Council Act No.10 of 2002
• Public Finance Act No 15 of 2004
• Zambia Public Procurement Act No. 12 of 2008
• Citizens Economic Empowerment Act 2006
• The Matrimonial Causes Act No. 20 of 2007
• Intestate Succession Act Cap 59
• Wills and administration of Testate Estates Act Cap 60
• Affiliation and Maintenance of Children Act Cap 64
• The Persons with Disabilities Act Cap 65
• Births and Deaths Registration Act Cap 51
• Legitimacy Act Cap 52
• Juveniles Act Cap 53
• The Adoption Act Cap 54
• The Maintenance Orders Act Cap 55
• The Administrator-Generals Act Cap 58
• Zambia Law Development Commission Act No. 11 1996

Policies
• Fifth National Development Plan
• National Policy on Education
• National Health policy
• National Decentralization Policy
• National Aids Policy
• National Anti Corruption Policy
• National Gender Policy
• National Child Policy

Institutional framework
• The Judiciary
• The Human Rights Commission
• Electoral Commission
• The Zambia Police Force
• Zambia Defense Force
• Police Public Complaints Authority
• Victim Support Unit
• Drug Enforcement Commission
• Office of the Auditor General
• Judicial Complaints Authority
• Anti-Corruption Commission
• Commission for Refugees
• Office of the Administrator-General
Annex 4: Economic Governance and Management

Annex 4.1: Economic Governance and Management Survey Methodology

The NGC initially contracted the Institute of Economic and Social Research (INESOR) of the University of Zambia to undertake the study and prepare a self-assessment report on the Economic Governance and Management thematic area. After failing to deliver a report that met the guidelines as provided for in the APRM generic questionnaire, the assignment was eventually undertaken by officers from the Governance Secretariat; Ministry of Finance and National Planning (MoFNP); Bank of Zambia (BoZ), and the Ministry of Commerce, Trade and Industry (MCTI) as there was little time to engage another TRI.

The structure of Economic Governance report has two distinct parts reflecting the change in the teams that prepared the report. The first portion is desk review and analysis of various assessments of the economic performance undertaken by various organisations, and therefore relied heavily on secondary data. This was undertaken by the government officials. The second part of the report is the Annex, a compilation of responses given by people who were interviewed by the TRI during data collection, and therefore relied heavily on primary data.

For primary data collection, the TRI adapted the APRM questionnaire to the local situation. The data collection templates were clustered in three groups, viz;

(i) Policy level informants (APRM National Governing Council, MOFNP, BOZ, ZDA, Government...);
(ii) Program managers and Implementers (CSOs, Provincial and District informant, Private Sector); and
(iii) Community level respondents (community leaders, households, and vulnerable groups) through group discussions.

After adapting the questionnaire to suit data collection from these different categories of respondents, the TRI conducted training for its enumerators for three days.

The primary data was collected from all the nine provincial centres, but also sample additional outlying district that peculiar economic circumstance that merited a closer scrutiny.

The secondary data sources included economic policy documents, APRM reports, and socio-economic survey reports produced by various credible institutions (both governmental and non-governmental).
### Annex 4.2: Schedule of Description of activities undertaken to respond to Questions and Indicators under the Economic Governance and Management thematic area of the African Peer Review Mechanism, Zambia

<table>
<thead>
<tr>
<th>Objective, Question and Indicator</th>
<th>Main Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QUESTION:</strong> To what extent has the country signed, ratified and complied with the codes and standards?</td>
<td>-NEPAD codes, Government documentation -MOFNP, MOCT, Cabinet Office</td>
</tr>
<tr>
<td>-review all codes and ascertain extent to which they have been signed (documentary evidence), ratified (documentary evidence) and domesticated (instruments of domestication)</td>
<td></td>
</tr>
<tr>
<td>-list and review reports on Economic Governance and Management</td>
<td></td>
</tr>
<tr>
<td>-interview key informants from the appropriate</td>
<td></td>
</tr>
<tr>
<td><strong>OBJECTIVE 1: Promote macroeconomic policies that support sustainable development</strong></td>
<td>-Employment survey data sets/report from CSO, United Nations Country Offices -Policy and Strategy documents on SMEs, Survey of SMEs -Macroeconomics studies</td>
</tr>
<tr>
<td>-collect data and plot trends in employment among various sectors (with emphasis on growth in mining relative to non-traditional sectors)</td>
<td></td>
</tr>
<tr>
<td>-review studies on linkages among the various sectors</td>
<td></td>
</tr>
<tr>
<td>-undertake a situation analysis of the status, Policies and strategies pertaining to development of Small and Medium Scale Business,</td>
<td></td>
</tr>
<tr>
<td>-review and analyse the sector distribution of GDP and change overtime</td>
<td></td>
</tr>
<tr>
<td>-review and analyse the sector contribution to employment</td>
<td></td>
</tr>
<tr>
<td>-review data on living conditions and assess the changes over time</td>
<td></td>
</tr>
<tr>
<td>-determine the policies and practices pertaining to FDI, focusing on the effectiveness of incentives</td>
<td></td>
</tr>
<tr>
<td>-use the energy sector to represent economic vulnerability to shocks</td>
<td></td>
</tr>
<tr>
<td>-evaluate the effectiveness of the economic diversification program</td>
<td></td>
</tr>
<tr>
<td>-document the causes and effects of kwacha fluctuations on the economy</td>
<td></td>
</tr>
<tr>
<td>-undertake a mapping of research/policy institutes in the country and assess their participation in Policy formulation</td>
<td></td>
</tr>
<tr>
<td><strong>OBJECTIVE 2: Implement sound, transparent and predictable Government economic policies</strong></td>
<td>-Interviews with Cabinet and Ministry representatives -Review of reports on economic polices -Interviews with selected Political Party representatives -Interviews with selected local authorities representatives</td>
</tr>
<tr>
<td>-undertake a situation analysis of the state of relationships among the wings of Government</td>
<td></td>
</tr>
<tr>
<td>–assess the Strategies that have been implemented to enhance effectiveness of Government in improving economic policies</td>
<td></td>
</tr>
<tr>
<td>-track the economic policy making process, actors involved, their roles and how these impact on policy formulation</td>
<td></td>
</tr>
<tr>
<td>-study the economic policies of varying political parties</td>
<td></td>
</tr>
<tr>
<td>-assess the existence of legislative measures to safeguard economic policies</td>
<td></td>
</tr>
<tr>
<td>-determine effectiveness of links between the Central Government and lower level spending agencies</td>
<td></td>
</tr>
<tr>
<td>-gauge the effectiveness of the accountability strategies and the compliance to these of the pending agencies</td>
<td></td>
</tr>
<tr>
<td>Objective, Question and Indicator</td>
<td>Main Data Sources</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td><strong>OBJECTIVE 3: Promote sound public finance management</strong></td>
<td>- Interview with the AG, and relevant Parliamentary Committee chairpersons - MOCDSW, MOLGH, MOE - Selected local authorities</td>
</tr>
<tr>
<td>- determine the effectiveness of the AG and Parliament in performing its oversight role of monitoring public finances</td>
<td></td>
</tr>
<tr>
<td>- assess the absorptive capacity of spending agencies</td>
<td></td>
</tr>
<tr>
<td>- use some tracers (eg Ministries) to track the levels and causes of budget overruns and spill-overs</td>
<td></td>
</tr>
<tr>
<td>- find out the constraints to fiscal decentralization to the district;</td>
<td></td>
</tr>
<tr>
<td>- determine the capacity of districts to manage plan, implement and manage programs</td>
<td></td>
</tr>
<tr>
<td><strong>OBJECTIVE 4: Fight corruption and money laundering</strong></td>
<td>- Interviews with key informants - Review of documentation and records in corruption and money laundering</td>
</tr>
<tr>
<td>- Review ACC and DEC cases, and track cases dealing with the Public institutions</td>
<td></td>
</tr>
<tr>
<td>- Map institutions tasked with addressing corruption and determine their effectiveness</td>
<td></td>
</tr>
<tr>
<td><strong>OBJECTIVE 5: Accelerate regional integration by participating in the harmonisation of monetary, trade and investment policies</strong></td>
<td>- SADC and COMESA documents - MOCT, MOFNP, and ZDA</td>
</tr>
<tr>
<td>- review pertinent documents pertaining to SADC and COMESA and assess extent of ratification</td>
<td></td>
</tr>
<tr>
<td>- review the representation of regional investments</td>
<td></td>
</tr>
<tr>
<td>- study the processes of regional investment initiative such as the Nacara corridor, Zambezi Basin, among others</td>
<td></td>
</tr>
<tr>
<td>- gauge adoption of strategies for promoting SADC and COMESA objectives</td>
<td></td>
</tr>
<tr>
<td>- determine the national gains and losses arising from SADC and COMESA membership</td>
<td></td>
</tr>
</tbody>
</table>
Annex 5: Corporate Governance

Annex 5.1: Corporate Governance Methodology

The methodology comprised the following components: literature review, development of research instruments (questionnaires), determination of the sample, administration of the questionnaires, and data coding and analysis. These are discussed in turn below.

a. Literature Review

Literature review covered the following:

- Fifth National Development Plan
- APRM Base Documents:
  
  (i) *The New Partnership for Africa’s Development (NEPAD) (African Peer Review Mechanism)*
  (ii) *Guidelines for Countries to Prepare for and to Participate in the African Peer Review Mechanism*
  (iii) *Memorandum of Understanding of the APRM*
  (iv) *African Peer Review Mechanism Organisation and Process Questionnaire for Country Self-Assessment*
  (v) *Objectives, Standards, Criteria and Indicators for the APRM*

- The Companies Act
- The Factories Act
- The Public Health Act
- The Environmental Protection and Pollution Control Act.

The literature review was meant to assist the Consultants to gain an appreciation of the APRM and the legal framework within which the corporate world is required to operate in Zambia.

b. Development of Research Instruments

The APRM Master Questionnaire for Country Self-Assessment was adapted and twenty-three (23) customised questionnaires were developed to suit the various categories of stakeholders to be surveyed. The adaptation entailed rephrasing some questions and/or introducing more questions in order to make the questions easier to understand.

The questionnaires were designed to elicit information on the international standards and codes and the key objectives of the corporate governance thematic area.
c. **Training of Research Assistants**

Following the development of the questionnaires and prior to the commencement of field work, eight (8) Research Assistants (four based in Kitwe and the other four in Lusaka) were trained in the administration of the questionnaires. Kitwe-based Research Assistants were trained on 19\(^{th}\) May 2009 and commissioned on 19\(^{th}\) June 2009 to start data collection in North-Western, Luapula, Northern, Copperbelt, Central and Southern Provinces. The Lusaka-based Research Assistants were trained on 23\(^{rd}\) June 2009 and commissioned the same day to start data collection in Lusaka, Eastern and Western Provinces. Data collection was done over the period June to August 2009.

d. **The Sample**

To obtain the views on the existing and desired standards of corporate governance in Zambia, the Consultants conducted structured interviews with some stakeholders while other stakeholders completed the questionnaires described in 3.2 above.

The key stakeholders were drawn from various sectors of the economy of Zambia, namely:

- Mining
- Tourism
- Agriculture
- Manufacturing
- Commerce
- Financial Services
- Small and Medium Enterprises
- Transport and Communications
- Public Service/Utilities
- Regulators
- Education and Training Institutions
- Capital Markets
- Civil Society/Non-Governmental Organisations.

The corporations which were selected are shown in Table 1 below. These include two (2) civil society organisations and three (3) local authorities which were studied as corporate entities.
**Annex 5.3:: Corporations Surveyed by Sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Corporations/Business Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>Konkola Copper Mines Plc, Kansanshi Mining Plc, Kagem Mines Limited</td>
</tr>
<tr>
<td>Tourism</td>
<td>Royal Livingstone Hotel, Eastern Comfort Lodge (Chipata)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Zambia Sugar Plc, Kasama Coffee Company, Zambeef Products Plc</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>National Milling Corporation, Metal Fabricators of Zambia Plc, Zambian Breweries Plc, Mandanga Milling Company</td>
</tr>
<tr>
<td>Commerce, Trade and Industry</td>
<td>BP Zambia, Toyota Zambia</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Standard Chartered Bank Zambia Plc, Professional Insurance, Zambia National Commercial Bank Plc</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>Lusaka Stock Exchange, Securities and Exchange Commission</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>ZAIN Zambia, National Airports Corporation Limited, Rail Systems of Zambia</td>
</tr>
<tr>
<td>Public Services/Utilities</td>
<td>ZESCO Limited, Eastern Water and Sewerage Company, Zambia Postal Services Corporation</td>
</tr>
<tr>
<td>Information and Broadcasting</td>
<td>Zambia National Broadcasting Corporation, Times of Zambia, Post Newspapers</td>
</tr>
<tr>
<td>Education and Training</td>
<td>Zambia Centre for Accountancy Studies, Northern Technical College, University of Zambia</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Transparency International Zambia, Nongovernmental Organisations Coordinating Council</td>
</tr>
<tr>
<td>Small and Medium Business Enterprises</td>
<td>Chipata District Business Association (Chipata), Dahmos Contractors and General Dealers (Kasama)</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>Ndola, Mansa, Mongu</td>
</tr>
</tbody>
</table>

The respondents were classified as corporations’ direct or indirect stakeholders. The direct stakeholders and indirect stakeholders were identified as follows:

**Direct Stakeholders**

- Shareholders
- Boards of Directors
- Management
- Employees
- Trade Unions/Employee Associations

**Indirect Stakeholders**

- Customers
- Suppliers
Creditors.
The stakeholders shown in Table 2 below were requested to provide information on corporate governance in general.

Annex 5.4: Sample of Organizations other than Corporate Entities

<table>
<thead>
<tr>
<th>Category</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Ministries</td>
<td>Ministry of Justice; Ministry of Health; Ministry of Communications and Transport; Ministry of Mines and Minerals Development; Ministry of Finance and National Planning; Ministry of Works and Supply; Ministry of Commerce, Trade and Industry; Ministry of Labour and Social Security; Ministry of Foreign Affairs; Ministry of Energy and Water Development</td>
</tr>
<tr>
<td>Regulators</td>
<td>Energy Regulation Board; Bank of Zambia; Pensions and Insurance Authority; Environmental Council of Zambia; National Water and Sanitation Council; Zambia Development Agency; Patents and Companies Registration Office</td>
</tr>
<tr>
<td>Law Enforcement Agencies</td>
<td>Anti Corruption Commission; Drug Enforcement Commission; Office of Auditor General</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>Institute of Directors; Law Association of Zambia; National Council for Construction; Zambia Institute of Chartered Accountants</td>
</tr>
<tr>
<td>Chambers of Commerce and Industry</td>
<td>Zambia Association of Chambers of Commerce and Industry; Zambia Chamber of Small and Medium Business Associations; Zambia Business Forum; Zambia Tourism Board; Chamber of Mines of Zambia</td>
</tr>
<tr>
<td>Trade Unions and Employers Mother Bodies</td>
<td>Zambia Congress of Trade Unions; Federation of Free Trade Unions of Zambia; Zambia Federation of Employers</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>Lusaka; Livingstone; Kabwe; Solwezi; Chipata; Kasama</td>
</tr>
<tr>
<td>The General Public</td>
<td>Members of the General Public</td>
</tr>
</tbody>
</table>
The identity and number of respondents for each organisation are shown in Table 3 below.

**Annex 5.5: Number and Identity of Respondents per Organization**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Respondent</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporations</strong></td>
<td>Board Chairperson</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Shareholders</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>CEO or Nominee</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Creditors</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Trade Union</td>
<td>1 (2 for those with 2 unions: KCM/ZESCO)</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Customers</td>
<td>3</td>
</tr>
<tr>
<td><strong>Local Authorities</strong></td>
<td>Mayor</td>
<td>1</td>
</tr>
<tr>
<td>(Ndola, Mansa, Mongu)</td>
<td>Town Clerk</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Trade Union</td>
<td>1</td>
</tr>
<tr>
<td><strong>Local Authorities</strong></td>
<td>Town Clerk</td>
<td>1</td>
</tr>
<tr>
<td>(Lusaka, Livingstone, Kabwe, Solwezi, Chipata, Kasama)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Civil Society Organisations</strong></td>
<td>Board Chairperson</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>CEO or Nominee</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Creditors</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Customers</td>
<td>3</td>
</tr>
<tr>
<td><strong>Government Ministries</strong>, Law Enforcement Agencies, Regulators, Professional Associations, Chambers of Commerce and Industry, Capital Markets, Trade Unions and Employers Mother Bodies,</td>
<td>Permanent Secretary/ Chief Executive Officer or Nominee</td>
<td>1</td>
</tr>
<tr>
<td><strong>The General Public</strong></td>
<td>Members of the Public</td>
<td>10 per Town</td>
</tr>
</tbody>
</table>
The overall target sample is summarised in Table 4 below, which shows the distribution of respondents by town.

Annex 5.6: Distribution of the Target Sample by Town

<table>
<thead>
<tr>
<th>TOWN</th>
<th>CORPORATIONS</th>
<th>GENERAL PUBLIC</th>
<th>GOVERNMENT MINISTRIES ETC</th>
<th>CIVIL SOCIETY</th>
<th>TOTAL PER TOWN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lusaka</td>
<td>325</td>
<td>10</td>
<td>33</td>
<td>2</td>
<td>370</td>
</tr>
<tr>
<td>Ndola</td>
<td>50</td>
<td>10</td>
<td>1</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Chingola</td>
<td>25</td>
<td>10</td>
<td>-</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Kitwe</td>
<td>50</td>
<td>10</td>
<td>1</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Livingstone</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Solwezi</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Kasama</td>
<td>50</td>
<td>10</td>
<td>1</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Mansa</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Chipata</td>
<td>75</td>
<td>10</td>
<td>1</td>
<td></td>
<td>86</td>
</tr>
<tr>
<td>Luanshya</td>
<td>25</td>
<td>10</td>
<td>-</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Chisamba</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Kabwe</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Mazabuka</td>
<td>25</td>
<td>10</td>
<td>-</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Mongu</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Kalulushi</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>775</td>
<td>140</td>
<td>43</td>
<td>2</td>
<td>960</td>
</tr>
</tbody>
</table>

Actual distribution of questionnaires was 823 (see Table 5 below), less by 136 due to a number of reasons highlighted under section 5.1 below.

Annex 5.7: The Distribution of the Actual Sample by Town

<table>
<thead>
<tr>
<th>TOWN</th>
<th>CORPORATIONS</th>
<th>GENERAL PUBLIC</th>
<th>GOVERNMENT MINISTRIES ETC</th>
<th>CIVIL SOCIETY</th>
<th>TOTAL PER TOWN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lusaka</td>
<td>243</td>
<td>10</td>
<td>33</td>
<td>32*</td>
<td>388</td>
</tr>
<tr>
<td>Ndola</td>
<td>58</td>
<td>10</td>
<td>11*</td>
<td></td>
<td>68</td>
</tr>
<tr>
<td>Chingola</td>
<td>23</td>
<td>10</td>
<td>-</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Kitwe</td>
<td>12</td>
<td>10</td>
<td>1</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>Livingstone</td>
<td>22</td>
<td>11</td>
<td>1</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Solwezi</td>
<td>23</td>
<td>10</td>
<td>1</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Kasama</td>
<td>35</td>
<td>10</td>
<td>1</td>
<td></td>
<td>45</td>
</tr>
<tr>
<td>Mansa</td>
<td>22</td>
<td>10</td>
<td>11*</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Chipata</td>
<td>39</td>
<td>10</td>
<td>1</td>
<td></td>
<td>49</td>
</tr>
<tr>
<td>Luanshya</td>
<td>16</td>
<td>10</td>
<td>-</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Chisamba</td>
<td>17</td>
<td>10</td>
<td>-</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Kabwe</td>
<td>22</td>
<td>10</td>
<td>1</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Mazabuka</td>
<td>22</td>
<td>13</td>
<td>-</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Mongu</td>
<td>20</td>
<td>10</td>
<td>11*</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Kalulushi</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>574</td>
<td>144</td>
<td>73</td>
<td>32</td>
<td>823</td>
</tr>
</tbody>
</table>

* Civil Society and the three Councils, Ndola, Mansa and Mongu treated as corporations during actual distribution
Out of the sample of 823 who received the questionnaires, 529 were interviewed or completed the questionnaires, accounting for 64.27% of the questionnaires fielded. The distribution of respondents by category is given in Table 6 below. A full list of participating institutions is given at Appendix 1.

Annex 5.8: Actual Number of Respondents by Category

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>DISTRIBUTED</th>
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<td>Local Authorities</td>
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<td>39</td>
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<td>Civil Society</td>
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<td>Government Ministries</td>
<td>10</td>
<td>10</td>
<td>100</td>
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<td>Regulators</td>
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<td>6</td>
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<td>Professional Associations</td>
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<td>3</td>
<td>75</td>
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<tr>
<td>Chambers of Commerce and Industry</td>
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<tr>
<td>Law Enforcement Agencies</td>
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<td>3</td>
<td>100</td>
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<tr>
<td>Trade Unions and Employers' Mother Bodies</td>
<td>3</td>
<td>1</td>
<td>33.33</td>
</tr>
<tr>
<td>Capital Markets</td>
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<td>2</td>
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<tr>
<td>General Public</td>
<td>144</td>
<td>144</td>
<td>100</td>
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<tr>
<td>TOTAL</td>
<td>823</td>
<td>529</td>
<td>64.27</td>
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e. Data Coding and Analysis

Responses from the above stakeholders and information obtained from the literature review were summarised and appropriately analysed with the aid of a tailor-made computer programme. The analysis facilitated comparison and derivation of observations and conclusions.

Annex 5.9: List of Participating Organisations

A. CORPORATIONS

Chipata District Business Association
Eastern Water and Sewerage Company
Konkola Copper Mines Plc
Mandanga Milling Company
National Airports Corporation Limited
Northern Technical College
Times of Zambia
Toyota Zambia
University of Zambia
ZAIN Zambia Plc
Zambia Centre for Accountancy Studies
Zambia National Broadcasting Corporation
Zambia Postal Services
Zambian Breweries Plc
ZESCO Limited
B  COUNCILS

Chipata Municipal Council
Kabwe Municipal Council
Kasama Municipal Council
Livingstone City Council
Lusaka City Council
Mansa Municipal Council
Mongu Municipal Council
Ndola City Council
Solwezi Municipal Council

C  GOVERNMENT MINISTRIES

Ministry of Commerce Trade and Industry
Ministry of Communications and Transport
Ministry of Energy and Water Development
Ministry of Finance and National Planning
Ministry of Foreign Affairs
Ministry of Health
Ministry of Justice
Ministry of Labour and Social Security
Ministry of Mines and Minerals Development
Ministry of Works and Supply

D  REGULATORS

Bank of Zambia
Environmental Council of Zambia
National Water and Sanitation Council
Patents and Companies Registration Office
Pension and Insurance Authority
Zambia Development Agency

E  LAW ENFORCEMENT AGENCIES

Anti-Corruption Commission
Drug Enforcement Commission
Office of the Auditor General

F  PROFESSIONAL ASSOCIATIONS
Institute of Directors of Zambia
National Council for Construction
Zambia Institute of Chartered Accountants

G  CHAMBERS OF COMMERCE AND INDUSTRY

Chamber of Mines of Zambia
Zambia Association of Chambers of Commerce and Industry
Zambia Business Forum
Zambia Chamber of Small and Medium Business Associations
Zambia Tourism Board

H  TRADE UNIONS’ AND EMPLOYERS’ MOTHER BODIES

Zambia Federation of Employers

I  TRADE UNIONS

Airways and Allied Workers Union of Zambia (NACL)
Hotel Catering Workers of Zambia (New Mansa Hotel)
Mine Workers Union of Zambia (Kagem Mines Limited)
Mineworkers Union of Zambia (KCM Plc)
National Union for Commercial and Industrial Workers (Zambian Breweries)
National Union of Communication Workers (Zampost)
National Union of Miners and Allied Workers (KCM Plc)
National Union of Technical Education Lecturers and Allied Workers (NORTEC)
Zambia Local Authorities Workers Union (Mansa Municipal Council)
Zambia Local Authorities Workers Union (Mongu Municipal Council)
Zambia Local Authorities Workers Union (Ndola City Council)
Zambia Union of Broadcasters and Information Disseminators (ZNBC)
Zambia Union of Journalists (Times of Zambia)
Zambia Water Supply Sanitation Engineering and Allied Workers Union (EWSC)

Annex 5.10:  The List of Existing Non-Bank Financial Institutions

- Alios Finance Zambia Limited
- ALS Capital Limited
- Commercial Capital Corporation Limited
- Commercial Leasing Zambia Limited
- Executive Financial Services Limited
- IMS Financial Services Limited
- Industrial Credit Company Limited
- Leasing Finance Company Limited
- Madison Premier Finance Company Limited
- Stechas Financial Services Limited
- Finance Building Society
- Pan African Building Society
- Zambia National Building Society
- Bayport Financial Services Limited
- Blue Financial Services Limited
- Bomach Finance Limited
- Capital Solutions Limited
- CETZAM Financial Services Limited
- Elpe Financial Services Limited
- FINCA Zambia Limited
- Genesis Finance Limited
- Izwe Loans Zambia Limited
- Letshego Financial Services Limited
- Meanwood Finance Corporation Limited
- Microbankers Trust
- Microcredit Foundation Limited
- Microfin Africa Zambia Limited
- Mtawila Financial Services Limited
- Nedfin Limited
- Pelton Finance Limited
- Prime Circle Microfinance Limited
- Pulse Financial Services Limited
- Royal Microfinance Limited
- Unity Finance Limited
- Yakabutala Musa Company Limited
- Development Bank of Zambia
- National Savings and Credit Bank

Annex 5.11: ZFE'S Listing of workers' Rights

- International Labour Organisation Convention No. 98 of 1949 - Right to Organise and Collective Bargaining Convention
- Workers’ Representatives Convention No. 135 of 1971
- Rural Workers’ Organisations Convention No 141 of 1975
- Minimum Age (Underground Work) Convention No. 123 of 1965
- Minimum Age Convention 138 of 1973
- Worst Forms of Child Labour Convention No. 182 of 1999
- Equality of Opportunity and Treatment
• Equal Remuneration Convention No. 100 of 1951
• Discrimination (Employment and Occupation) Convention No. 111 of 1958
• Workers with Family Responsibilities Convention No. 156 of 1981
• Tripartite Consultation Convention No. 144 of 1976
• Convention Concerning Statistics of Wages and Hours of Work No. 63 of 1938
• Labour Inspection Convention No. 81 of 1947
• Labour Inspection Convention 129 of 1969
• Labour Administration Convention No. 150 of 1978
• Unemployment Convention No. 2 of 1919
• Fee – Charging Employment Agencies Convention No. 34 of 1933
• Fee – Charging Employment Agencies Convention (Revised) No. 96 of 1949
• Employment Policy Convention No. 122 of 1964
• Vocational Rehabilitation and Employment (Disabled Persons) Convention No. 159 of 1983
• Private Employment Agencies Convention 181 of 1997
• Paid Educational Leave Convention No. 140 of 1974
• Human Resource Development Convention No 142 of 1975
• Termination of Employment Convention No 158 of 1982
• Minimum Wages Fixing Convention No. 131 of 1970
• Holiday with Pay Convention No. 52 of 1936
• Holiday with Pay Convention No. 132 (Revised) 1970
• Occupational Safety and Health Convention No. 155 of 1981
• Occupational Health Services Convention No. 161 of 1985
• Safety and Health in Mines Convention No. 176 of 1995
• Workmen’s Compensation (Occupational Disease) Convention No 18 of 1925.
• Maternity Protection Convention No 183
• Inspection of Immigrants Convention No 21 of 1926
• Migration for Employment Convention No 66 of 1939
• Migration for Employment Convention (Revised) NO. 97 of 1949
• Plantations Convention No. 110 of 1958
• Nursing Personnel Convention 149 of 1997
• Working Conditions (Hotel and Restaurants) Convention of 1991

Annex 5.13: Employees’ Perception of their Rights

• Access to grievance procedure
• Adequate conditions of service
• Affiliation.
• Annual Leave
• Conducive and safe working environment
• Education, Leave allowances and working hours: 8hrs - 17hrs.
• Employees have right of freedom of assembly
• Employees’ services can't be terminated by the employers on account of race, sex marital status and political opinion or affiliation.
• Entitled to holiday i.e. Public holidays gazetted.
• Equal work, equal salary
• Free medicals, education for up to two children, water
• Free newspaper copies everyday
• Freedom of speech
• Full right of an employee i.e. accommodation, medical, leave
• Funeral grant.
• Get a plot, get loans, housing allowance, entitled to leave days.
• Good working environment
• Health & safety
• Health care provision
• Holiday allowance
• Housing
• Housing allowance, children allowance, pay rise & education sponsorship.
• Pension.
• Joining the Union
• Leave Pay
• Sick Leave
• Maternity leave
• Medical scheme
• No discrimination based on tribe, gender, religion or creed
• Non-practicing allowance, office computer, monitoring and supervision
• Offsite & gratitude of beers or soft drinks every month
• Personal to holder vehicle
• Phone allowance
• Privileged to free issues (monthly) (KCM)
• Privilege for food and training
• Privilege of getting overtime and salary advance
• Privilege of transport, uniforms and meals.
• Privilege to air my complaints
• Privilege to have a day off (every month-mother’s day)
• Privilege to subsistence allowances
• Privilege to water allowance
• Privilege to welfare loan twice a year
• Professional licences fee paid for, annual holiday allowances.
• Provision of adequate and appropriate tools and equipment
• Retirement package
• Right against racial discrimination.
• Right of appeal in industrial disciplinary action
• Right of assembly
• Right of expression
• Right to Information
• Right to appeal
• Right to attain studies at any level within or outside Zambia
• Right to belong to a trade union
• Right to fair disciplinary hearing
• Right to fair treatment
• Right to further education
• Right to go to school, entitled to leave days, to get loans,
• Right to order/ or command and instruct
• Right to question management actions through trade union
• Right to receive payment upon bringing in clients to the institute.
• Right to refuse work when it is not safe
• Right to resign
• Right to work for 8 hour per day
• The right to claim their benefits
To be appraised for hard work on yearly basis.

Annex 5.14:  List of Registered Trade Unions in Zambia

• Zambia Congress of Trade Unions;
• Federation of Free Trade Unions of Zambia;
• National Union of Public Service Workers
• Mineworkers Union of Zambia
• Primary Education Teachers’ Union of Zambia
• Secondary School Teachers’ Union of Zambia
• Zambia National Union of Teachers
• Workers Union of Tazara
• National Energy Sector and Allied Workers Union of Zambia
• Civil Servants and Allied Workers Union of Zambia
• Zambia Union of Financial Institutions and Allied Workers
• National Union of Transport and Allied Workers
• Hotel Catering Workers Union of Zambia
• Airways and Allied Workers Union of Zambia
• University of Zambia and Allied Workers Union
• Zambia Typographical Workers Union
• Zambia National Union of Health and Allied Workers
• Zambia United Local Authorities Workers Union
• National Union of Communication Workers
• Railway Workers Union of Zambia
• National Union of Plantation and Agricultural Workers
• National Union of Commercial and Industrial Workers
• Guards Union of Zambia
• Bankers Union of Zambia
• University of Zambia Lecturers and Researchers' Union
• University of Zambia Allied Workers Union
• Zambia Union of Technical Education Lecturers
• National Union of Domestic Workers
• National Union of Broadcasters and other Information Disseminators
• Zambia Water, Sanitation, Engineering and Allied Workers Union
• Health and Allied Workers Union of Zambia
• National Union of Miners and Allied Workers
• Basic Education Teachers Union of Zambia
• Power Generation and Allied Workers Union of Zambia
• Zambia Revenue Authority Workers Union
• National Union of Building Engineering and General Workers
• Agriculture Technical and Professional Union of Zambia, and,
• National Union of Technical Education Lecturers.

Annex 5.15: The type of Corporate Information made Available to Employees by Corporations

• Employment/ Legal / Business Acts
• About the products and work conditions
• Accountability, efficiency & effectiveness
• Business Strategic Planning information
• Changes of the Board of Directors & Management
• Community Social Initiative Program (CSI)
• Company Code of Ethics, Conduct & Social Economic Programmes
• Company Policies
• Company policy, vision & processes
• Company vision, objective, strategy and budget.
• Company's vision & objectives, strategic targets
• Conditions of Service
• Disciplinary and Grievance Procedure Code
• Financial Statement
• Information on production.
• Information on taxation, corruption, transport etc
• Leases, Grievances
• Minute books
• News
• Operations Structures, Conditions of Service
• Performance of the Corporation
• Personal information
• Policy documents and Procedure manuals
• Budget and social corporate information
• Internal memos (on internal affairs)
• Conditions of service when they change, work matters
• Corporate structure, disciplinary grievance
• Grievance and Procedure Code
• How to handle clients, improve services, greetings
• Internal memos, notices, journals, advertisement
• Management decisions
• Strategic plan, collective agreement
• The new laws that come.
• Ethical policy
• Changes in management.
• Salary structure and salaries
• Minutes of past Conferences

Annex 5.16: Type of Information Made Available to Suppliers by Corporations

• Business flow i.e. occupancy of the hotel rooms.
• Composition of their council
• Enclosing in their guidelines i.e. code of conduct
• Goods/services required
• Information about corporation’s line of business
• Institutional setup
• Percentage of hotel occupancies
• Procurement inquiry
• Social responsibilities, such as environmental
• Stakeholders (suppliers, customers etc.)
• Tender Board legislation.
• Terms and conditions of contract
• Various offices when at work.

Annex 5.17: How and When Employees access Information

• Through advertisement
• By hardcopy/softcopy
• By seeking from the Human Resources Department
• By verbal through our local Union representatives
• By way of checking them
• Canteen staff by writing internal memo and stick it
• Central Place - registrar of the company
- Company Library and information Centre/department
- Human Resources & Managing Director's Office
- Internal memos, notices & journals
- Internet and other information facilities offered
- Management meetings
- Memorandums and Notice Boards notices
- Press statements
- Notice Board
- On Commencement of employment
- School of Education Lectures, Library and Internet
- The company circulates
- Through Circular Letters, Public Bulletin
- Through council minutes and memorandums
- Through E-mail & Circulars
- Through Inductions at beginning of work or HR
- Through Interaction
- Through the council information centre.
- Through the Marketing Department
- Through the union representatives
- Through various departments in the Corporation
- Training Centre
- Via Website
- Virtue of my office
- When available and it is distributed to us
- When conducting independent review
- When informed.

Annex 5.18: List of Corporations known to the Public

CORPORATION

- St Eugene University
- Aibt University
- Albidon Mine
- Alliance One
- Amc Contractors
- Amico Investment
- Apollo
- Armco Securicor
- Atlas Corpco
- Barclays Bank (Z) Limited
- Bata
• Bp Zambia
• Bresma
• Budget Stores
• Cargill
• Ccm
• Chambeshi Water And Sewarage Company
• Lafarge Cement Zambia Plc
• Chingola Municipal Council
• Chipata Auto
• Chipata Cotton Limited
• Eastern Water And Sewarage Company
• Copperbelt University
• Mongu Municipal Council
• Zesco Limited
• Dapp
• Fringilla
• Genesis Mines
• Genesis Procurement
• Health Communication
• Huawei Technologies
• Indo-Zambia Bank
• Invesco Limited
• Investrust Bank Plc
• Jc Mwedama General Dealers
• Jcb Limited
• Kabulonga Girls High School
• Kabwe Municipal Council
• Kaleya Smallholders
• Kalungwishi Sugar Company
• Kansanshi Mining Plc
• Kasumingo
• Kb Davies Limited
• Kitwe City Council
• Konkola Copper Mines Plc
• Lmc
• Long Man
• Lumwana Mining Company
• Luangwa Bicycle Plant
• Luangwa House
• Luangwa Surveys
• Luanshya Copper Mines Plc
• Lusaka Water And Sewerage Company
• Lusanga Limited
• Madison Insurance
• Mansa Milling Company
• Mansa Municipal Council
• Matchco
• Mazabuka Enterprises Association (Mea)
• Mopani Copper Mines Plc
• Mega
• Mema House
• Merrydown Farm
• Ministry Of Community Development And Social Services
• Mtn Zambia
• Mukuba Pension Trustees Limited
• Mulonga Water And Sewerage Company
• Multi Choice Zambia Limited
• National Airports Corporation Limited
• National Pension Scheme Authority
• Nary Liponga
• National Milling Company
• Ndola Central Hospital
• Newstart Centre
• Nkana Water And Sewerage Company
• Northwestern Water Supply And Sewerage Company
• Oxfarm
• Pep Stores Limited
• Plan Care
• Protea Hotel
• Radian Stores
• Roan Antelope Milling Company
• Royal Livingstone Hotel
• Rubber Hub
• Shoprite Chekers Zambia
• Snv
• Spar Supermarket
• Stanbic Bank
• Standard Chartered Bank Zambia Plc
• Star Beef
• Sulzer
• Sun International Hotel
• U And M Company Limited
- Unilever Zambia
- Village Industry
- Western Water And Sewerage Company
- White Farmers
- Workers Compensation Fund Control Board
- World Vision
- Zain Zambia Plc
- Zalawi Haulage
- Zambeef Products Plc
- Zambia Bottlers Limited
- Zambia National Building Society
- Zambia Revenue Authority
- Zambia State Insurance Corporation Limited
- Zambia Sugar Plc
- Zamefa Plc
- Zambia Postal Services
- Zambia Telecommunications Company Limited
- Zambia National Commercial Bank Plc
- Zambia Wildlife Authority
- Zccm Investment Holdings Plc
- Znbc Limited
- Zpct Limited

Annex 5.19: List of Ratified International Labour Conventions

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<tr>
<th></th>
<th>Description</th>
<th>Ratified Date</th>
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<td>Right of Association (Agriculture) Convention, 1921 (No. 11)</td>
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<td>Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18)</td>
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<td>C. 19</td>
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<td>Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)</td>
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<td>C. 29</td>
<td>Forced Labour Convention, 1930 (No. 29)</td>
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<td>Recruiting of Indigenous Workers Convention, 1936 (No. 50)</td>
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<td>C. 64</td>
<td>Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)</td>
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<td>Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)</td>
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<td>Contracts of Employment (Indigenous Workers) Convention, 1947 (No. 86)</td>
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<td>C. 87</td>
<td>Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)</td>
<td>2.09.1996</td>
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<td>C. 95</td>
<td>Protection of Wages Convention, 1949 (No. 95)</td>
<td>23.10.1979</td>
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<td>C. 97</td>
<td>Migration for Employment Convention (Revised), 1949 (No. 97)</td>
<td>2.12.1964</td>
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<td>C. 98</td>
<td>Right to Organise and Collective Bargaining Convention, 1949 (No. 98)</td>
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<td>C. 99</td>
<td>Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99)</td>
<td>20.06.1972</td>
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<td>C. 100</td>
<td>Equal Remuneration Convention, 1951 (No. 100)</td>
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<td>Maternity Protection Convention (Revised), 1952 (No. 103)</td>
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<td>Abolition of Forced Labour Convention, 1957 (No. 105)</td>
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<td>C. 111</td>
<td>Discrimination (Employment and Occupation) Convention, 1958 (No. 111)</td>
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<td>C. 117</td>
<td>Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117)</td>
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<td>Employment Policy Convention, 1964 (No. 122)</td>
<td>23.10.1979</td>
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<td>Medical Examination of Young Persons (Underground Work) Convention, 1965 (No. 124)</td>
<td>10.03.1967</td>
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<td>C. 131</td>
<td>Minimum Wage Fixing Convention, 1970 (No. 131)</td>
<td>20.06.1972</td>
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<td>Workers' Representatives Convention, 1971 (No. 135)</td>
<td>24.05.1973</td>
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<td>C. 136</td>
<td>Benzene Convention, 1971 (No. 136)</td>
<td>24.05.1973</td>
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<td>C. 138</td>
<td>Minimum Age Convention, 1973 (No. 138)</td>
<td>9.02.1976</td>
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<td>C. 141</td>
<td>Rural Workers' Organisations Convention, 1975 (No. 141)</td>
<td>4.12.1978</td>
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<td>C. 144</td>
<td>Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)</td>
<td>4.12.1978</td>
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<td>C. 149</td>
<td>Nursing Personnel Convention, 1977 (No. 149)</td>
<td>19.08.1980</td>
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<td>C. 150</td>
<td>Labour Administration Convention, 1978 (No. 150)</td>
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<td>C. 151</td>
<td>Labour Relations (Public Service) Convention, 1978 (No. 151)</td>
<td>19.08.1980</td>
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<td>C. 154</td>
<td>Collective Bargaining Convention, 1981 (No. 154)</td>
<td>4.02.1986</td>
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<td>C. 158</td>
<td>Termination of Employment Convention, 1982 (No. 158)</td>
<td>9.02.1990</td>
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<td>C. 159</td>
<td>Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)</td>
<td>5.01.1989</td>
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<td>C. 173</td>
<td>Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)</td>
<td>25.05.1998</td>
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<td>C. 176</td>
<td>Safety and Health in Mines Convention, 1995 (No. 176)</td>
<td>4.01.1999</td>
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### Denunciation

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<td>Underground Work (Women) Convention, 1935 (No. 45)</td>
<td>Denounced on 3.03.1998</td>
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<td>C. 89</td>
<td>Night Work (Women) Convention (Revised), 1948 (No. 89)</td>
<td>Denounced on 10.09.2001</td>
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<td>C. 5</td>
<td>Minimum Age (Industry) Convention, 1919 (No. 5)</td>
<td>Denounced on 19.06.1976</td>
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<td>Minimum Age (Underground Work) Convention, 1965 (No. 123)</td>
<td>Denounced on 3.04.1967</td>
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</tbody>
</table>

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**Annex 5.20: ZFE Membership List**

1. Action Auto
2. Access Bank
3. Africa Life Financial Services
4. Kasama Plantation Coffee Growers
5. African Supermarkets T/A Shoprite
6. Afrox Gases
8. Amagrain
9. Atlas Freight Logistics
10.  Asea Brown Boveri
11.  Associated Fire Services
12.  Association of Building & Civil Engineering Contractors
13.  Bank of Zambia
14.  Barclays Bank Zambia
15.  Barlow World Equipment
16.  Beatmas
17.  BECMOS LIMITED
18.  Behrens Limited
19.  BP Zambia PLC
20.  Bookworld
21.  British Airways
22.  British-American Tobacco Zambia Plc
23.  Bwana Mkubwa Mine
24.  Career Prospects
25.  Cares Lingerie Limited
26.  Cargill Cotton Grinners Limited
27.  Chevron Zambia Limited
28.  Chisamba Farms
29.  Chibuluma Mine Plc
30.  Chloride Zambia
31.  Chrismar Hotel
32.  Christian Children Fund Inc (Christian Fund)
33.  CITI Bank Zambia
34.  Citizens Economic Empowerment Commission
35.  Cresta Golfview Hotel
36.  Coates Brothers
37.  Colgate Palmolive
38.  Copperbelt Bottling
39.  Copperbelt Energy Corporation Plc
40.  Copperbelt University
41.  Delphine Containers
42.  Development Bank of Zambia
43.  Dunavant Zambia Limited
44.  Duly Motors (Z) Limited
45.  Eastern Water & Sewerage Company
46.  Ellerines Furnishers
47.  Elite Insurance Brokers
48.  Fairview Hotel
49.  Family Health Trust
50.  Fidelity Labour Consultants
51.  Finance Bank
52.  Finca Zambia
53. Freight Logistics
54. Food Reserve Agency
55. Garden Group of Hotels
56. Germany Technical Zambia
57. Great Lakes Coltan (Z) Limited
58. Guardian Motors
59. Group 4 Security
60. Hill & Delamin
61. Hybrid Poultry Farm
62. Holiday Inn (Southern Sun)
63. The Hotel and Catering Association
64. Hotel Intercontinental
65. Indeni Petroleum Refinery
66. Indo Zambia Bank
67. Industrial Cartons
68. Industrial Training Centre
69. Infraset
70. Intermarket Banking Corporation
71. International School of Lusaka
72. Integrity Human Rights & Labour Consultants
73. Invesco Limited
74. Invest Axion Holding Limited
75. Just Rope & Twine
76. Konkola Copper Mines Plc
77. Kansanshi Mines PLC
78. Kasembo Transport
79. Kariba Textiles
80. Kifco Packaging
81. Kobil Zambia Limited
82. Lafarge Cement Zambia PLC
83. Local Authority Supperannuation Fund
84. Luanshya Copper Mines PLC
85. Lusaka Water & Sewerage Company
86. Lawrence Sikutwa Association
87. Masstores (Pty) Limited
88. Medicines Sans Frontieres (Greece)
89. Medicines Sans Frontieres (Holland)
90. Medical Stores Limited
91. Micro Bankers Trust
92. Morning Star Consultancy
93. Motor Mart Group Limited
94. Mpelembe Drilling
95. Mercury Auto
96. Midlands Brake & Clutch
97. Mindolo Ecumenical Foundation
98. Morganite Zambia Limited
99. MTN Zambia
100. Mukuba Pension Trustees Limited
101. Mulungushi International Conference Centre
102. Mulungushi Village Complex
103. Mumana Pleasure Resort
104. Mwiza Corporate Lodge
105. Nampak Zambia Limited
106. National Airports Corporation
107. National Pension Scheme Authority
108. National Milling Corporation
109. Mulungushi University
110. National Breweries
111. National Housing Authority
112. Ndola Lime Company Limited
113. Nico Insurance
114. Noremical Construction
115. North Western Water Supply & Sewerage Company
116. Ox Drilling Limited
117. Pact Zambia
118. Parmalat Zambia
119. Pamodzi Hotel
120. Pan Africa Building Society
121. Pep Stores
122. Professional Insurance Corporation
123. Power Equipment Limited
124. Power Speed Electrical
125. Polymer Containers
126. Professional Financial Services
127. Promasidor (Z) Limited
128. Pyramid Brushware
129. Perway Industries
130. Piggot Maskew
131. Pharco Limited
132. Polythene Products
133. Public Service Pension Fund
134. Robust Games & Amusement
135. Royal Secretarial
136. Safintra Zambia
137. Sakiza Spinning Limited
138. Sara Lee
139. Saro Agric Equipment
140. Scaw Limited
141. Scirocco Enterprises Limited
142. Sherry Thole
143. Speciality Foods
144. Specialised System
145. Stanley Mining
146. Stanbic Bank Zambia
147. Standard Chartered Bank Zambia Plc
148. Star Bakery
149. Stripes Zambia
150. SKF (Z) Limited
151. Southern Water & Sewerage Company
152. SOS Children’s Village
153. Sun International Hotel
154. Sunrise Biscuits
155. Shechem Investment Limited
156. Tap Zambia Limited
157. Tazama Pipe Lines Limited
158. The Lusaka Hotel
159. Tiger Animal Feeds
160. Tombwe Processing
161. Total Zambia Limited
162. Toyota Zambia
163. Trade Kings
164. Tyre King
165. Uniliver South East Africa
166. Union Gold
167. Uniturtle Industries
168. University of Zambia
169. Vita Life Pharmaceuticals
170. Vitretext Paints
171. Voyagers
172. Workers Compensation Fund Control Board
173. Yuka Crocodile Farm Limited
174. Zain Zambia PLC
175. Zal Elevators
176. Zambesha Mining Limited
177. Zambia Association of Manufacturers
178. Zambia Bata Shoe Company
179. Zambia Breweries Group
180. Zambia Chamber of Commerce & Industry
181. Zambia Electricity Supply Corporation
182. Zambia Postal Services Corporation
183. Zambia State Insurance Corporation
184. Zambia Telecommunications Company
185. Zambia Institute of Human Resources Management
186. Zambia Bureau of Standards
187. Zambia Institute of Management
188. Zambia National Building Society
189. Zambia National Commercial Bank Plc
190. Zambia National Farmers Union
191. Zamanita
192. Zambia Revenue Authority
193. Railway Systems of Zambia Limited
194. Zambia Seed Company
195. Zambia Sugar PLC
196. ZAMEFA Plc.
Annex 6: SOCIO-ECONOMIC DEVELOPMENT

Annex 6.1: Methodology

A tri-layered methodology incorporating Desk Review, Quantitative and Qualitative research approaches was used during the all process of the survey.

(a) Rationale for the approach

Core documents reviewed were the FNDP, Economic Reports, MDG reports, Government Policies and LCM. Other documents and publications were utilized to develop the survey questionnaire based on the APRM Assessment. These documents include especially those in the socio-economic sector. The quantitative phase was used to collect information from the general public and other key stakeholders on their perceptions. The qualitative phase gathered information from individuals viewed to have had direct interaction with the APRM operations, for example, members of CSOs, Government Officials and FBOs, etc. The tri-layered integrated approach adopted in the overall design, together with desk research, qualitative feedback and quantitative data was considered a robust methodology to deliver such results.

(b) Household surveys

The survey was designed to cover adequate SEAs and households in selected areas of the 5 provinces chosen as shown in Chapter 3. The sampling frame was developed from the 2000 census book. The CSO 2000 census administratively demarcated into 9 provinces further divided into 72 districts. The districts are subdivided into 150 constituencies, also divided into wards. Wards embrace CSAs, which in turn nest SEA. In this survey, SEAs constituted the ultimate Primary Sampling Units (PSUs).

The survey employed the Square Root Optimal allocation method when allocating the sample points to the emerging strata. This method is a compromise between the proportional and equal allocation methods since the former is a good method for combined estimates while the latter is desirable for separate estimates. Two main domains were considered. Setting the Confidence level at 95%, a margin of error of 5% and using two stage stratified cluster sampling method of sampling with the estimated design effect = 1.5, an assumed response rate of 90 percent, the sample size was calculated to be about 1,200 households to give reliable rural and urban estimates and the combined national estimate.

(i) Survey Instrument
The questionnaire was designed based on APRM objectives. The draft questionnaire was submitted to NGC for approval. The finalized questionnaire was in English and later translated to Bemba and Nyanja, which were relevant to target areas. Translations were made by Steadman translators and checked, and verified by other staff to ensure that original concepts and meanings were retained. Further, each language was back-translated into English for validation purposes. The questionnaire was piloted in Lusaka and Kafue districts. This was done to assess its reliability, consistency and clarity in terms yielding desired data. Several changes were made to the questionnaire to make it more concise and clear, in alignment to survey objectives.

(III) Challenges in the implementation of the APRM survey

A number of challenges were encountered during the implementation phase of the Survey:

- There was little cooperation among government officials making the sample size low.
- Information for 2008 was not yet available from most of the Ministries. Therefore the information presented is from 2004 to 2007 in most parts of the report.
- Data inconsistency and information gaps. This reduced the ability for to conduct a comparative and trend analysis.

j) Demographic Data

Table 3.1 presents the key demographics of the sample across setting (rural-urban) and provinces. Reflecting the sample distribution, 54% of the sample is drawn from rural areas and 46% from urban areas, distributed across all the five provinces which were selected. Overall, 650 (54%) are male and 550 (46%) are female. There were more males in the rural areas than females while in the urban areas the split was almost equal.

Table 3.1: Demographic profile: Basic characteristics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
<th>Lusaka</th>
<th>Central</th>
<th>Copperbelt</th>
<th>Eastern</th>
<th>Luapula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>54</td>
<td>64</td>
<td>45</td>
<td>34</td>
<td>67</td>
<td>55</td>
<td>56</td>
<td>63</td>
</tr>
<tr>
<td>Female</td>
<td>46</td>
<td>36</td>
<td>55</td>
<td>66</td>
<td>33</td>
<td>44</td>
<td>44</td>
<td>37</td>
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<td>Total</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
<th>Lusaka</th>
<th>Central</th>
<th>Copperbelt</th>
<th>Eastern</th>
<th>Luapula</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>13</td>
<td>15</td>
<td>11</td>
<td>14</td>
<td>25</td>
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<td>9</td>
</tr>
<tr>
<td>26-30</td>
<td>18</td>
<td>16</td>
<td>20</td>
<td>20</td>
<td>14</td>
<td>16</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>31-35</td>
<td>15</td>
<td>13</td>
<td>16</td>
<td>13</td>
<td>14</td>
<td>16</td>
<td>15</td>
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<td>36-40</td>
<td>15</td>
<td>17</td>
<td>14</td>
<td>11</td>
<td>16</td>
<td>16</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>41-50</td>
<td>19</td>
<td>18</td>
<td>20</td>
<td>18</td>
<td>13</td>
<td>25</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>51+</td>
<td>20</td>
<td>21</td>
<td>19</td>
<td>23</td>
<td>16</td>
<td>21</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
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<td>100</td>
<td>100</td>
<td>100</td>
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<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
<th>Lusaka</th>
<th>Central</th>
<th>Copperbelt</th>
<th>Eastern</th>
<th>Luapula</th>
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<tr>
<td>Married</td>
<td>73</td>
<td>74</td>
<td>72</td>
<td>68</td>
<td>76</td>
<td>70</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Single</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Widowed</td>
<td>14</td>
<td>12</td>
<td>15</td>
<td>19</td>
<td>9</td>
<td>16</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Divorced /Separate</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Education</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>-----------</td>
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<td>-----</td>
<td>-----</td>
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<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>No Schooling</td>
<td>14</td>
<td>17</td>
<td>10</td>
<td>15</td>
<td>8</td>
<td>4</td>
<td>32</td>
<td>6</td>
</tr>
<tr>
<td>Primary school completed</td>
<td>21</td>
<td>28</td>
<td>15</td>
<td>23</td>
<td>19</td>
<td>8</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td>Some secondary school</td>
<td>20</td>
<td>22</td>
<td>18</td>
<td>20</td>
<td>23</td>
<td>28</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Secondary school completed</td>
<td>23</td>
<td>18</td>
<td>27</td>
<td>28</td>
<td>30</td>
<td>23</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>Post-secondary - College</td>
<td>13</td>
<td>9</td>
<td>18</td>
<td>10</td>
<td>11</td>
<td>21</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Some university or completed</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
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<td>100</td>
<td>100</td>
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<td>100</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Respondents employment status</th>
<th>100</th>
<th>100</th>
<th>100</th>
<th>100</th>
<th>100</th>
<th>100</th>
<th>100</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsistence farmer</td>
<td>47</td>
<td>78</td>
<td>15</td>
<td>15</td>
<td>59</td>
<td>30</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>Employed (formal)</td>
<td>8</td>
<td>3</td>
<td>14</td>
<td>7</td>
<td>7</td>
<td>17</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Employed (informal)</td>
<td>7</td>
<td>3</td>
<td>11</td>
<td>12</td>
<td>8</td>
<td>9</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Business (SME)</td>
<td>15</td>
<td>6</td>
<td>25</td>
<td>22</td>
<td>12</td>
<td>19</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Unemployed</td>
<td>20</td>
<td>7</td>
<td>33</td>
<td>42</td>
<td>9</td>
<td>24</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Number of Respondents: 1200, 900, 720, 600, 500, 420, 300, 250, 175
As a % of total sample: 65, 54, 46, 21, 19, 25, 21, 15

Key findings revolve around three areas: education, employment and gender. With regards to the first, more respondents had secondary education than tertiary (university or other). More than half the respondents had basic primary education. Rural areas had the highest number of least educated respondents. Incidentally, only 9% of the total respondent group had any tertiary education. A good 23% had secondary school education.

The employment figures revealed a bias towards self employment in farming and other businesses. The large pool of respondents educated up to secondary school translated into a large population of unskilled and semi-skilled labour. Again, only 8% of the sample reported being in formal employment, 47% in subsistence farming and 15% running their own businesses.

With reference to gender, more females have moved into urban areas as shown in table 3.1. This is suggestive of two things: first, the high level of unskilled labour has moved into farming, largely in rural areas, and is mostly male. Secondly, the governments National Gender Policy has created female-friendly education and work institutions. If, however, this policy is the cause of the observed reverse migration into rural areas is speculative.

Annex 6.2: Assessment of the different stakeholders in designing national programmes
Annex 6.3: National Programme design, adoption and implementation

<table>
<thead>
<tr>
<th>Types of National Programmes</th>
<th>Very well</th>
<th>Well</th>
<th>Moderate</th>
<th>Poor</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRSP</td>
<td>12%</td>
<td>20%</td>
<td>50%</td>
<td>18%</td>
<td>-</td>
</tr>
<tr>
<td>Fifth National Development Plans (FNDPs)</td>
<td>12%</td>
<td>33%</td>
<td>44%</td>
<td>11%</td>
<td>-</td>
</tr>
<tr>
<td>Decentralization Policy</td>
<td>3%</td>
<td>23%</td>
<td>36%</td>
<td>33%</td>
<td>5%</td>
</tr>
<tr>
<td>Fertilizer Support Programme</td>
<td>8%</td>
<td>23%</td>
<td>35%</td>
<td>35%</td>
<td>-</td>
</tr>
<tr>
<td>Zambia Investment Policy</td>
<td>5%</td>
<td>24%</td>
<td>47%</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>Private Sector Development Plan</td>
<td>6%</td>
<td>18%</td>
<td>52%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Citizen Economic Empowerment Fund</td>
<td>5%</td>
<td>14%</td>
<td>41%</td>
<td>38%</td>
<td>3%</td>
</tr>
<tr>
<td>Rural Electrification Programme</td>
<td>5%</td>
<td>20%</td>
<td>47%</td>
<td>20%</td>
<td>9%</td>
</tr>
<tr>
<td>Economic Reform Programme</td>
<td>5%</td>
<td>23%</td>
<td>47%</td>
<td>23%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Annex 6.4: Institutional Arrangement and Information Flow

![Diagram of institutional arrangement and information flow]

Source: FNDP

Annex 6.5: Community Rating of Performance of the Government in the Provision of Agricultural Services

![Pie chart showing community rating]

Source: APRM Household Survey
Annex 6.6: Mining Sector Performance against Key Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2006 Actual</th>
<th>2007 Target</th>
<th>2007 Actual</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of large scale mining companies contributing to the improvement of the social welfare of the communities</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>Met</td>
</tr>
<tr>
<td>Number of small scale mines in production</td>
<td>--</td>
<td>90</td>
<td>--</td>
<td>No data</td>
</tr>
<tr>
<td>Value of receipts generated by small scale mining in US$ equivalent</td>
<td>25.5m</td>
<td>40.0m</td>
<td>20.9m</td>
<td>Not met</td>
</tr>
<tr>
<td>Annual growth of the mining sector (%)</td>
<td>7.3</td>
<td>14.0</td>
<td>(2.1)</td>
<td>Not met</td>
</tr>
<tr>
<td>Number of local manufacturing companies processing minerals into finished products</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>met</td>
</tr>
<tr>
<td>Mining companies complying with environmental regulations (%)</td>
<td>42</td>
<td>55</td>
<td>51</td>
<td>Partly Met</td>
</tr>
</tbody>
</table>

Source: 2007 FNDP Progress Report

Annex 6.7: Community Rating of the Provision of Infrastructure Services

Community rating of the Infrastructure
Base n=1200

Source: APRM Household Survey

Annex 6.8: Community Rating of the Provision of Health Services
Annex 6.9: Health Services Delivery Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health Service Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Centre 0-5 per capita attendance</td>
<td>1.94</td>
<td>2.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Centre 0-5 attendance</td>
<td>0.61</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bed Occupancy Rate</td>
<td>50</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital Average Length of Stay</td>
<td>4</td>
<td>4.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Month (%) for which drugs were in stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maternal Health and Family Planning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervised Deliveries</td>
<td>61</td>
<td>62</td>
<td>61</td>
<td>62</td>
</tr>
<tr>
<td>Institutional Deliveries</td>
<td>43</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Antenatal Coverage (%)</td>
<td>97</td>
<td>93</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Average Antenatal Visits (number)</td>
<td>3.1</td>
<td>3.0</td>
<td>2.9</td>
<td>2.8</td>
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<tr>
<td>First Postnatal attendance</td>
<td>51</td>
<td>56</td>
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<tr>
<td><strong>Child Health</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fully immunized children &lt; 1 year</td>
<td>80</td>
<td>82</td>
<td>87</td>
<td>85</td>
</tr>
<tr>
<td>Underweight prevalence (% underweight)</td>
<td>17</td>
<td>16</td>
<td>14</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: APRM Household Survey

Annex 6.10 Community Rating of the Provision of Water and Sanitation Services
Annex 6.11: Community Rating of the Provision of Housing Services

Annex 6.12: Assessment of the Country’s Aid Dependence in Terms of Total Debt Ratio to GDP and in terms of Total Debt Ratio to Exports

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007**</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (ZMK'B)*</td>
<td>25,997.4</td>
<td>32,456.3</td>
<td>39,223.1</td>
<td>45,482.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt ratio to GDP</td>
<td>1.052</td>
<td>1.810</td>
<td>2.2200</td>
<td>3,819</td>
<td>4,273.4</td>
<td></td>
</tr>
<tr>
<td>Export Earnings (US$ Million) ***</td>
<td>1,052</td>
<td>1,174.6</td>
<td>1,042.7</td>
<td>1,155.6</td>
<td>785.9</td>
<td></td>
</tr>
<tr>
<td>Total Debt Service Ratio (US$ M) ***</td>
<td>1,145.2</td>
<td>1,174.6</td>
<td>1,042.7</td>
<td>1,155.6</td>
<td>785.9</td>
<td></td>
</tr>
<tr>
<td>Total Debt Service Ratio to Exports^</td>
<td>1,09</td>
<td>0.65</td>
<td>0.047</td>
<td>0.30</td>
<td>0.18</td>
<td></td>
</tr>
</tbody>
</table>


Annex 6.13: Rating of the impact of the selected Policies on Poverty reduction

Expert Panel Data
Annex 6.14: Selected PRPs, Allocations and Releases in 2006

<table>
<thead>
<tr>
<th>Grand Total</th>
<th>2006 PRP Budget</th>
<th>2006 Releases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zambia Police – Ministry of Home Affairs</td>
<td>2,554,461,113,711</td>
<td>2,347,834,104,077</td>
</tr>
<tr>
<td>Implementation of various Poverty Reduction Programmes</td>
<td>7,000,000,000</td>
<td>6,775,000,000</td>
</tr>
<tr>
<td>Ministry of Energy and Water Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural water (Borehole, Well) and Farm Blocks</td>
<td>1,400,588,954</td>
<td>1,386,766,955</td>
</tr>
<tr>
<td>Rehabilitation/Construction of Earth Dams</td>
<td>4,695,585,109</td>
<td>4,695,585,109</td>
</tr>
<tr>
<td>Ministry of Home Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prison infrastructure improvement</td>
<td>3,913,446,965</td>
<td>4,709,737,630</td>
</tr>
<tr>
<td>Loans and Investments – Local; Government and Housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of Municipal Housing Bonds</td>
<td>1,401,800,000</td>
<td>1,911,800,000</td>
</tr>
<tr>
<td>Central Province Urban water Supply Programme</td>
<td>837,500,000</td>
<td>1,737,500,000</td>
</tr>
<tr>
<td>Loans and Investments – Finance and National Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects</td>
<td>48,437,275,225</td>
<td>4,473,000,000</td>
</tr>
<tr>
<td>Techno-Economic Feasibility Studies and Designs</td>
<td>10,250,000,001</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Rural Development Programme and Road Rehabilitation</td>
<td>10,221,702,803</td>
<td>10,221,702,803</td>
</tr>
<tr>
<td>Routine maintenance (Road Fund)</td>
<td>175,956,198,94</td>
<td>174,956,198,94</td>
</tr>
<tr>
<td>Road Infrastructure Development</td>
<td>86,401,773,730</td>
<td>86,401,773,730</td>
</tr>
<tr>
<td>Recapitalization, Investment and Government Institutions (PRP2)</td>
<td>92,308,507,669</td>
<td>165,628,148,000</td>
</tr>
<tr>
<td>Ministry of Local Government and Housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Rehabilitation for Local Authorities</td>
<td>1,550,000,000</td>
<td>1,020,944,742</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>89,004,554,241</td>
<td>51,350,010,776</td>
</tr>
<tr>
<td>Ministry of Sport, Youth and Child Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills Training and Youth Empowerment</td>
<td>6,000,000,000</td>
<td>5,824,648,891</td>
</tr>
<tr>
<td>Children and Empowerment Programme</td>
<td>2,300,050,000</td>
<td>2,300,050,000</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of Various Poverty Reduction Programmes</td>
<td>8,175,076,587</td>
<td>5,253,840,972</td>
</tr>
<tr>
<td>Infrastructure development</td>
<td>32,292,046,827</td>
<td>39,617,999,085</td>
</tr>
<tr>
<td>Ministry of Agriculture and Cooperatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Development Programmes</td>
<td>11,445,970,027</td>
<td>3,191,663,398</td>
</tr>
<tr>
<td>Fertilizer Support Programme</td>
<td>188,590,145,000</td>
<td>188,590,145,000</td>
</tr>
<tr>
<td>Strategic Food Reserves</td>
<td>140,000,000</td>
<td>140,000,000</td>
</tr>
<tr>
<td>Office of the President – Copperbelt Province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Feeder Roads Rehabilitation</td>
<td>1,987,500,000</td>
<td>1,326,458,333</td>
</tr>
<tr>
<td>Office of the President Central Province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeder Roads</td>
<td>1,200,000,000</td>
<td>1,200,000,000</td>
</tr>
<tr>
<td>Office of the President – Northern Province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation of Feeder Roads</td>
<td>2,153,000,000</td>
<td>2,153,000,000</td>
</tr>
<tr>
<td>Office of the President – Western Province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads Rehabilitation (Feeder Roads)</td>
<td>1,203,834,431</td>
<td>1,203,834,431</td>
</tr>
<tr>
<td>Office of the President – Eastern Province</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annex 6.15: Rating of the country in prioritizing and performance towards achieving MDGs

Expert panel interviews

Annex 6.16: Proportion of population living in extreme poverty and Poverty gap ratio (incidence x depth of poverty)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1991</th>
<th>2004</th>
<th>2006</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of population living in extreme poverty %</td>
<td>58</td>
<td>53</td>
<td>51</td>
<td>29</td>
</tr>
<tr>
<td>Rural</td>
<td>81</td>
<td>68</td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td>Urban</td>
<td>32</td>
<td>34</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Poverty Gap Ratio (Incidence)</td>
<td>-</td>
<td>53</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Rural</td>
<td>-</td>
<td>56</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>Urban</td>
<td>-</td>
<td>42</td>
<td>13</td>
<td>-</td>
</tr>
</tbody>
</table>


Annex 6.17: Status of indicators for halving between 1990 and 2015 the proportion of people who suffer form hunger

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1991</th>
<th>2006</th>
<th>2007</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevalence of underweight children (under five years of age) (%)</td>
<td>22</td>
<td>19.7</td>
<td>14.6</td>
<td>11</td>
</tr>
<tr>
<td>Proportion of population below minimum level of dietary energy consumption (%)</td>
<td>58</td>
<td>51</td>
<td>-</td>
<td>29</td>
</tr>
</tbody>
</table>

### Annex 6.18: Status of Target 3 in figures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net enrolment in primary education (%)</td>
<td>80</td>
<td>76</td>
<td>85</td>
<td>96</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>• Girls</td>
<td>69</td>
<td>75</td>
<td>85</td>
<td>96</td>
<td>98</td>
<td>100</td>
</tr>
<tr>
<td>• Boys</td>
<td>71</td>
<td>71</td>
<td>86</td>
<td>95</td>
<td>96</td>
<td>100</td>
</tr>
<tr>
<td>Pupils reaching Grade 7 (%)</td>
<td>64</td>
<td>73</td>
<td>82</td>
<td>81</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>• Girls</td>
<td>57</td>
<td>66</td>
<td>75</td>
<td>73</td>
<td>79</td>
<td>100</td>
</tr>
<tr>
<td>• Boys</td>
<td>71</td>
<td>80</td>
<td>95</td>
<td>88</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>Literacy rates : 15-24 year olds %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• National</td>
<td>79</td>
<td>75</td>
<td>70</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>• Female</td>
<td>75</td>
<td>70</td>
<td>66</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>• Male</td>
<td>79</td>
<td>75</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
</tbody>
</table>


### Annex 6.19: Status of Target 4 in figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of girls to boys in:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.98</td>
<td>0.95</td>
<td>0.95</td>
<td>0.97</td>
<td>1</td>
</tr>
<tr>
<td>Secondary</td>
<td>0.92</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>0.84</td>
<td>0.83</td>
<td>0.73</td>
<td>1</td>
</tr>
<tr>
<td>Tertiary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.71</td>
<td>0.63</td>
<td>0.74</td>
<td>0.9***</td>
<td>1</td>
</tr>
<tr>
<td>Ratio of literate females to males among 15-24 year olds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Share of women in wage (%)</td>
<td>39</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>35</td>
<td>34</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Proportion of seats held by women in national Parliament (%)</td>
<td>-</td>
<td>6</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>14</td>
<td>30**</td>
<td></td>
</tr>
</tbody>
</table>

Source: MDGR 2006; MOE Annual School Census 2005; Cabinet Office/GIDD 2007/TEVETA, * MDG Target, ** 30 percent is the Southern Africa Development Community target, ***This includes colleges and universities

### Annex 6.20: Under-Five Mortality and Infant Mortality Rates and Proportion of One Year Olds Immunized Against Measles

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-five mortality rate**</td>
<td>191</td>
<td>197</td>
<td>168</td>
<td>119</td>
<td>56</td>
</tr>
<tr>
<td>Infant mortality rate**</td>
<td>107</td>
<td>109</td>
<td>95</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>Proportion of one-year olds immunized against measles (%)</td>
<td>77</td>
<td>86</td>
<td>84</td>
<td>84.9</td>
<td>_</td>
</tr>
</tbody>
</table>

Annex 6.21: Assessment of the policies/programmes in the country with respect to infant mortality

Assessment of the outcomes of policies/programmes in the country with respect to the Infant Mortality

- Poor, 11%
- Very poor, 2%
- Very good, 14%
- Good, 35%
- Fair, 30%

49%

Annex 6.22: Status of improved maternal health in figures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1996</th>
<th>2002</th>
<th>2007</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMR (deaths per 100,000 births)</td>
<td>649</td>
<td>729</td>
<td>449</td>
<td>162</td>
</tr>
<tr>
<td>Births attended by skilled personnel (%)</td>
<td>51</td>
<td>43.4</td>
<td>46</td>
<td>-</td>
</tr>
</tbody>
</table>


Annex 6.23: Trends in prevalence and treatment of fever in children under five who had fever in the two weeks preceding the Survey

Source: ZDHS 2007
Annex 6.24: Status of MDG Goal 7 in figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land covered by forest* (%)</td>
<td>59.8 (1992)</td>
<td>59.1</td>
<td>59.6</td>
<td>45</td>
<td>-</td>
<td>56.4**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land protected to maintain biological diversity* (%)</td>
<td>38.8</td>
<td>39.2</td>
<td>39.6</td>
<td>39.6</td>
<td>39.6</td>
<td>41.5**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Energy use (metric ton oil equivalent) per $1 GDP (PPP) #</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Carbon dioxide emissions per capita</td>
<td>0.3 (1999)</td>
<td>0.2</td>
<td>-</td>
<td>0.2*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumption of Zone depleting (CFCs) in ODP tons♫</td>
<td>-</td>
<td>95.57</td>
<td>45.1</td>
<td>44.5</td>
<td>43</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Population using solid field # (%)</td>
<td>86</td>
<td>82</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>-</td>
</tr>
</tbody>
</table>


Annex 6.25: Status of Target 10 in figures

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of population without sustainable access to an improved water source (%)</td>
<td>-</td>
<td>-</td>
<td>53</td>
<td>43</td>
<td>43.1</td>
<td>40</td>
<td>24.5</td>
</tr>
<tr>
<td>Proportion of population without access to improved sanitation (%)</td>
<td>26</td>
<td>22</td>
<td>38</td>
<td>34</td>
<td>29.9</td>
<td>36.1</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: MDGR 2008

Annex 6.26: Social/Equity/Gender Equality indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gini Index of Income Inequality</td>
<td>A summary measure of the extent to which the actual distribution of income, consumption expenditure, or a related variable, differs from a hypothetical distribution in which each person receives an identical share</td>
<td>zero representing no inequality and one representing the maximum possible degree of inequality.</td>
<td>None</td>
<td>0.57</td>
</tr>
<tr>
<td>Ratio of average female wage to male wage</td>
<td>Obtained as the quotient of average wage rates paid to female and male employees at regular intervals for time worked or work done for particular occupations.</td>
<td>%</td>
<td>Eliminate discriminatory practices in employment (Beijing)</td>
<td>1:2</td>
</tr>
</tbody>
</table>
### Annex 6.27: Social/Health/Nutritional Status

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/ Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutritional status of children</td>
<td>Children under age five whose weight-for-age and height-for-age is between either 80% - 120% of the reference value of the country, or within two standard deviations of this value.</td>
<td>%</td>
<td>At least 90% of children within a population should have a weight-for-age that corresponds to the reference values given in section 1b above by the year 2000</td>
<td>45 percent of children under five are stunted and 21 percent are severely stunted. ZDHS 2007</td>
</tr>
</tbody>
</table>

### Annex 6.28: Social/Health/Sanitation Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/ Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of population with adequate sewage disposal Facilities</td>
<td>Proportion of population with access to a sanitary facility for human excreta disposal in the dwelling or immediate vicinity</td>
<td>%</td>
<td>The Vision 21 of the Water Supply and Sanitation Collaborative Council provides targets of 100% coverage by the year 2025. (WHO)</td>
<td>Urban 43.7%, rural 12.9% and all Zambia 23.9%</td>
</tr>
</tbody>
</table>
### Annex 6.30: Social/Health/Healthcare Delivery

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Standards</th>
<th>Targets /Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percent of population with access to primary health care facilities</strong></td>
<td>Proportion of population with access to primary health care facilities.</td>
<td>%</td>
<td>International targets have been outlined in the Global Strategy for Health for All and more recently in the Ninth General Programme of Work. In addition, many countries have established national targets.</td>
<td></td>
<td>All Zambia 90.2%, rural 89.7% and urban 90.8%</td>
</tr>
<tr>
<td><strong>Immunization against infectious childhood diseases</strong></td>
<td>The percent of the eligible population that have been immunized according to national immunization policies. The definition includes three components: (i) the proportion of children immunized against diphtheria, tetanus, pertussis, measles, poliomyelitis, tuberculosis and hepatitis B before their first birthday; (ii) the proportion of children immunized against yellow fever in affected countries of Africa; and (iii) the proportion of women of childbearing age immunized against tetanus.</td>
<td>%</td>
<td>In the Global Strategy for Health and the Ninth General Programme at Work, all children and 90% of children respectively, should be immunized against diphtheria, tetanus, pertussis, measles, poliomyelitis, tuberculosis and hepatitis B (see section 6 below). The 1992 World Health Assembly agreed that all children should be immunized against hepatitis B as part of expanded national programmes of immunization. In addition, all children in affected countries of Africa should be immunized against yellow fever. At the World Summit for Children it was resolved that all pregnant women should be immunized against tetanus.</td>
<td></td>
<td>67.6% coverage for BCG, DPT/DPT-HepB-Hib, Polio and measles</td>
</tr>
<tr>
<td><strong>Contraceptive prevalence rate</strong></td>
<td>This indicator is generally defined as the percent of women or reproductive age using any method of contraception. It is usually calculated for married women of reproductive age, but sometimes for other base population, such as all women of reproductive age, or for men of a specified age group.</td>
<td>%</td>
<td>ICPD Programme of Action states that &quot;Governmental goals for family planning should be defined in terms of unmet needs for information and services. Demographic goals, while legitimately the subject of government development strategies, should not be imposed on family-planning providers in the form of targets or quotas for the recruitment of clients&quot;</td>
<td></td>
<td>30 %</td>
</tr>
</tbody>
</table>
Annex 6.31: Social/Education and Literacy Levels

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social/Education/Education Level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children reaching grade 5 of primary education</td>
<td>The estimated proportion of the population entering primary school who reach grade 5.</td>
<td>%</td>
<td>With values that can vary form 0 to 100%. This implies complete retention of children in school to grade 5 (or zero drop-out).</td>
<td>91 percent of boys and 79 percent of girls reached Grade 7 (2006)</td>
</tr>
<tr>
<td>Adult secondary education achievement level</td>
<td>The proportion of the population of working age (25-64 years) which has completed at least (upper) secondary education.</td>
<td>%</td>
<td>None</td>
<td>5.4 % for women and 9.5% for men</td>
</tr>
<tr>
<td><strong>Social/Education/Literacy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult literacy rate</td>
<td>The proportion of the adult population aged 15 years and over that is literate.</td>
<td>%</td>
<td>The general target is full literacy, i.e., 100% adult literacy rate.</td>
<td>81% women and 90% men in urban areas percent, and 51% for women and 75% for men in rural areas</td>
</tr>
</tbody>
</table>

Annex 6.32: Environmental/Atmosphere/Climate Change measured by emissions of greenhouse gases

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIMSsions of greenhouse gases</td>
<td>Anthropogenic eIMSsions, less removal by sinks, of the greenhouse gases carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydro fluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), together with the indirect greenhouse gases nitrogen oxides (NOx), carbon monoxide (CO) and non-methane volatile organic compounds (NMVOCs)</td>
<td>Annual GHG eIMSsions in gigagrams (Gg). EIMSsions of CH4, N2O, HFCs, PFCs and SF6 can be converted to CO2 equivalents using 100 year global warming potentials (GWPs) provided in the IPCC Second Assessment Report, 1995</td>
<td>The Kyoto Protocol sets targets for each of the developed country Parties and economy in transition Parties with a view to reducing their overall eIMSsions of the six main GHGs by at least 5 per cent below 1990 levels in the commitment period 2008 to 2012.</td>
<td>-</td>
</tr>
</tbody>
</table>
### Annex 6.33: Environmental/Atmosphere/Ozone layer depletion

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/ Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of ozone depleting substances</td>
<td>This indicator will show the amounts of Ozone Depleting Substances being eliminated as a result of the Montreal Protocol.</td>
<td>Tonnes of ODS weighted by their Ozone Depletion Potential (ODP).</td>
<td>Complete phase out of ODS</td>
<td>1996 95.57 tons; 2001 45.1 tons; 2003 44.5 tons and 2004 43 tons</td>
</tr>
</tbody>
</table>

### Annex 6.34: Environmental/Land/Agriculture

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/ Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arable and permanent crop land area</td>
<td>Arable and permanent crop land is the total of “arable land” and “land under permanent crops”.</td>
<td>1000 ha.</td>
<td>None</td>
<td>5,880,000 ha 15% of total arable land (2007 NAPA)</td>
</tr>
<tr>
<td>Use of fertilizers</td>
<td>Extent of fertilizer use in agriculture per unit of agricultural land area. Kg/ha</td>
<td>Kg/ha</td>
<td>None</td>
<td>800 kgs est.</td>
</tr>
<tr>
<td>Use of agricultural pesticides</td>
<td>Use of pesticides per unit of agricultural land area (Pesticide use in metric tons of active ingredients per 10 km2 of agricultural land.)</td>
<td>(Pesticide use in metric tons of active ingredients per 10 km2 of agricultural land.)</td>
<td>None</td>
<td>Data not available</td>
</tr>
</tbody>
</table>
### Annex 6.35: Environmental/Fresh water/Water Quantity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual withdrawals of ground and surface water as a percent of total renewable water</td>
<td>The total annual volume of ground and surface water abstracted for water uses as a percentage of the total annually renewable volume of freshwater.</td>
<td>%</td>
<td>For international water law, see reference in section 6(a) below. International water sharing agreements also exist between many countries.</td>
<td>0.5 %</td>
</tr>
<tr>
<td>Biochemical oxygen demand in water bodies</td>
<td>BOD measures the amount of oxygen required or consumed for the microbiological decomposition (oxidation) of organic material in water.</td>
<td>mg/l of oxygen consumed in 5 days at a constant temperature of 20°C.</td>
<td>Not available</td>
<td>No nationwide estimates</td>
</tr>
<tr>
<td>Concentration of faecal coliform in freshwater</td>
<td>The proportion of freshwater resources destined for potable supply containing concentrations of faecal coliforms which exceed the levels recommended in the World Health Organization (WHO) Guidelines for Drinking-water Quality.</td>
<td>%</td>
<td>The standards are available in the WHO Guidelines for Drinking-water Quality. These have been adopted by most countries.</td>
<td>No nationwide estimates</td>
</tr>
</tbody>
</table>

### Annex 6.36: Environmental/ Biodiversity/Ecosystems

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area of selected key ecosystems</td>
<td>This indicator will use trends in the extant area of identified key ecosystems to assess the relative effectiveness of measures for conserving biodiversity at ecosystem level and as a tool to estimate the need for specific conservation measures to maintain the biological diversity in a country or region.</td>
<td>Area (km² or ha) of selected ecosystem types</td>
<td>Although there are no quantified international targets, there is a widely accepted need to avoid further loss of biological diversity.</td>
<td>225,000 km²</td>
</tr>
<tr>
<td>Protected area as a percent of total area</td>
<td>This indicator measures the area of protected land ecosystems, inland water ecosystems, and marine ecosystems expressed as a percentage of the total area of land ecosystems, inland water ecosystems and marine ecosystems respectively</td>
<td>%</td>
<td>Recommendation 16 of the Fourth World Congress on National Parks and Protected Areas (Caracas, 1992) establishes a target of 10% protected area of each biome (major ecosystem type) by the year 2000 (McNeely 1993).</td>
<td>1990 - 38.8%; 1996 - 39.2%; 2001 - 39.6%; 2003 - 39.6%; 2004 - 39.6% and 2005 - 41.5%*</td>
</tr>
</tbody>
</table>

*MDGR 2008
### Annex 6.37: Environmental/ Biodiversity/Species

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/ Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abundance of selected key species</td>
<td>This indicator uses estimates of population trends in selected species to represent changes in biodiversity, and the relative effectiveness of measures to maintain Biodiversity.</td>
<td>Number of mature individuals or other relevant indicator of abundance within a given area or population.</td>
<td>Although there are no quantified international targets, there is a widely accepted need to avoid further loss of biological diversity.</td>
<td>2,032 invertebrates 733 birds 409 fishes 224 mammals 150 reptiles 67 amphibians 16 domestic animals</td>
</tr>
</tbody>
</table>

### Annex 6.38: Status of Official Development Assistance in figures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA ($m)</td>
<td>519.8</td>
<td>652.0</td>
<td>415.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Budget support</td>
<td>64.8</td>
<td>153.7</td>
<td>159.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants</td>
<td>44.1</td>
<td>129.7</td>
<td>146.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>20.7</td>
<td>24.0</td>
<td>12.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project support</td>
<td>455</td>
<td>498.3</td>
<td>255.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ODA as percent of GDP</td>
<td>9.3</td>
<td>6.8</td>
<td>5.2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and Planning and CSO*
## Annex 6.39: Economic/Consumption and Production Patterns/Waste Generation and Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation of industrial and municipal solid waste</strong></td>
<td>The generation of industrial and municipal solid waste is derived from the production of waste on a weight basis at the point of production.</td>
<td>Tonnes per capita per annum.</td>
<td>Some countries have set national targets for the reduction of solid waste within a specified time frame</td>
<td>150,000 mt*</td>
</tr>
<tr>
<td><strong>Generation of hazardous wastes</strong></td>
<td>The total amount of hazardous wastes generated per year through industrial or other waste generating activities, according to the definition of hazardous waste as referred to in the Basel Convention and other related conventions (see sections 3(e) and 7 below).</td>
<td>Metric tonnes or tonnes per unit of Gross Domestic Product (GDP).</td>
<td>None. In Agenda 21, Chapter 20, an overall target of &quot;preventing or minimizing the generation of hazardous wastes as part of an overall integrated cleaner production approach&quot; is provided.</td>
<td>605,400 mt*</td>
</tr>
<tr>
<td><strong>Generation of radioactive waste</strong></td>
<td>Radioactive waste arises from various sources, such as nuclear power generation and other nuclear fuel cycle related activities, radioisotope production and use for applications in medicine, agriculture, industry and research</td>
<td>cubic metre (m3) per annum</td>
<td>The International Atomic Energy Agency (IAEA) has established Safety Standards (Fundamentals, Requirements and Guides) applicable to the management of radioactive wastes. It has also established Basic Safety UN Commission on Sustainable Development 262 IAEA Standards for the Protection of Humans against Ionizing Radiation, that are consistent with recommendations of the International Commission on Radiological Protection (see references).</td>
<td></td>
</tr>
<tr>
<td><strong>Waste recycling and reuse</strong></td>
<td>This is the volume of waste which is reused or recycled based on the volume actually generated at source on a per capita basis</td>
<td>%</td>
<td>Some developed countries have established voluntary targets for the proportion of waste recycled.</td>
<td></td>
</tr>
</tbody>
</table>

*Baseline Study Towards Non Toxic Environment In Africa Country Report Zambia*
Annex 6.40: Institutional/Institutional Framework/Strategic Implementation of SD

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>National sustainable development strategy</td>
<td>A national sustainable development strategy aims to build upon and harmonize the various sectoral economic, social and environmental policies and plans existing in a country to ensure socially responsible economic development while protecting the resource base for the benefit of future generations.</td>
<td>Qualitative Assessment. There are two dimensions: Does a country have a National Sustainable Development Strategy or not (yes/no measure) and Is the Strategy Being Implemented and the degree of its effectiveness.</td>
<td>The Programme for the Further Implementation of Agenda 21 (Earth Summit +5) approved by the 19th Special Session of the General Assembly stated that, “By the year 2002, the formulation and elaboration of national strategies for sustainable development that reflect the contributions and responsibilities of all interested parties should be completed in all countries, with assistance provided, as appropriate, through international cooperation, taking into account the special needs of the least developed countries. The OECD has set 2005 as the target for the implementation of national sustainable development strategies.</td>
<td>FNDP is being implemented</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Unit of measure</th>
<th>International Targets/Recommended Standards</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main telephone lines per 1000 inhabitants</td>
<td>The indicator is derived by dividing the number of main telephone lines in operation by the population and multiplying by 1000.</td>
<td>Measured as the % of population with a telephone line.</td>
<td>Not available</td>
<td>9 people per 1000 for fixed telephone lines*</td>
</tr>
</tbody>
</table>

*ICT Policy 2006

Annex 6.42: Incidence of poverty among individual in urban and rural areas

<table>
<thead>
<tr>
<th>Location</th>
<th>Total poor</th>
<th>Extremely poor</th>
<th>Moderately poor</th>
<th>Non poor</th>
<th>Total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>68</td>
<td>53</td>
<td>15</td>
<td>32</td>
<td>10,898,614</td>
</tr>
<tr>
<td>Rural</td>
<td>78</td>
<td>65</td>
<td>13</td>
<td>22</td>
<td>6,632,709</td>
</tr>
<tr>
<td>Urban</td>
<td>53</td>
<td>34</td>
<td>18</td>
<td>47</td>
<td>4,265,905</td>
</tr>
</tbody>
</table>

Source: LCMS 2004
### Annex 6.43: Poverty by sex in percentages

<table>
<thead>
<tr>
<th>Background characteristics</th>
<th>Poverty status</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total poor</td>
<td>Extremely poor</td>
<td>Moderately poor</td>
<td>Non poor</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>68</td>
<td>53</td>
<td>15</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>66</td>
<td>51</td>
<td>15</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>71</td>
<td>57</td>
<td>14</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

Source: LCMS 2004

### Annex 6.44: Status of Target 3 in figures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net enrolment in primary education (%)</td>
<td>80</td>
<td>76</td>
<td>85</td>
<td>96</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>Girls</td>
<td>69</td>
<td>75</td>
<td>85</td>
<td>96</td>
<td>98</td>
<td>100</td>
</tr>
<tr>
<td>Boys</td>
<td>71</td>
<td>71</td>
<td>86</td>
<td>95</td>
<td>96</td>
<td>100</td>
</tr>
<tr>
<td>Pupils reaching Grade 7 (%)</td>
<td>64</td>
<td>73</td>
<td>82</td>
<td>81</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Girls</td>
<td>57</td>
<td>66</td>
<td>75</td>
<td>73</td>
<td>79</td>
<td>100</td>
</tr>
<tr>
<td>Boys</td>
<td>71</td>
<td>80</td>
<td>95</td>
<td>88</td>
<td>91</td>
<td>100</td>
</tr>
</tbody>
</table>


### Annex 6.45: Percent distribution of households by type of dwelling by rural/urban stratum

<table>
<thead>
<tr>
<th>Residence/Stratum</th>
<th>Kind of dwelling</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditional hut</td>
<td>Improved Trad. hut</td>
<td>Detached house</td>
<td>Flat/ apartment/ multi unit</td>
<td>Servants quarter</td>
<td>Other dwelling</td>
</tr>
<tr>
<td>Zambia</td>
<td>45.5</td>
<td>18.7</td>
<td>24.5</td>
<td>5.3</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>Rural</td>
<td>68.5</td>
<td>22.5</td>
<td>6.6</td>
<td>0.9</td>
<td>0.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Urban</td>
<td>8.9</td>
<td>12.7</td>
<td>52.9</td>
<td>12.3</td>
<td>2.4</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: LCMS 2004

### Annex 6.46: Percent distribution of households by tenancy status by rural/urban stratum

<table>
<thead>
<tr>
<th>Residence/Stratum</th>
<th>Basis of occupation</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owner occupier</td>
<td>Rented from institution</td>
<td>Rented from private landlord</td>
<td>Free housing</td>
<td>Other</td>
<td>Total</td>
</tr>
<tr>
<td>Zambia</td>
<td>73.3</td>
<td>1.7</td>
<td>16.3</td>
<td>8.6</td>
<td>0.1</td>
<td>100</td>
</tr>
<tr>
<td>Rural</td>
<td>89.8</td>
<td>0.9</td>
<td>1.4</td>
<td>7.9</td>
<td>0.1</td>
<td>100</td>
</tr>
<tr>
<td>Urban</td>
<td>47</td>
<td>3</td>
<td>40</td>
<td>9.8</td>
<td>0.2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: LCMS 2004
Annex 6.47: Percentage distribution of households by main source of water by season and by Residence, Zambia 2004

<table>
<thead>
<tr>
<th>Residence/Stratum</th>
<th>Water source wet season</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>River/Lake</td>
<td>Unprotected well</td>
<td>Protected well</td>
<td>Borehole</td>
<td>Public tap</td>
<td>Own tap</td>
<td>Other tap</td>
<td>Other</td>
<td>Total</td>
</tr>
<tr>
<td>All Zambia</td>
<td>18.3</td>
<td>24.7</td>
<td>7.8</td>
<td>16</td>
<td>13.4</td>
<td>15.1</td>
<td>4.3</td>
<td>0.4</td>
<td>100</td>
</tr>
<tr>
<td>Rural</td>
<td>28.4</td>
<td>33.2</td>
<td>10.9</td>
<td>22.4</td>
<td>3</td>
<td>1.1</td>
<td>0.7</td>
<td>0.4</td>
<td>100</td>
</tr>
<tr>
<td>Urban</td>
<td>2.3</td>
<td>11.2</td>
<td>3</td>
<td>6</td>
<td>29.8</td>
<td>37.2</td>
<td>10</td>
<td>0.4</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residence/Stratum</th>
<th>Water source in Dry Season</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Zambia</td>
<td>17.8</td>
<td>25</td>
<td>8</td>
<td>16.8</td>
<td>12.8</td>
<td>14.7</td>
<td>4.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Rural</td>
<td>27.5</td>
<td>33.1</td>
<td>11.2</td>
<td>23.2</td>
<td>2.9</td>
<td>1.1</td>
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Source: LCMS 2004

Annex 6.48: Challenges in accessing water and sanitation as cited by Respondents

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<td>Very far from source</td>
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<td>12%</td>
<td>14%</td>
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<td>Not aware where to get</td>
<td>3%</td>
<td>2%</td>
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Annex 6.49: Percentage distribution of households by use of various facilities by rural/urban 2004

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<td>9.7</td>
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<td></td>
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Source: LCMS 2004
Annex 6.50: Percentage distribution of households by proximity to facilities 2004

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<th>6-15 km</th>
<th>16km +</th>
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<td><strong>Postal office/agency</strong></td>
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Annex 6.51: Education Budget and Funds Released by Year ZMK’ billion

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<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
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<td>Budget</td>
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<td>106.1</td>
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Annex 6.52: Health Budget and Funds Released by Year K’ billion

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<th>2006</th>
<th>2007</th>
<th>2008</th>
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<td>51</td>
<td>16</td>
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<tr>
<td>% increase in funds released from one year to the next</td>
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<td>33</td>
<td>37</td>
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Annex 6.53: HIV/AIDS Sources of Funds and Actual Expenditure in US$ by Year

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<th>2007</th>
<th>2008</th>
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<td>257,849,320</td>
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<tr>
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<tr>
<td>% of External Expenditure</td>
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<td>86</td>
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Annex 6.54: Enrolment at Public Universities by Gender and Year

<table>
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<tr>
<th>Indicator</th>
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<th>2006</th>
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<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3,608</td>
<td>4,179</td>
<td>4,913</td>
<td>5,412</td>
<td>5,115</td>
</tr>
<tr>
<td>Male</td>
<td>7,953</td>
<td>8,595</td>
<td>9,160</td>
<td>8,850</td>
<td>10,232</td>
</tr>
<tr>
<td>Total</td>
<td>11,561</td>
<td>12,774</td>
<td>14,073</td>
<td>14,262</td>
<td>15,447</td>
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</table>


Source: LCMS 2004
### Annex 6.55: Selected Health Indicators with respect to Infant Mortality and Malaria

<table>
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<tbody>
<tr>
<td><strong>Child health</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fully immunized children under five years (%)</td>
<td>76</td>
<td>86</td>
<td>76</td>
<td>74</td>
<td>80</td>
<td>82</td>
<td>--</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Fully immunized children under one year (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80</td>
<td>90</td>
<td>96</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Underweight prevalence (%)</td>
<td>23</td>
<td>23</td>
<td>22</td>
<td>21</td>
<td>17</td>
<td>16</td>
<td>16</td>
<td>20.1</td>
<td>-</td>
</tr>
<tr>
<td>Infant mortality per 100,000 live births*</td>
<td>95 (in 2002)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>70</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Child mortality per 100,000 live births*</td>
<td>168 (in 2002)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>119</td>
<td>-</td>
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<tr>
<td><strong>Malaria</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaria incidence per 1,000 population</td>
<td>214.4</td>
<td>200.1</td>
<td>76.1</td>
<td>89.4</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Malaria diagnosis</td>
<td>2,423,184</td>
<td>2,398,539</td>
<td>1,347,504</td>
<td>1,114,274</td>
<td>957,878</td>
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<tr>
<td>Malaria in-patient deaths</td>
<td>4,765</td>
<td>4,139</td>
<td>1,706</td>
<td>1,529</td>
<td>1,072</td>
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<tr>
<td><strong>Other indicators</strong></td>
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<tr>
<td>Health centre outpatient per capita attendance</td>
<td>0.42</td>
<td>0.77</td>
<td>0.73</td>
<td>0.86</td>
<td>0.76</td>
<td>0.78</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>First antenatal coverage (%)</td>
<td>90</td>
<td>88</td>
<td>90</td>
<td>95</td>
<td>97</td>
<td>93</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Average antenatal visits (times)</td>
<td>3.6</td>
<td>3.6</td>
<td>3.4</td>
<td>3.3</td>
<td>3.1</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Supervised deliveries (%)</td>
<td>39</td>
<td>44</td>
<td>49</td>
<td>55</td>
<td>61</td>
<td>62</td>
<td>61</td>
<td>62.0</td>
<td>64.0</td>
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<tr>
<td>Institutional deliveries</td>
<td>43</td>
<td>45</td>
<td>44</td>
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### Annex 6.56: HIV/AIDS Trends

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<tbody>
<tr>
<td>No. of people contracting HIV/AIDS per 1,000 population</td>
<td>3.9</td>
<td>3.5</td>
<td>1.7</td>
<td>2.4</td>
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<tr>
<td>AIDS diagnosis (suspected and confirmed cases)</td>
<td>21,674</td>
<td>29,515</td>
<td>30,960</td>
<td>38,765</td>
<td></td>
</tr>
<tr>
<td>AIDS in-patient deaths (suspected and confirmed cases)</td>
<td>1,384</td>
<td>1,707</td>
<td>1,417</td>
<td>1,285</td>
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<tr>
<td>Free ART coverage number of patients</td>
<td>15,000</td>
<td>42,000</td>
<td>75,000</td>
<td>137,000</td>
<td>206,680</td>
</tr>
<tr>
<td>Target for free provision of ART</td>
<td>100,000</td>
<td>100,000</td>
<td>370,000</td>
<td>220,000</td>
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<tr>
<td>PMTCT Centre</td>
<td>200</td>
<td>278</td>
<td>678</td>
<td>935</td>
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<tr>
<td>VCT sites</td>
<td>450</td>
<td>600</td>
<td>800</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong>: Economic Reports 2004 - 2008</td>
<td></td>
<td></td>
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</table>
Annex 6.57: Enrolments and Gender Parity by Gender and Year

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<tr>
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<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolments and Gender Parity in Basic Schools 1-9</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>1,218,611</td>
<td>1,391,988</td>
<td>1,464,137</td>
<td>1,547,715</td>
<td>1,631,009</td>
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<tr>
<td>Male</td>
<td>1,300,530</td>
<td>1,460,382</td>
<td>1,522,644</td>
<td>1,618,595</td>
<td>1,704,018</td>
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<td>Total</td>
<td>2,519,141</td>
<td>2,852,370</td>
<td>2,986,781</td>
<td>3,166,310</td>
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<td>0.953</td>
<td>0.962</td>
<td>0.956</td>
<td>0.957</td>
</tr>
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<td>Enrolment in Grades 8-9 by Gender and Year</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>70,062</td>
<td>81,730</td>
<td>85,980</td>
<td>99,186</td>
<td>106,565</td>
</tr>
<tr>
<td>Male</td>
<td>88,176</td>
<td>100,856</td>
<td>107,863</td>
<td>119,946</td>
<td>129,982</td>
</tr>
<tr>
<td>Total</td>
<td>158,238</td>
<td>182,586</td>
<td>193,843</td>
<td>219,132</td>
<td>236,547</td>
</tr>
<tr>
<td>Enrolment in Grades 10-12 by Gender and Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>70,062</td>
<td>81,730</td>
<td>85,980</td>
<td>99,186</td>
<td>106,565</td>
</tr>
<tr>
<td>Male</td>
<td>88,176</td>
<td>100,856</td>
<td>107,863</td>
<td>119,946</td>
<td>129,982</td>
</tr>
<tr>
<td>Total</td>
<td>158,238</td>
<td>182,586</td>
<td>193,843</td>
<td>219,132</td>
<td>236,547</td>
</tr>
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</table>


Annex 6.58: Access to Education by Rural/Urban and Province

Have access to Education
% of those saying “Yes”
Base n= 1200

<table>
<thead>
<tr>
<th>Province</th>
<th>Total</th>
<th>Urban</th>
<th>Rural</th>
<th>Lusaka</th>
<th>Central</th>
<th>Copperbelt</th>
<th>Eastern</th>
<th>Lusaka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90%</td>
<td>91%</td>
<td>89%</td>
<td>85%</td>
<td>94%</td>
<td>97%</td>
<td>99%</td>
<td>96%</td>
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</table>
### Annex 6.59: Pregnancies and Re-admissions by Year

<table>
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<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pregnancies and Re-admissions in Basic Schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pregnancies</td>
<td>6,528</td>
<td>9,111</td>
<td>10,403</td>
<td>11,381</td>
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</tr>
<tr>
<td>Re-admissions</td>
<td>2,626</td>
<td>3,899</td>
<td>3,777</td>
<td>3,870</td>
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</tr>
<tr>
<td>% of Re-adm.</td>
<td>40.23</td>
<td>21.4</td>
<td>36.3</td>
<td>34</td>
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<tr>
<td><strong>Pregnancies and Re-admissions in Grades 10-12 Schools by Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pregnancies</td>
<td>988</td>
<td>1,330</td>
<td>1,591</td>
<td>1,752</td>
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<tr>
<td>Re-admissions</td>
<td>802</td>
<td>932</td>
<td>1,050</td>
<td>1,082</td>
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<tr>
<td>% of Re-adm.</td>
<td>81.2</td>
<td>70.1</td>
<td>66.0</td>
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### Annex 6.60: Orphans by Gender and Year

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<tr>
<td><strong>Orphans in Grades 1-9 (Basic Schools)</strong></td>
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</tr>
<tr>
<td>Female</td>
<td>247,314</td>
<td>297,483</td>
<td>314,097</td>
<td>322,519</td>
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<tr>
<td>Male</td>
<td>260,138</td>
<td>309,731</td>
<td>325,246</td>
<td>333,433</td>
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<tr>
<td>Total</td>
<td>507,452</td>
<td>607,214</td>
<td>639,345</td>
<td>655,952</td>
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<tr>
<td><strong>Orphans in Grades 10-12 (High Schools)</strong></td>
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<td></td>
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<tr>
<td>Female</td>
<td>13,536</td>
<td>18,069</td>
<td>20,744</td>
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<tr>
<td>Male</td>
<td>16,200</td>
<td>20,193</td>
<td>24,259</td>
<td>26,321</td>
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<tr>
<td>Total</td>
<td>29,836</td>
<td>38,262</td>
<td>45,003</td>
<td>50,127</td>
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### Annex 6.61: CSEN by Gender and Year

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<th>2006</th>
<th>2007</th>
<th>2008</th>
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<tbody>
<tr>
<td><strong>CSEN in Grades 1-9 (Basic Schools)</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>33,948</td>
<td>39,783</td>
<td>76,903</td>
<td>80,793</td>
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<tr>
<td>Male</td>
<td>39,368</td>
<td>46,400</td>
<td>84,141</td>
<td>89,291</td>
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<tr>
<td>Total</td>
<td>73,316</td>
<td>86,183</td>
<td>161,044</td>
<td>170,084</td>
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<tr>
<td><strong>CSEN in Grades 10-12 (High Schools)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>1,346</td>
<td>1,673</td>
<td>3,309</td>
<td>2,558</td>
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<td>Male</td>
<td>1,482</td>
<td>1,413</td>
<td>3,328</td>
<td>2,687</td>
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<td>Total</td>
<td>2,828</td>
<td>3,086</td>
<td>6,637</td>
<td>5,245</td>
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### Annex 6.62: Dropout Rate by Gender and Year

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<th>2007</th>
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</thead>
<tbody>
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<td>Dropout Rate in Grades 1-9</td>
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<tr>
<td>Female</td>
<td>3.4</td>
<td>3.0</td>
<td>3.0</td>
<td>2.89</td>
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</tr>
<tr>
<td>Male</td>
<td>2.5</td>
<td>2.1</td>
<td>2.2</td>
<td>1.99</td>
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</tr>
<tr>
<td>Average</td>
<td>2.9</td>
<td>2.5</td>
<td>2.6</td>
<td>2.43</td>
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<td>Dropout Rate in Grades 10-12 by Gender and Year</td>
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<tr>
<td>Female</td>
<td>2.9</td>
<td>2.9</td>
<td>2.6</td>
<td>2.05</td>
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<tr>
<td>Male</td>
<td>1.5</td>
<td>1.3</td>
<td>1.2</td>
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<tr>
<td>Average</td>
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<td>2.0</td>
<td>1.8</td>
<td>1.38</td>
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</table>


### Annex 6.63: Completion Rate by Gender and Year

<table>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
<tbody>
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<td>Completion Rate in Grades 1-9</td>
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<td></td>
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<tr>
<td>Female</td>
<td>34.4</td>
<td>39.1</td>
<td>39.3</td>
<td>43.32</td>
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<tr>
<td>Male</td>
<td>42.8</td>
<td>46.4</td>
<td>47.2</td>
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<tr>
<td>Average</td>
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<td>Completion Rate in Grades 1-12 by Gender and Year</td>
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<td></td>
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<tr>
<td>Female</td>
<td>13</td>
<td>15.0</td>
<td>14.8</td>
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<td>18.4</td>
<td>20.1</td>
<td>20.6</td>
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<tr>
<td>Average</td>
<td>15.7</td>
<td>17.6</td>
<td>17.7</td>
<td>19.71</td>
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### Annex 6.64: TEVET Enrolment by Gender and Year

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<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,405</td>
<td>13,117</td>
<td>13,549</td>
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<td>Male</td>
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</tr>
<tr>
<td></td>
<td>18,116</td>
<td>19,116</td>
<td>19,850</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>30,521</td>
<td>32,233</td>
<td>33,399</td>
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</tbody>
</table>

**Source:** 2008 Economic Report

### Annex 6.65: Enrolment at Public Universities by Gender and Year

<table>
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<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,608</td>
<td>4,179</td>
<td>4,913</td>
<td>5,412</td>
<td>5,115</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,953</td>
<td>8,595</td>
<td>9,160</td>
<td>8,850</td>
<td>10,232</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,561</td>
<td>12,774</td>
<td>14,073</td>
<td>14,262</td>
<td>15,447</td>
</tr>
</tbody>
</table>

Annex 6.66: Pupil/Teacher Ratio by Grade Group and by Year

<table>
<thead>
<tr>
<th>Grade Group</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gr. 1-4*</td>
<td>92.4</td>
<td>80.6</td>
<td>76.6</td>
<td>74.9</td>
<td>71.8</td>
</tr>
<tr>
<td>Gr. 5-7</td>
<td>36.7</td>
<td>37.4</td>
<td>36.3</td>
<td>35.8</td>
<td>34.9</td>
</tr>
<tr>
<td>Gr. 8-9</td>
<td>26.2</td>
<td>32.3</td>
<td>32.2</td>
<td>32.6</td>
<td>32.4</td>
</tr>
<tr>
<td>Gr. 10-12</td>
<td>21.8</td>
<td>20.3</td>
<td>19.3</td>
<td>18.9</td>
<td></td>
</tr>
</tbody>
</table>


Annex 6.67: Enrolment at Colleges of Education by Gender and Year

<table>
<thead>
<tr>
<th>Gender</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>4,503</td>
<td>7,178</td>
<td>4,218</td>
<td>4,523</td>
<td>4,848</td>
</tr>
<tr>
<td>Male</td>
<td>4,260</td>
<td>5,632</td>
<td>4,752</td>
<td>4,712</td>
<td>4,742</td>
</tr>
<tr>
<td>Total</td>
<td>8,763</td>
<td>12,810</td>
<td>8,970</td>
<td>9,235</td>
<td>9,590</td>
</tr>
</tbody>
</table>


Annex 6.68: Water and Sanitation Programmes and Strategies

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 1   | Water Resource Development and Infrastructure Development | • Assess water resource in detail in the four pillars of national development, including studies on protection of public health and environment  
• Construct 30 assessment and monitor boreholes per year and rehabilitate existing boreholes in areas where the Government has directed its economic development  
• Construct 4 small dams per year for economic production  
• Rehabilitate and expand dams  
• Water use, irrigation and land use evaluation surveys in peri-urban areas, dambos and settlement schemes in rural areas  
• Provide drought emergency funds for development of water resources, such as boreholes for drought prone areas |
| 2   | Institutional Capacity Building and Enhancement | • Legal and institutional framework capacity enhancement (e.g. setting up of the National Water Authority, IWRM unit at national level, catchment councils and water users association), and Marine Meteorological stations;  
• Human resource development (recruitment and education and training of personnel to align them into IWRM sphere);  
• Stakeholder participation and awareness raising |
| 3   | Water Resource Management and Information Systems | • Establish water resource information systems for planning, development and management;  
• Develop catchment management plans;  
• Assess water resources at catchment level;  
• Rehabilitate dams at catchment level and mobilize communities;  
• Assess groundwater based infrastructure at catchment level, such as boreholes;  
• Produce weather and water 10-day bulletins;  
• Maintain both surface and ground water resource database and the publish yearbooks;  
• Implement water resource guidelines and methodology project, including water allocation guidelines;  
• Implement conservation, including comprehensive, conjunctive surface and ground water efficiency, ecological protection, etc.;  
• Implement of monitoring network, wetland survey, and in-stream flow requirement studies at catchment level;  
• Implement economic accounting;  
• Provide gender and IWRM issues support at catchment level;  
• Provide conflict management and arbitrate water resources related conflicts and arbitration; |
<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 4   | Water Resource Assessment Programme | - Conduct NGO and CBO funding assessment  
- Surface water resource assessment:  
  - Rehabilitate and upgrade of 300 hydrometric stations, 6 marine meteorological stations and establishing 10 new stations per year (including data collection);  
  - Water assessment (including existing reservoirs);  
  - Design & implement National water quality Monitoring Network (including data collection);  
  - Forecast flood and drought (including training) in conjunction with the Meteorological Department;  
  - Study water quality for threatened areas such as Lusaka, Copperbelt, Luapula, Eastern and Northern provinces;  
  - Groundwater resource assessment;  
  - Observe boreholes for groundwater resource development and assessment;  
  - Develop exploration boreholes  
- Design & implement National water quality Monitoring Network (including data collection);  
- Forecast flood and drought (including training) in conjunction with the Meteorological Department;  
- Study water quality for threatened areas such as Lusaka, Copperbelt, Luapula, Eastern and Northern provinces;  
- Groundwater resource assessment;  
- Observe boreholes for groundwater resource development and assessment;  
- Develop exploration boreholes |
| 6   | Research and Development          | - Implement, monitor and harmonize legal study on Institutional Enhancement Project and IWRM integration in Office of the Vice President – Disaster Management Unit;  
- Implement Policy and Planning Project to bring about harmonisation of all key sector plans/policies (for example, MACO& MTNER) into one through national consultative forums;  
- Conduct water resource mapping, lake and river levels, modeling and development of information systems including use of Remote Sensing and GIS in mapping of selected catchments and hot-spots. Activities include feasibility studies & setting up measuring stations, mapping of impediments to water quantity, quality (e.g. erosion, pollution) where necessary  
- Establish environmental and agro forest watershed management pilots in selected areas;  
- Conduct research in development of simple technologies such as rain water harvesting, reclamation, recycling and re-use of waste water discharged; activities include impact assessment, social benefits and evaluation  
- Promote community participation in water and environmental management for economic growth; activities include environmental regulation review, water accounting, EIA review and assessment, NGO/CBO cooperative implementation, conflict resolution, pilot studies, small-scale irrigation demonstrations and sustainable natural resource management and uses |
| 9   | Urban Water Supply and Sanitation  | Development and provision of sustainable water and sanitation service to more people in urban and peri-urban areas through:  
- Commercialization, private sector participation and independent regulation;  
- Support to the national UWSS development that focuses on enhancing institutional capacities, policy and legal frameworks, and information management for planning and development at national, provincial and district levels;  
- Support to investment programmes that aim at increasing access to safe, adequate water supply to 80 percent of the urban and peri-urban population by 2010, and proper sanitation systems to 70 percent for the urban and peri-urban population by 2010;  
- Involve service providers in the achievement of investment programmes |
| 10  | Rural Water Supply and Sanitation  | Facilitation of universal access to safe, adequate and reliable water supply and sanitation services in rural areas through:  
- Institutional support activities to facilitate more effective planning, implementation and monitoring of RWSS, focusing on:  
  - develop a supportive legal framework;  
  - Institutional development, including development and implementation of appropriate capacity building at community, district, provincial and national levels;  
  - Information Management System (IMS);  
  - Advocacy and publicity;  
  - District planning;  
  - Sanitation and Hygiene Education;  
- Institutional support activities to facilitate more effective planning, implementation and monitoring of RWSS, focusing on:  
  - develop a supportive legal framework;  
  - Institutional development, including development and implementation of appropriate capacity building at community, district, provincial and national levels;  
  - Information Management System (IMS);  
  - Advocacy and publicity;  
  - District planning;  
  - Sanitation and Hygiene Education;  
- Institutional support activities to facilitate more effective planning, implementation and monitoring of RWSS, focusing on:  
  - develop a supportive legal framework;  
  - Institutional development, including development and implementation of appropriate capacity building at community, district, provincial and national levels;  
  - Information Management System (IMS);  
  - Advocacy and publicity;  
  - District planning;  
  - Sanitation and Hygiene Education;  
- Institutional support activities to facilitate more effective planning, implementation and monitoring of RWSS, focusing on:  
  - develop a supportive legal framework;  
  - Institutional development, including development and implementation of appropriate capacity building at community, district, provincial and national levels;  
  - Information Management System (IMS);  
  - Advocacy and publicity;  
  - District planning;  
  - Sanitation and Hygiene Education; |
Programs for rehabilitation of existing facilities

Source: Fifth National Development Plan

Annex 6.68: The Current Functions of MEWD and its Institutions

<table>
<thead>
<tr>
<th>Level</th>
<th>Key Institution</th>
<th>Main Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Ministry of Energy and Water Development</td>
<td>a) Leader</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Water policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Bilateral and multilateral international agreements</td>
</tr>
<tr>
<td>National</td>
<td>Water Board</td>
<td>a) Water allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Policy of water abstraction from surface sources</td>
</tr>
<tr>
<td>National</td>
<td>National Water And Sanitation Council</td>
<td>Regulation of water supply and sanitation</td>
</tr>
<tr>
<td>National</td>
<td>DWA</td>
<td>Water resources management and development</td>
</tr>
<tr>
<td>Provincial</td>
<td>Provincial Water Office</td>
<td>Water resources management and development at provincial level</td>
</tr>
<tr>
<td>District</td>
<td>District Water Office</td>
<td>Water resources management and development at district level</td>
</tr>
</tbody>
</table>

Source: Fifth National Development Plan

Annex 6.69: Institutional functions after the Water Resources Management Act is passed

<table>
<thead>
<tr>
<th>Level</th>
<th>Key Institution</th>
<th>Main Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>MEWD</td>
<td>Policy making</td>
</tr>
<tr>
<td>National</td>
<td>WRMA</td>
<td>Implementation of IWRM</td>
</tr>
<tr>
<td>National</td>
<td>Department of Water Resources</td>
<td>Regulation of water supply and sanitation</td>
</tr>
<tr>
<td>National</td>
<td>Catchment Council</td>
<td>Implementation of IWRM at catchment level</td>
</tr>
<tr>
<td>Sub-Catchments</td>
<td>Sub-Catchment Council</td>
<td>Implementation of IWRM at sub-catchment level</td>
</tr>
<tr>
<td>User Community Area</td>
<td>Water User Association</td>
<td>Community participation in IWRM at community level</td>
</tr>
</tbody>
</table>

Source: Fifth National Development Plan
Annex 6.70: Rural Water Supply and Sanitation: Responsibility Allocation

<table>
<thead>
<tr>
<th>Level</th>
<th>Key Institution</th>
<th>Main Responsibilities</th>
</tr>
</thead>
</table>
| National    | 1. Ministry of Local Government and Housing (Department of Infrastructure Support Services) | - Overall responsibility for planning, implementation and coordination of the national programme;  
- Policy guidance, setting standards, criteria for service provision, funding |
|             | 2. Rural Water Supply and Sanitation Unit                                       | - Resource mobilization, coordination with MFNP and cooperating partners;  
- Monitoring and reporting on service provision;  
- Liaison with line ministries of water, health, and community development to ensure complementary inputs into the programme |
| Provincial  | Provincial Local Government Office                                              | - Coordinate implementation of district plans;  
- Monitoring progress of implementation of district plans |
| District    | District Council (Department of Works, Community Development and Health)        | - Planning of water supply and sanitation through WASHE;  
- Overseeing plan implementation (approve district plans);  
- Monitor progress;  
- Disburse funds to communities |
| Community   | D-WASHE, communities                                                            | - Implementation of RWSS programmes;  
- Collection of user charges;  
- Operation and Management of facilities |

Source: Fifth National Development Plan

Annex 6.71: FNDP Programmes and Strategies for the Energy Sector

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 1   | Energy Sector Reform                                                      | - Institute a legislative and institutional framework to facilitate the effective development of the energy sector;  
- Institute legislative reforms in the sector;  
- Implement policy reforms in the sector;  
- Undertake institutional reforms in the sector;  
- Review the regulatory and pricing mechanism in the sector  
- Put in place policies that ensure poor households have access to more efficient energy sources. |
| 2   | Electricity Generation and Transmission Line Development                  | - Mobilize financial and technical resources to facilitate the implementation of new infrastructure development projects. |
| 3   | Strategic Petroleum Reserves                                              | - Design and implement an institutional and operational framework for the management of strategic petroleum reserves;  
- Mobilize financial resources and develop infrastructure for the reserves. |
| 4   | Rural Electrification                                                     | - Develop and implement the Rural Electrification Master Plan;  
- Develop Micro/Pico hydro power schemes in order to increase access to electricity services in rural areas;  
- Mobilize financial resources to promote rural electrification. |
| 5   | Bio-Fuel Development                                                      | - Develop a strategy for promoting the utilization of bio-fuel;  
- Develop a bio-fuel development implementation strategy |
| 6   | Management of Petroleum Subsector and Rehabilitation of Infrastructure    | - Develop and implement a petroleum management plan;  
- Mobilize resources for rehabilitation of petroleum infrastructure;  
- Rehabilitate petroleum infrastructure. |
| 7   | Hydrocarbon Exploration                                                  | - Promote oil exploration by the private sector;  
- Mobilize financial resources for exploration;  
- Develop capacity in Government to manage hydrocarbon resources;  
- Develop a framework for entry into the exploration industry. |
<p>| 8   | Energy Efficiency and                                                     | - Develop and implement programmes that promote increased energy conservation and |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 9   | Renewable and Alternative Energy Development and Promotion | - Undertake a comprehensive assessment of renewable energy potential in selected parts of the country in order to develop a resource map and bankable project proposals;  
- Conduct awareness campaigns. |
| 10  | Creation of Energy Development Fund | - Promote gasification technology;  
- Promote the development of bio-fuel;  
- Promote other renewable energy technology. |
| 11  | Promotion of Improved Charcoal Production Technology | - Promote and carry out practical demonstrations and pilot schemes on the efficient usage of charcoal;  
- Mobilize financial resources for promotion of improved charcoal production;  
- Develop an implementation strategy for improved charcoal production. |
| 12  | Gender and HIV and AIDS Mainstreaming | - Develop and implement specific measures in the sector to enhance mainstreaming of cross-cutting issues such as gender and HIV and AIDS;  
- Mitigate the negative impact of HIV and AIDS in the energy sector. |
| 13  | General Administration and Organization | - Develop and implement human resources development and management plan.  
- Develop monitoring and evaluation guidelines. |


Annex 6.72: FNDP Strategies, Objectives and Programmes for the ICT Sector

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 1   | Policy, Legal and Institutional Reforms | - Review, strengthen and implement monitoring mechanisms;  
- Strengthen rules and regulations for the information and communications sub-sectors;  
- Develop and implement policy, legal and institutional frameworks for the sector. |
| 2   | Infrastructure Development | - Provide incentives for private sector participation;  
- Encourage open tenders in the construction, installation and maintenance of infrastructure and provision of services;  
- Build capacity in local contractors and consultants;  
- Build capacity of inspectorate sections in the sector;  
- Concession motor vehicle examination and testing functions to the private sector;  
- Install provincial and district fibre optic cables and connect to the African undersea fibre optic cable;  
- Build rural community multi-purpose tele-centres. |
| 3   | E-Government and ICT Application | - Undertake feasibility study to determine information, software and hardware needs for all sectors of the economy;  
- Install Wide Area Network at central and local government levels;  
- Install electronic collaboration and communication system for the Government;  
- Develop ICT skills in government;  
- Conduct E-Government readiness assessment;  
- Develop sector/Ministry ICT Policies;  
- Develop Websites and Intranet for government ministries and agencies;  
- Improve and upgrade communications infrastructure;  
- Improve connectivity. |
| 4   | Human Resource Development | - Conduct training needs assessments for the ICT sub-sector;  
- Install and operationalize Performance Management Systems;  
- Establish provincial ICT centers of excellence;  
- Facilitate teachers training in ICTs at all teacher training colleges;  
- Develop ICT curriculum and certification programmes in all learning institutions; |
<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>ICT Enterprise Development</td>
<td>▪ Operationalize the Communications Department.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Domesticate, harmonize and develop electronic commerce laws;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Develop awareness programmes on the benefits of Ecommerce among the general public;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Establish an ICT Enterprise Development Revolving Fund;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Promote access of youths, women and the disabled to ICT.</td>
</tr>
</tbody>
</table>


**Annex 6.73: FNDP Programmes and Strategies for the Housing Sector**

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Housing Development Programme</td>
<td>▪ Construct 100 Housing units every year (50 low cost, 30 medium cost and 20 high cost houses) in each district;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Encourage Public-Private Partnerships in the provision of housing;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Ensure gender equity in the provision of housing;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Ensure access by all disadvantaged groups;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Provide basic services for housing development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Carry out Housing needs assessment for each district;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Encourage Home Ownership and Rental Housing schemes;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Provide serviced land for private housing development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Mobilize cheap long-term finance from the capital market for housing development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Review the National Housing Policy;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Synergize efforts in the preparation of building plans and bills of quantities with Ministry of Works and Supply and National Housing Authority.</td>
</tr>
<tr>
<td>2</td>
<td>Upgrading of unplanned settlements</td>
<td>▪ Foster housing areas that are healthy, functional, environmentally friendly and aesthetically pleasant;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Provide basic services such as water and sanitation, roads, and other social amenities;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Streamline building standards, regulations and other controls;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Provide solid waste management systems;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Relocate families living in arrears earmarked for other development in approved Structure Plans.</td>
</tr>
<tr>
<td>3</td>
<td>Promotion of local building materials and technology development</td>
<td>▪ Research in improving the quality of local material to extend the life span;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Encourage private sector manufacturing of affordable building materials;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Develop training programmes for use of local materials;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Disseminate and demonstrate programmes to popularize the use of local building materials.</td>
</tr>
<tr>
<td>4</td>
<td>National Housing Implementation Programme</td>
<td>▪ Finalize and submit the National Housing Development Programme document for approval;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Disseminate the National Housing Development Programme to stakeholders.</td>
</tr>
<tr>
<td>5</td>
<td>National Housing Bonds Programme</td>
<td>▪ Establish Special Purpose Vehicle (SPV) to ring-fence the Bond from the issuer (Local Authority and Ministry of Local Government and Housing) in order to enhance credibility and boost investor confidence in the Bond issue;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Appoint a Board of Trustees to manage the SPV;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Register the SPV as a Trust;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Encourage Private Sector participation in Housing Bonds;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Revise and update the National Housing Development Programme;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Construct 10,000 housing units by National Housing Authority for Home Ownership and Rental housing.</td>
</tr>
<tr>
<td>6</td>
<td>Low Cost Housing Development for the Poorest of the Poor</td>
<td>▪ Involve communities in the identification and implementation of the Low Cost Housing Projects;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Conduct training to benefit communities' local building material production and</td>
</tr>
</tbody>
</table>
### No. 7: Structure Plan Development

<table>
<thead>
<tr>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Update outdated IDPs;</td>
</tr>
<tr>
<td>- Engage consultants;</td>
</tr>
<tr>
<td>- Strengthen the capacities of Planning Authorities in the country;</td>
</tr>
<tr>
<td>- Strengthen monitoring and evaluation capacities of Planning Authorities;</td>
</tr>
<tr>
<td>- Review Spatial Planning Legislation.</td>
</tr>
</tbody>
</table>


---

### Annex 6.74: FNDP Strategies, Objectives and Programmes for the Lands Sector

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land Administration and Management</td>
<td>a) Develop and implement Land Policy; b) Streamline land administration and management system; c) Review Land-related legislation; d) Harmonization of the institutions dealing with land.</td>
</tr>
<tr>
<td>2</td>
<td>Empowerment of Citizens in both Customary and State Land</td>
<td>a) Sensitize traditional rulers on the importance of releasing land for development; b) Promote the creation of land banks for all potential investors; c) Raise awareness on land allocation procedures; d) Change legislation to restrict land allocation by the state to Zambians only; e) Facilitate affirmative action to empower less privileged Zambians such as persons with disabilities, women, and the rural community to own land; f) Promote co-ordinated and efficient land use planning and management in customary areas.</td>
</tr>
<tr>
<td>3</td>
<td>Strengthening of Institutional Framework</td>
<td>a) Strengthen Provincial land offices and decentralize land registration to the provincial level; b) Facilitate linkages in land use administration and management with ministries responsible for agriculture, tourism, environment and local government.</td>
</tr>
<tr>
<td>4</td>
<td>Demarcation of International and Local Chiefdom Boundaries</td>
<td>a) Develop a systematic periodic inspection and management programme of common international boundaries; b) Facilitate timely up-date and maintenance of maps showing the extent and boundaries of all local chiefdom boundaries; c) Facilitate joint inspection of chiefdom boundaries in the presence of chiefs and Local Government officials.</td>
</tr>
<tr>
<td>5</td>
<td>Human Resource Development.</td>
<td>a) Provide short and long-term training at technical and professional levels, b) Introduce performance-based annual awards systems.</td>
</tr>
<tr>
<td>6</td>
<td>Land Development Fund</td>
<td>a) Develop a co-ordinated working programme with local authorities on the identification of land for development; b) Establish provincial Land Development Fund; c) Develop an efficient audit accounting system of Land Development Funds; d) Promote cost effective means of collecting ground rent and other fees payable.</td>
</tr>
<tr>
<td>7</td>
<td>National Mapping and Surveying</td>
<td>a) Develop, maintain and publicize national mapping standards; b) Develop national topographic map databases; c) Develop maintenance and publication of national place names Gazetteers; d) Surveying of land for development; e) Develop local maps for all areas of Zambia.</td>
</tr>
<tr>
<td>8</td>
<td>Registration of Properties</td>
<td>a) Develop microfilming, scanning and computerized data storage system; b) Introduce electronic issuance of titles; c) Sensitize the public on procedures governing property transactions and registration.</td>
</tr>
<tr>
<td>9</td>
<td>Coordination of Land Use and Physical Planning</td>
<td>a) Harmonize Land use and physical Planning; b) Conduct Land audit;</td>
</tr>
<tr>
<td>No.</td>
<td>Programme</td>
<td>Strategies</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Upgrade Land Information System on development patterns.</td>
</tr>
</tbody>
</table>


**Annex 6.75: FNDP Strategies, Objectives and Programmes for the Lands Sector**

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land Administration and Management</td>
<td>a) Develop and implement Land Policy;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Streamline land administration and management system;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Review Land-related legislation;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d) Harmonization of the institutions dealing with land.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Empowerment of Citizens in both Customary and State Land</td>
<td>a) Sensitize traditional rulers on the importance of releasing land for development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Promote the creation of land banks for all potential investors;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Raise awareness on land allocation procedures;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d) Change legislation to restrict land allocation by the state to Zambians only;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e) Facilitate affirmative action to empower less privileged Zambians such as persons with disabilities, women, and the rural community to own land;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>f) Promote co-ordinated and efficient land use planning and management in customary areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Strengthening of Institutional Framework</td>
<td>a) Strengthen Provincial land offices and decentralize land registration to the provincial level;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Facilitate linkages in land use administration and management with ministries responsible for agriculture, tourism, environment and local government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Demarcation of International and Local Chiefdom Boundaries</td>
<td>a) Develop a systematic periodic inspection and management programme of common international boundaries;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Facilitate timely up-date and maintenance of maps showing the extent and boundaries of all local chiefdom boundaries;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Facilitate joint inspection of chiefdom boundaries in the presence of chiefs and Local Government officials.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Human Resource Development.</td>
<td>a) Provide short and long-term training at technical and professional levels,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Introduce performance-based annual awards systems.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Land Development Fund</td>
<td>a) Develop a co-ordinated working programme with local authorities on the identification of land for development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Establish provincial Land Development Fund;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Develop an efficient audit accounting system of Land Development Funds;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d) Promote cost effective means of collecting ground rent and other fees payable.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>National Mapping and Surveying</td>
<td>a) Develop, maintain and publicize national mapping standards;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Develop national topographic map databases;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Develop maintenance and publication of national place names Gazetteers;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d) Surveying of land for development;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e) Develop local maps for all areas of Zambia.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Registration of Properties</td>
<td>a) Develop microfilming, scanning and computerized data storage system;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Introduce electronic issuance of titles;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Sensitize the public on procedures governing property transactions and registration.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Coordination of Land Use and Physical Planning</td>
<td>a) Harmonize Land use and physical Planning;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Conduct Land audit;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Upgrade Land Information System on development patterns.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 1   | Land Administration and Management            | a) Develop and implement Land Policy;  
b) Streamline land administration and management system;  
c) Review Land-related legislation;  
d) Harmonization of the institutions dealing with land.                                                                                         |
| 2   | Empowerment of Citizens in both Customary and State Land | a) Sensitize traditional rulers on the importance of releasing land for development;  
b) Promote the creation of land banks for all potential investors;  
c) Raise awareness on land allocation procedures;  
d) Change legislation to restrict land allocation by the state to Zambians only;  
e) Facilitate affirmative action to empower less privileged Zambians such as persons with disabilities, women, and the rural community to own land;  
f) Promote co-ordinated and efficient land use planning and management in customary areas.                                           |
| 3   | Strengthening of Institutional Framework       | a) Strengthen Provincial land offices and decentralize land registration to the provincial level;  
b) Facilitate linkages in land use administration and management with ministries responsible for agriculture, tourism, environment and local government |
| 4   | Demarcation of International and Local Chiefdom Boundaries | a) Develop a systematic periodic inspection and management programme of common international boundaries;  
b) Facilitate timely up-date and maintenance of maps showing the extent and boundaries of all local chiefdom boundaries;  
c) Facilitate joint inspection of chiefdom boundaries in the presence of chiefs and Local Government officials. |
| 5   | Human Resource Development                    | a) Provide short and long-term training at technical and professional levels;  
b) Introduce performance-based annual awards systems.                                                                                         |
| 6   | Land Development Fund                         | a) Develop a co-ordinated working programme with local authorities on the identification of land for development;  
b) Establish provincial Land Development Fund;  
c) Develop an efficient audit accounting system of Land Development Funds;  
d) Promote cost effective means of collecting ground rent and other fees payable.                                                    |
| 7   | National Mapping and Surveying                | a) Develop, maintain and publicize national mapping standards;  
b) Develop national topographic map databases;  
c) Develop maintenance and publication of national place names Gazetteers;  
d) Surveying of land for development;  
e) Develop local maps for all areas of Zambia.                                                                                          |
| 8   | Registration of Properties                    | a) Develop microfilming, scanning and computerized data storage system;  
b) Introduce electronic issuance of titles;  
c) Sensitize the public on procedures governing property transactions and registration.                                                     |
| 9   | Coordination of Land Use and Physical Planning| a) Harmonize Land use and physical Planning;  
b) Conduct Land audit;  
c) Upgrade Land Information System on development patterns.                                                                                   |

Annex 6.77: Water and Sanitation Budget allocation and releases for the sub-sectors in ZMK' Billion

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget*</td>
<td>78.9</td>
<td>20.2</td>
<td>37.4</td>
<td></td>
</tr>
<tr>
<td>Releases*</td>
<td>32.4</td>
<td>17.1</td>
<td>37.5</td>
<td></td>
</tr>
<tr>
<td>Releases as % of Budget*</td>
<td>41.1</td>
<td>84.6</td>
<td>100.3</td>
<td></td>
</tr>
<tr>
<td>Programmes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Resources Development**</td>
<td></td>
<td></td>
<td>13.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Rural Water Supply and Sanitation**</td>
<td></td>
<td>3.6</td>
<td></td>
<td>3.1</td>
</tr>
<tr>
<td>Urban Water Supply and Sanitation**</td>
<td></td>
<td>22.4</td>
<td></td>
<td>19.5</td>
</tr>
<tr>
<td>Core Programmes total**</td>
<td>39.4</td>
<td>36.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Annex 6.78: Budget Performance, Communication (2007), (K’ million)

<table>
<thead>
<tr>
<th>Communications sub-sector</th>
<th>Budget</th>
<th>Release</th>
<th>% Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT (Telecommunication) infrastructure:</td>
<td>1,750</td>
<td>531</td>
<td>30.4</td>
</tr>
<tr>
<td>o/w ICT Backbone Infrastructure</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>o/w Rural Telephony Services</td>
<td>400</td>
<td>66</td>
<td>16.7</td>
</tr>
<tr>
<td>o/w Construction of Post Offices</td>
<td>1,150</td>
<td>264</td>
<td>23</td>
</tr>
<tr>
<td>o/w Zampost Rural Services</td>
<td>200</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>ICT in Government (e-Government)</td>
<td>310</td>
<td>259</td>
<td>83.8</td>
</tr>
<tr>
<td>Policy and Legal framework:</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>o/w Development of ICT Master Plan</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>ICT Enterprise development</td>
<td>230</td>
<td>230</td>
<td>100</td>
</tr>
<tr>
<td>Implementation of the Triangle of Hope</td>
<td>250</td>
<td>41</td>
<td>16.7</td>
</tr>
<tr>
<td>Total Sub – Sector</td>
<td>2,640</td>
<td>1,163</td>
<td>44</td>
</tr>
</tbody>
</table>

Annex 6.79: Shelter (Housing and Community Amenities) Budget and Funds Released and Year in ZMK’ Billion

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td></td>
<td></td>
<td>110.1</td>
<td>286.4</td>
<td>384.0</td>
</tr>
<tr>
<td>Releases</td>
<td></td>
<td></td>
<td>90.6</td>
<td>265.5</td>
<td>289.1</td>
</tr>
<tr>
<td>Releases as Percentage of Budget</td>
<td></td>
<td></td>
<td>82.3</td>
<td>92.7</td>
<td>81.6</td>
</tr>
</tbody>
</table>

Source: 2008 Economic Report,
Annex 6.80: Main source of water

![Chart showing the main source of water: Openwell in community (21%), Community borehole (13%), Piped water (from dwelling) (14%), and River/Stream (8%).]

Annex 6.81: Percentage of Households with Access to Safe Water

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>57%</td>
<td>69%</td>
</tr>
<tr>
<td>Rural</td>
<td>39%</td>
<td>42%</td>
</tr>
<tr>
<td>Urban</td>
<td>65%</td>
<td>89%</td>
</tr>
</tbody>
</table>


Annex 6.82: Type of toilet facilities by rural and urban

<table>
<thead>
<tr>
<th>Type of toilet</th>
<th>Total</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flush Toilet</td>
<td>10%</td>
<td>20%</td>
<td>-</td>
</tr>
<tr>
<td>Traditional pit toilet</td>
<td>74%</td>
<td>70%</td>
<td>79%</td>
</tr>
<tr>
<td>Ventilated improved pit latrine</td>
<td>6%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>Bush/No facility</td>
<td>9%</td>
<td>1%</td>
<td>17%</td>
</tr>
<tr>
<td>NR</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Annex 6.83: Electricity Generation (MWh), 2006-2008

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>% change 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro Power station</td>
<td>9,611,531</td>
<td>9,670,981</td>
<td>9,438,018</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Mini- Hydro</td>
<td>56,388</td>
<td>58,005</td>
<td>84,200</td>
<td>45.2</td>
</tr>
<tr>
<td>Diesel</td>
<td>13,400</td>
<td>11,921</td>
<td>11,783</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Total</td>
<td>9,681,319</td>
<td>9,740,907</td>
<td>9,534,001</td>
<td>(2.1)</td>
</tr>
</tbody>
</table>

### Annex 6.84: Proportion of Households with Access to Electricity, 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Connections to ZESCO Grid</th>
<th>Number of Households With non-ZESCO Access</th>
<th>Total</th>
<th>Number of Households in Zambia</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>269,396</td>
<td></td>
<td>269,396</td>
<td>2,283,211</td>
<td>11.8</td>
</tr>
<tr>
<td>2007</td>
<td>282,595</td>
<td></td>
<td>282,595</td>
<td>2,352,096</td>
<td>12.5</td>
</tr>
</tbody>
</table>

*Source: 2007 FNDP Annual Progress Report (Ministry of Energy and Water Development)*

### Annex 6.85: Percentage Distribution of Households by Main Type of Lighting Energy by Rural/Urbann

<table>
<thead>
<tr>
<th>Residence</th>
<th>Kerosene/Paraffin</th>
<th>Electricity</th>
<th>Candle</th>
<th>Diesel</th>
<th>Open fire</th>
<th>Other</th>
<th>None</th>
<th>Total</th>
<th>Total Number of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>46</td>
<td>20</td>
<td>18</td>
<td>7</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>100</td>
<td>2,110,640</td>
</tr>
<tr>
<td>Rural</td>
<td>62</td>
<td>3</td>
<td>10</td>
<td>11</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>100</td>
<td>1,288,064</td>
</tr>
<tr>
<td>Urban</td>
<td>20</td>
<td>48</td>
<td>32</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>822,575</td>
</tr>
</tbody>
</table>


### Annex 6.86: Percentage Distribution of Households by Main Type of Cooking Energy by Rural/Urbann

<table>
<thead>
<tr>
<th>Residence</th>
<th>Collected Firewood</th>
<th>Purchased Firewood</th>
<th>Own Produced Charcoal</th>
<th>Purchased Charcoal</th>
<th>Coal</th>
<th>Kerosene/paraffin/Gas</th>
<th>Electricity</th>
<th>Other</th>
<th>Total</th>
<th>Total Number of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>54</td>
<td>2</td>
<td>4</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>0</td>
<td>100</td>
<td>2,110,640</td>
</tr>
<tr>
<td>Rural</td>
<td>85</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>100</td>
<td>1,288,064</td>
</tr>
<tr>
<td>Urban</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>51</td>
<td>0</td>
<td>0</td>
<td>39</td>
<td>0</td>
<td>100</td>
<td>822,575</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>27.2</td>
<td>27.2</td>
<td>21.0</td>
<td>16.2</td>
<td></td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>3.9</td>
<td>4.3</td>
<td>4.0</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12.2</td>
<td>13.3</td>
<td>10.7</td>
<td>10.8</td>
<td></td>
</tr>
<tr>
<td>Electricity, gas, water &amp; energy</td>
<td>5.8</td>
<td>3.2</td>
<td>4.9</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>2</td>
<td>2.2</td>
<td>3.5</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>14.3</td>
<td>14.5</td>
<td>10.8</td>
<td>9.7</td>
<td></td>
</tr>
<tr>
<td>Restaurants &amp; hotels</td>
<td>2.3</td>
<td>2.0</td>
<td>1.2</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>7.5</td>
<td>8.0</td>
<td>7.2</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Financial services</td>
<td>2.4</td>
<td>4.7</td>
<td>4.2</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>2.3</td>
<td>2.5</td>
<td>1.6</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>3</td>
<td>4.8</td>
<td>2.2</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Personal Loans</td>
<td>14.2</td>
<td>11.2</td>
<td>26.0</td>
<td>25.4</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2.1</td>
<td>2.7</td>
<td>2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Name</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureaux de Change</td>
<td>30</td>
<td>32</td>
<td>31</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>Microfinance Institutions</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Leasing Companies</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Building Societies</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Development Bank of Zambia</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>National Savings and Credit Bank</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Credit Reference Bureaux (CRB)</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>49</strong></td>
<td><strong>49</strong></td>
<td><strong>61</strong></td>
<td><strong>76</strong></td>
</tr>
</tbody>
</table>


Annex 6.89: Financial Indicators of Micro-Finance Institutions (Amounts in ZMK’ billion)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>57.1</td>
<td>81.2</td>
<td>143.0</td>
<td>237.6</td>
<td>389.6</td>
</tr>
<tr>
<td>Capital and Reserves</td>
<td>10.2</td>
<td>32.2</td>
<td>37.0</td>
<td>79.3</td>
<td>124.4</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td>175.3</td>
<td>282.5</td>
</tr>
</tbody>
</table>

### Annex 6.90: Financial Indicators of Leasing Institutions (Amounts in K' billion)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>252.5</td>
<td>211.5</td>
<td>267.6</td>
<td>263.8</td>
<td>250.7</td>
</tr>
<tr>
<td>Regulatory Capital</td>
<td>35.9</td>
<td>34.5</td>
<td>42.6</td>
<td>42.9</td>
<td>36.1</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>4.0</td>
<td>12.6</td>
<td>12.3</td>
<td>(4.5)</td>
<td>(3.2)</td>
</tr>
</tbody>
</table>


### Annex 6.91: Financial Indicators of Building Societies (Amounts in K' billion)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>140.8</td>
<td>222.8</td>
<td>276.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory Capital</td>
<td>(39.4)</td>
<td>(32.2)</td>
<td>34.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td>13.0</td>
<td>26.1</td>
<td>39.8</td>
<td>103.1</td>
<td></td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>0.234</td>
<td>4.4</td>
<td>7.9</td>
<td>9.6</td>
<td>11.8</td>
</tr>
</tbody>
</table>


### Annex 6.92 Financial Indicators of Bureaux de Change Institutions (Amounts in K' billion)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>9.0</td>
<td>12.6</td>
<td>18.6</td>
<td>21.3</td>
<td>39.3</td>
</tr>
<tr>
<td>Regulatory Capital and Reserves</td>
<td>6.4</td>
<td>10.0</td>
<td>15.1</td>
<td>16.5</td>
<td>28.3</td>
</tr>
</tbody>
</table>


### Annex 6.93: Percentage Distribution of Households by Main Type of Market Facility by Rural/Urban in 2004

<table>
<thead>
<tr>
<th>Facility</th>
<th>All Zambia</th>
<th>Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>Food market</td>
<td>82</td>
<td>70</td>
</tr>
<tr>
<td>Input market</td>
<td>27</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: LCMS 2004

### Annex 6.94: Performance against KPIs, Communication

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2006</th>
<th>2007</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone lines per 1,000 people</td>
<td>152</td>
<td>205</td>
<td>233</td>
</tr>
<tr>
<td>Number of districts connected to fibre optic cables</td>
<td>9</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>Access to internet services</td>
<td>11,996</td>
<td>63,000</td>
<td>16,830</td>
</tr>
</tbody>
</table>

Source: 2007 Annual FNDP Progress Report
Annex 6.95: Percentage Distribution of Households by Main Type of ICT Facility by Rural/Urban 2004

<table>
<thead>
<tr>
<th>Facility</th>
<th>All Zambia</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Phone</td>
<td>22</td>
<td>8</td>
<td>39</td>
</tr>
<tr>
<td>Internet Cafe</td>
<td>3</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Subscribers</th>
<th>Per 100 persons</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>11,574,190</td>
<td>93,427</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>11,708,451</td>
<td>94,330</td>
<td>7.8</td>
<td>1.6</td>
</tr>
<tr>
<td>2008</td>
<td>11,900,000</td>
<td>90,600</td>
<td>7.6</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: 2008 Economic Report


<table>
<thead>
<tr>
<th>Service Provider</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2008</th>
<th>Subscribers Installed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zain</td>
<td>2,000,000</td>
<td>1,325,108</td>
<td>2,000,000</td>
<td>1,785,457</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Cell Z</td>
<td>150,000</td>
<td>149,168</td>
<td>300,000</td>
<td>257,595</td>
<td>300,000</td>
</tr>
<tr>
<td>MTN</td>
<td>275,000</td>
<td>260,000</td>
<td>275,000</td>
<td>194,295</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Source: 2008 Economic Report

Annex 6.98: Domestic and International Mail Handled, 2006-2008

<table>
<thead>
<tr>
<th>Category</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>% Change 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Mail</td>
<td>4,894,306.0</td>
<td>4,114,165.0</td>
<td>1,769,324.0</td>
<td>(57.0)</td>
</tr>
<tr>
<td>International Mail</td>
<td>1,183,187.0</td>
<td>1,263,562.0</td>
<td>3,285,232.0</td>
<td>160.0</td>
</tr>
<tr>
<td>Total</td>
<td>6,077,493.0</td>
<td>5,377,727.0</td>
<td>5,054,556.0</td>
<td>(6.0)</td>
</tr>
</tbody>
</table>

Source: 2008 Economic Report

Annex 6.99: Percent Distribution of Households by Tenancy Status by Rural/Urban

<table>
<thead>
<tr>
<th>Residence</th>
<th>Owner Occupied</th>
<th>Rented from Institution</th>
<th>Rented from Private landlord</th>
<th>Free Housing</th>
<th>Other</th>
<th>All</th>
<th>Total Number of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Zambia</td>
<td>73.3</td>
<td>1.7</td>
<td>16.3</td>
<td>8.6</td>
<td>0.1</td>
<td>100</td>
<td>2,110,640</td>
</tr>
<tr>
<td>Rural</td>
<td>89.8</td>
<td>0.9</td>
<td>1.4</td>
<td>7.9</td>
<td>0.1</td>
<td>100</td>
<td>1,288,064</td>
</tr>
<tr>
<td>Urban</td>
<td>47</td>
<td>3</td>
<td>40</td>
<td>9.8</td>
<td>0.2</td>
<td>100</td>
<td>822,575</td>
</tr>
</tbody>
</table>

Annex 6.100: The number of women and men in selected decision making positions

<table>
<thead>
<tr>
<th>Decision making position</th>
<th>Total</th>
<th>Total Women</th>
<th>Men</th>
<th>Percentage women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministers</td>
<td>21</td>
<td>5</td>
<td>16</td>
<td>24</td>
<td>76</td>
</tr>
<tr>
<td>Deputy Ministers</td>
<td>41</td>
<td>3</td>
<td>38</td>
<td>7</td>
<td>93</td>
</tr>
<tr>
<td>Members of Parliament</td>
<td>158</td>
<td>19</td>
<td>139</td>
<td>12</td>
<td>88</td>
</tr>
<tr>
<td>Secretary to the Cabinet</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Deputy Secretary to the Cabinet</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Secretary to the Treasury</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Permanent Secretaries</td>
<td>40</td>
<td>8</td>
<td>32</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Special Assistant to the President</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>Anti-Corruption Commission of Zambia</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Electoral Commission of Zambia</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Director of Public Prosecutions</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Attorney General</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Solicitor General</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Speaker of the National Assembly</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Deputy Speaker of the National Assembly</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Auditor General</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Clerk of the National Assembly</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Deputy Permanent Secretaries</td>
<td>24</td>
<td>0</td>
<td>24</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Directors</td>
<td>100</td>
<td>23</td>
<td>77</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td>Deputy Directors</td>
<td>71</td>
<td>13</td>
<td>58</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>Assistant Directors</td>
<td>177</td>
<td>37</td>
<td>140</td>
<td>21</td>
<td>79</td>
</tr>
<tr>
<td>Assistant Secretaries</td>
<td>35</td>
<td>11</td>
<td>24</td>
<td>31</td>
<td>69</td>
</tr>
<tr>
<td>District Commissioners</td>
<td>68</td>
<td>11</td>
<td>57</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td>Permanent Human Rights Commission</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>6</td>
<td>1</td>
<td>5</td>
<td>17</td>
<td>83</td>
</tr>
<tr>
<td>Teaching Service Commission</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Police and Prisons Commissions</td>
<td>7</td>
<td>1</td>
<td>6</td>
<td>14</td>
<td>86</td>
</tr>
<tr>
<td>Commission for Investigation</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>779</td>
<td>142</td>
<td>637</td>
<td>18</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Economic Report 2004 quoting Cabinet Office
Annex 6.101: Average monthly earnings by occupation, 2005

<table>
<thead>
<tr>
<th>Occupation</th>
<th>All Zambia</th>
<th>Administrative, managerial</th>
<th>Professional, technical and related</th>
<th>Clerical and related</th>
<th>Sales</th>
<th>Agriculture, forestry and fisheries</th>
<th>Production and related</th>
<th>Service</th>
<th>Not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Both</td>
<td>Male</td>
<td>Female</td>
<td>Both</td>
<td>Male</td>
<td>Female</td>
<td>Both</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>All Zambia</td>
<td>293,621</td>
<td>354,988</td>
<td>196,453</td>
<td>127,652</td>
<td>168,147</td>
<td>69,910</td>
<td>540,961</td>
<td>619,267</td>
<td>406,387</td>
</tr>
<tr>
<td>Administrative, managerial</td>
<td>1,563,907</td>
<td>1,635,474</td>
<td>1,460,708</td>
<td>1,398,200</td>
<td>1,700,084</td>
<td>520,269</td>
<td>1,592,491</td>
<td>1,620,770</td>
<td>1,555,909</td>
</tr>
<tr>
<td>Professional, technical and related</td>
<td>992,400</td>
<td>1,090,599</td>
<td>737,790</td>
<td>579,384</td>
<td>580,971</td>
<td>570,125</td>
<td>1,039,565</td>
<td>1,160,913</td>
<td>747,337</td>
</tr>
<tr>
<td>Clerical and related</td>
<td>276,325</td>
<td>367,824</td>
<td>184,206</td>
<td>137,818</td>
<td>189,166</td>
<td>88,177</td>
<td>301,197</td>
<td>399,144</td>
<td>201,865</td>
</tr>
<tr>
<td>Sales</td>
<td>255,562</td>
<td>283,866</td>
<td>212,401</td>
<td>158,281</td>
<td>187,125</td>
<td>109,223</td>
<td>279,934</td>
<td>309,444</td>
<td>236,167</td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries</td>
<td>105,428</td>
<td>133,279</td>
<td>65,203</td>
<td>90,708</td>
<td>112,564</td>
<td>58,797</td>
<td>253,334</td>
<td>352,236</td>
<td>125,264</td>
</tr>
<tr>
<td>Production and related</td>
<td>562,086</td>
<td>617,040</td>
<td>364,071</td>
<td>576,716</td>
<td>737,448</td>
<td>129,777</td>
<td>559,423</td>
<td>596,671</td>
<td>418,136</td>
</tr>
<tr>
<td>Service</td>
<td>400,811</td>
<td>471,942</td>
<td>268,768</td>
<td>269,918</td>
<td>269,918</td>
<td>-</td>
<td>457,034</td>
<td>645,662</td>
<td>268,768</td>
</tr>
<tr>
<td>Not stated</td>
<td>910,084</td>
<td>350,084</td>
<td>560,000</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>1,260,000</td>
<td>700,000</td>
<td>560,000</td>
</tr>
</tbody>
</table>

Source: CSO Labour Force Survey 2005

Annex 6.101: Players in the Water Sector and their Roles

<table>
<thead>
<tr>
<th>Actor</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEWD, Water Board</td>
<td>a) National water policy</td>
</tr>
<tr>
<td></td>
<td>b) IWRM policy and international water</td>
</tr>
<tr>
<td></td>
<td>c) Management and development of water resources</td>
</tr>
<tr>
<td></td>
<td>d) Regulate water resources</td>
</tr>
<tr>
<td>MLGH, DISS</td>
<td>a) WSS sub-sector policy, strategy elaboration and overseeing service provision to urban and rural areas by local authorities and the commercial water utilities</td>
</tr>
<tr>
<td></td>
<td>b) Resource mobilization</td>
</tr>
<tr>
<td>MACO, MTENR, MoH</td>
<td>a) Strategy elaboration (i.e. irrigation policy), sanitation and hygiene promotion</td>
</tr>
<tr>
<td>Statutory Bodies: NWASCO, Water Development Board, ECZ</td>
<td>a) Advisory and regulatory roles</td>
</tr>
<tr>
<td></td>
<td>b) Pollution Control (Environmental Council Zambia)</td>
</tr>
<tr>
<td>CUs</td>
<td>a) Service provision</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>a) Service provision in rural and urban areas; in urban areas service provision is delegated to CUs</td>
</tr>
<tr>
<td>Training and Research Institutions</td>
<td>a) Human resource training</td>
</tr>
<tr>
<td></td>
<td>b) Research</td>
</tr>
<tr>
<td>Cooperating partners and NGOs</td>
<td>a) Provision of capital funds</td>
</tr>
<tr>
<td></td>
<td>b) Execution of WSS programmes and projects by NGOs</td>
</tr>
<tr>
<td>Private Sector</td>
<td>a) Participation in financing and management of WSS</td>
</tr>
<tr>
<td></td>
<td>b) Consulting services</td>
</tr>
<tr>
<td></td>
<td>c) Construction of WSS facilities</td>
</tr>
<tr>
<td>Community and CBOs</td>
<td>a) Beneficiary of WSS services</td>
</tr>
<tr>
<td></td>
<td>b) Maintenance of sources</td>
</tr>
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Source: Ministry of Energy and Water Development
Demographic Data

Respondent Profile

Table 3.1 presents the key demographics of the sample across setting (rural-urban) and provinces. Reflecting the sample distribution, 54% of the sample is drawn from rural areas and 46% from urban areas, distributed across all the five provinces which were selected. Overall, 650 (54%) are male and 550 (46%) are female. There were more males in the rural areas than females while in the urban areas the split was almost equal.

Table 3.1: Demographic profile: Basic characteristics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Total</th>
<th>Rural %</th>
<th>Urban %</th>
<th>Lusaka %</th>
<th>Central %</th>
<th>Copperbelt %</th>
<th>Eastern %</th>
<th>Luapula %</th>
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<td>66</td>
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<td>6</td>
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<td>6</td>
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<td>100</td>
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</tbody>
</table>

| Respondents employment status |       |         |         |          |           |              |           |           |
| Subsistence farmer        | 47    | 78      | 15      | 15       | 59        | 30           | 72        | 70        |
| Employed (formal)         | 8     | 3       | 14      | 7        | 7         | 17           | 4         | 2         |
| Employed (informal)       | 7     | 3       | 11      | 12       | 8         | 9            | 2         | 5         |
| Business (SME)            | 15    | 6       | 25      | 22       | 12        | 19           | 10        | 10        |
| Unemployed                | 20    | 7       | 33      | 42       | 9         | 24           | 10        | 11        |
| Others                    | 1     | 2       | 1       | 2        | 3         | 0            | 0         | 2         |
| Total                     | 100   | 100     | 100     | 100      | 100       | 100          | 100       | 100       |

| Number of Respondents    |       |         |         |          |           |              |           |           |
| As a % of total sample   |       |         |         |          |           |              |           |           |
| 1200                      | 650   | 550     | 250     | 225      | 300       | 250          | 175       |           |
| 100                       | 54    | 46      | 21      | 19       | 25        | 21           | 15        |           |
Key findings revolve around three areas: education, employment and gender. With regards to the first, more respondents had secondary education than tertiary (university or other). More than half the respondents had basic primary education. Rural areas had the highest number of least educated respondents. Incidentally, only 9% of the total respondent group had any tertiary education. A good 23% had secondary school education.

The employment figures revealed a bias towards self employment in farming and other businesses. The large pool of respondents educated up to secondary school translated into a large population of unskilled and semi-skilled labour. Again, only 8% of the sample reported being in formal employment, 47% in subsistence farming and 15% running their own businesses.

With reference to gender, more females have moved into urban areas as shown in table 3.1. This is suggestive of two things: first, the high level of unskilled labour has moved into farming, largely in rural areas, and is mostly male. Secondly, the governments National Gender Policy has created female-friendly education and work institutions. If, however, this policy is the cause of the observed reverse migration into rural areas is speculative.