



ZAMBIA

First PRSP Implementation Progress Report

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ACRONYMS

ABB	Activity Based Budget
ACC	Anti-Corruption Commission
ACHPR	African Charter on Human and People's rights
ADB	Africa Development Bank
ARV	Anti Retro viral
APAS	Annual Performance Appraisal System
BOZ	Bank of Zambia
CBNRM	Community Based National Resource Management
CBOH	Central Board of Health
CBOs	Community Based Organizations
CBZ	Coffee Board of Zambia
CEMP	Community Environment Management Programme
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
CCS	Commitment Control System
CDT	Cotton Development Trust
CFS	Crop Forecasting Survey
CSO	Central Statistics Office
CTGA	Central Tobacco Growers Association
DACO	District Agricultural Coordinators
DDCC	District Development Coordinating Committees
DSA	Debt Sustainability Analysis
D-WASHE	District Water, Sanitation, Health and Education
EBZ	Export Board of Zambia
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GER	Gross Emolument Ratio
GIDD	Gender In Development Division
GRZ	Government of the Republic of Zambia
HIPC	Highly Indebted Poor Country
ICT	Information and Communication Technology
IEC	Information, Education and Communication
IFMIS	Integrated financial Management Information Systems
ITN	Insecticide Treated Net
IMF	International Monetary Fund
KCM	Konkola Copper mines
KTZ	Kafue Textiles of Zambia
LCMS	Living Condition Monitoring survey
MACO	Ministry of Agriculture and Cooperatives
MLGH	Ministry of Local Government and Housing
MCDSS	Ministry of Community Development and Social Services
MCTI	Ministry of Commerce, Trade and Industry
MDGs	Millennium Development Goals
MoFNP	Ministry of Finance and National Planning
MMMD	Ministry of Mines and Mineral Development
MPSA	Ministries, Provinces and Spending Agency
MSDP	Mining Sector Diversification Programme
MSME	Micro Small and Medium Enterprises

MTEF	Medium Term Expenditure Framework
NCZ	Nitrogen Chemicals of Zambia
NEDT	National Economic Diversification Task force
NPRAP	National Poverty Reduction Action Plan
NPRSF	National Poverty Reduction Strategy Framework
NRDC	Natural Resource Development College
NSSN	National Social Safety Net
NWASCO	National Water Supply and Sanitation Council
PACO	Provincial Agricultural Coordinators
PAM	Programme Against Malnutrition
PDCC	Provincial Development Coordinating Committees
PEMFAR	Public Expenditure Management and Financial Accounting Reforms
PHS	Post Harvest Survey
PRGF	Poverty Reduction Growth Facility
PRPs	Poverty Reduction Programmes/projects
PRSP	Poverty Reduction Strategy Paper
PSCAP	Public Service Capacity Building Programme
PSMD	Public Service Management Division
PSRP	Public service Reform Programme
PUSH	Peri Urban Self Help
PWAS	Public Welfare Assistance
RAMCOZ	Roan Antelope Mining Cooperation of Zambia
RDA	Road Development agency
RDCs	Recurrent Departmental Charges
RFA	Road Fund Agency
RIF	Rural Investment Fund
RWSS	Rural Water Supply and Sanitation
ROADSIP	Road Sector Investment Programme
RTSA	Road Transport and Safety Agency
SADC	Southern African Development Community
SAGs	Sector Advisory Groups
SEDB	Small Enterprise Development Board
SYSMIN	Small Scale Mining
STI	Sexually Transmitted Infections
TAZARA	Tanzania-Zambia Railways Authority
TB	Tuberculosis
TBZ	Tobacco Board of Zambia
TDCF	Tourism Development Credit Facility
TEVET	Technical Education Vocation and Entrepreneur Training
TNDP	Transitional National Development Plan
UFFA	Urban Food for Assets
UTH	University Teaching Hospital
VCT	Voluntary Counseling and Testing
WRAP	Water Resource Action Programme
WSS	Water Supply and Sanitation
ZCCM	Zambia Consolidated Copper Mines
ZDHS	Zambia Demographic Health survey
ZESCO	Zambia Electricity Supply Corporation
ZRL	Zambia Railways Limited

Executive Summary

In July 2002, the Zambian Government officially launched its first Poverty Reduction Strategy Paper (PRSP) for the period 2002 – 2004. The PRSP has the overriding objective of attaining sustained and high economic growth, improving access and quality in the provision of social and public services (especially education, health and water and sanitation), and mainstreaming the cross cutting issues of HIV/AIDS, gender and the environment. The strategy correctly recognises that little can be achieved to reduce poverty unless measures are taken to revive Zambia's economy. Diversifying the economy is considered key to reviving the economy with agriculture and tourism, particularly given priority. Attaining macroeconomic stability, improving supportive infrastructure and good governance are also given priority in attaining high growth envisaged in the PRSP. The purpose of this report, therefore, is to account for the first one and half years of PRSP implementation in four strategic areas vis a vis economic and social sectors, governance and cross cutting issues.

Although improvements have been recorded in the last two years, Zambia's macroeconomic environment still remains unbalanced, largely due to slippages in fiscal policy, especially in 2003. In 2002, a domestic deficit of 4.1 percent of GDP was recorded, which was higher than the programmed target of 3 percent. In 2003, the domestic fiscal deficit is estimated at over 5 percent of GDP against the target of 1.55 percent. The persistent higher deficits have been financed largely through borrowing, which reached 2.3 percent of GDP in 2002 and 4.6 percent of GDP in 2003. This high level of domestic borrowing by Government contributed to a less than expected decline in inflation and interest rates. Inflation declined from 26.7 percent in 2002 to 17.2 percent in 2003 while nominal lending interest rates are in excess of 35 percent. This situation has obviously been holding back attainment of a stronger real GDP growth that is necessary for poverty reduction.

Real GDP growth averaged 3.7 percent in the last two years, which was below the PRSP average target of 4 percent for the period 2002-2003 and much lower than the desired growth rates of at least 8 percent envisaged under the Millennium Development Goals (MDG's). The high borrowing levels also resulted in a mounting public debt, further increasing the fiscal burden in terms of servicing the debt and thereby, affecting government's ability to increase spending on priority growth and Poverty Reducing Programmes. Even with the high levels of domestic borrowing by government, funding to PRSP programmes was below expectation. This situation is mainly attributed to the delays to undertake fiscal adjustment and the necessary reforms required to contain non-priority expenditures in line with the PRSP strategy.

In 2002, priority Poverty Reduction Programmes (PRP's) expenditures were allocated K450 billion (K210 billion from donors and K240 billion from Government) representing 2.2 percent of GDP. However, by end December, only K110 billion was disbursed by Government. In 2003, the budget allocation for PRP's was K410 billion (280 billion from Government and K130 billion from donors). As at November 2003, K212 billion was disbursed by Government. It should be noted however that within the PRSP, there are other programmes of a growth enhancing and service delivery nature such as roads of which funding was also falling behind.

A serious consequence of the fiscal slippages in 2003, especially with regard to salary and wage overrun and domestic borrowing, was that Zambia could not conclude a new Poverty Reduction and Growth Facility (PRGF) programme with the International Monetary Fund (IMF) in 2003. This also led to a delay in reaching the Completion Point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative in 2003 and thus Zambia missed out in accessing the bulk of relief estimated at US \$3.8 billion. The lack of a programme with the IMF also led to the withholding of budget support by the donor community, further affecting budget execution including spending on PRP's.

The Government however, made steady progress in implementing the other triggers for reaching the HIPC Completion Point. These include the stepping up of measures to combat HIV/AIDS, raising the starting compensation of teachers in rural areas above the poverty line, implementing and scaling up of the roll back action plan for malaria. The Commercialisation of Zambia Electricity Supply Corporation (ZESCO) was ahead of schedule while negotiations with the preferred bidder for the sale of 49 percent shares in the Zambia National Commercial Bank (ZNBC) was in progress. Other structural reforms include the designing of the Integrated Financial Management Information System (IFMIS) and the development of the Medium Term Expenditure Framework (MTEF).

Externally, Zambia's terms of trade continued to weaken, deteriorating by 8 percent in 2002 and a further 2 percent in 2003. The price of metals, Zambia's principal exports fell in 2002 before picking up in 2003. The value of merchandise exports, however, increased from US \$884 million in 2001 to US \$916 million in 2002 and US \$1.1 billion in 2003. This was mainly on account of an increase in non-traditional exports. These increased from US \$294 million in 2001 to US \$357 million in 2002 and US \$407 million in 2003. The improvements in the general business environment including maintenance of a competitive exchange rate have provided an impetus to the growth in non-metal exports and the diversification strategy.

PRSP Implementation Status

Agriculture is a key sector in Zambia's poverty reduction efforts, since most of the poor are predominantly in agriculture and also because of the presence of a large resource endowment and conditions suited for agriculture development. The strategy for agriculture is two pronged: (i) ensuring food security and (ii) diversifying agriculture production through promotion of both large-scale and small-scale producers (under out-grower schemes as well as opening up farm blocks).

Government budgetary allocation to the agriculture sector in nominal terms was raised from K104 billion in 2001 to K119.2 billion in 2003. A number of interventions were implemented in close partnership with other key players in agricultural development. In the area of promoting food security, the major programme undertaken was the Fertilizer Support Programme (FSP). The FSP is a three-year programme, which started in 2001 and provides subsidized fertilizer to viable but small-scale farmers who in the last few years had their income bases eroded by the effects of the recurring droughts. A total of K81.2 billion has been spent on this programme with a total of 120,000 farm families benefiting.

Together with improved weather conditions in 2003, this programme contributed to the increase in food production in the 2002/2003 season and overall improvements in the food security position of the country.

In the area of promoting small scale and commercial farming, the major programmes undertaken were support towards out-growers schemes, rural infrastructure investment programme and animal production and health programme. However, programme implementation was constrained by irregular and insufficient release of financial resources and therefore not much progress was made.

For the out-grower schemes, government supported small-scale farmers by working with various large private sector enterprises. The major crops supported were tobacco, cotton, fresh vegetables and coffee. For cotton, 4,222 farmers were supported while under paprika 3,030 were supported. The financial support and technical assistance was provided through Agro companies. With regards to commercial farming, the major intervention was the identification of farming blocks. To this effect, three farm blocks, namely Nasanga/Munte, Kalumwange and Luena were identified with a total hectareage of 300,000 ha. It is expected that in 2004, there will be infrastructure development on these farms.

Not much progress was made in the mining sector with regard to programme implementation. Although the Gemstone Exchange was planned to be established, only a committee to carry out a study was established.

Similarly, the Plant Hire Scheme, which was to be created, is yet to be put in place. However, the Mining Sector Diversification Programme (MSDP) under the SYSMIN fund from the European Union took off. But effective implementation was plagued by stringent loan conditions and administrative bottlenecks. As such, only one mining company accessed part of the €16.5 million meant for the credit facility. The stringent conditions attached to the disbursement of funds for credit resulted in the low utilization of funds under this facility.

In the energy sector, much of the focus and activity was concentrated on rehabilitating the current generation, transmission and distribution infrastructure so as to improve on reliability and efficiency of supply. This programme known as the Power Rehabilitation Programme, has recorded satisfactory progress. The rehabilitation of the transmission component both on the Copperbelt and Southern region was completed in 2003 while for the generation component at Kafue Gorge civil works were expected to be completed by the end of 2003. Other works involved the replacement of generators at Kafue Gorge, Kariba North Bank and Victoria Falls, where more than 40 percent progress was recorded and the works are expected to be completed by 2005. In contrast, little progress was made under the Rural Electrification Programme. This was due to poor funding.

In tourism, the programme was mainly directed towards the development of infrastructure in Livingstone as the premier tourist destination in Zambia and creating linkages with other tourist development areas or zones, tourism promotion and marketing and facilitation of tourism financing through a Tourism Development Credit Facility (TDCF). In this regard, a total of 15 kilometres of roads in the Mosi-oa-tunya national park were rehabilitated. However, the road network in the Livingstone area continued to be in a deplorable state, despite the status of the city as the Tourist Capital. The rehabilitation of the Livingstone Museum also commenced in 2002. Similarly, the rehabilitation of the Livingstone International Airport runway and terminal buildings was completed, allowing for increased traffic and tourist arrivals. Aircraft movements increased from 1,517 in 2001 to 2,874 in 2003. Similarly, the number of passengers passing through the airport increased from 35,246 in 2001 to 63,861 in 2003.

The rehabilitation of airstrips and airports in other towns also progressed well. The rehabilitation of Lusaka International Airport was undertaken. The rehabilitation works were also extended to communication equipment. In this first phase, the works involved upgrading and resurfacing of the runway and taxiways which have since been completed. In the second phase, which is still on going, the works include renovation of the terminal building and installation of elevators.

The Tourism Development Credit Facility (TDCF) was created and a total of K5 billion was disbursed to the fund in early 2003. However, no disbursements to eligible beneficiaries had been as the modalities for disbursements were still being worked out.

In industry, the focus in the last one and half years has been on three programmes, namely: investment, trade and export promotion, and MSMEs development/rural industrialization. The total funds disbursed to PRPs in 2002 were K2 billion of which K1.2 billion was for export promotion. The Export Processing Zones Act was passed in 2002 and the Export Processing Zones Authority was established in 2003 to promote investment in the EPZ's. By June 2003, K850 million was released for the Export Processing Zones promotional activities. However, in the same year, processing of applications was suspended to allow for a complete review of the potential revenue loss arising from possible abuse of the incentive.

Government, with the support from the co-operating partners continued implementing the Road Sector Investment Programme (ROADSIP) phase one. The ROADSIP is a sector wide approach to the development of the road sector, which was started in 1997. ROADSIP is financed by donors, government and the Road Fund (for periodic maintenance).

Significant progress has been made under ROADSIP to improve the condition of the paved road network. The condition of the paved road network totalling 6,476 Kilometre, has improved tremendously. For instance in 1995, 20 percent or only 1,295.2 Kilometre was in good condition and over 3,000 Kilometre or 51 percent was in deplorable condition. However, by 2002, about 60 percent was in good condition and only 19 per cent in poor condition. However, not much progress has been made on the remaining 27,000 Kilometre of unpaved road network, which includes feeder roads and the paved road network within the urban centres.

During the period under review, disbursements from Government were poor thereby affecting the progress on roads entirely funded by Government. Out of the budgeted K150.9 billion for roads in 2002, only K99 billion was released while in 2003, K 118 billion or 64.8 percent of the budgeted K182 billion was released. Most of these resources went towards rehabilitation of feeder roads and routine and periodic maintenance.

Under the education sector, the focus of interventions in the last two years were aimed at increasing access to basic, high and tertiary education as well as improving the quality and relevance of the education provided at these levels. Reducing disparities in education provision by promoting gender equality was another key intervention.

Remarkable progress has been made in meeting these sector objectives, especially at basic school level. In the period 2002-2003, a total of 106 Basic schools were constructed, bringing the cumulative total of basic schools to 4,662 by 2003. The Government also introduced the free primary education policy in February 2002, which saw all user fees abolished for grades 1-7 and uniforms were no longer compulsory. In 2001, total basic education enrolment was 1.8 million pupils, which increased to about 2 million in 2003. Thus in 2003, the Gross Basic School Enrolment Rate (GER) was 79 percent compared to 71 percent in 2002 and 75 percent in 2002. Enrolment between 2002 and 2003 increased by 7 percent per annum, exceeding the annual target of 2 percent. A total of 1,987 classrooms and 1,374 teachers houses were constructed surpassing the target of 1,123 classrooms and 828 teacher's houses.

In addition, the enrolment, at high school level, increased by 5 percent from 168,538 in 2001 to 210,061 in 2003. The number of high schools also increased to 353 in 2003 from 335 in 2002. The provision of school materials such as books has also improved. Similarly, there were improvements in reading and writing levels of children in schools in Grade 1. The reading levels improved from 34 percent in 1999 to 64 percent in 2003. In addition, between 2001 and 2003, the mean mathematics score increased from 36 percent to 39 percent, while the mean English score increased from 33 percent to 35 percent.

However, while the recent gains in learning achievements and enrolments are encouraging, there is concern that these gains are at risk because of the teacher employment crisis. The number of basic school teachers which had increased to 40,488 in 2002 from 37,793 in 2001, fell back to 38,891 in 2003. There were about 9,000 teaching vacancies, mostly in rural areas in 2003. This situation was largely attributed to budgetary constraints.

Zambia's health situation remains precarious. Maternal Mortality Rate (MMR), which was estimated to be 649/100,000 in the period between 1990 and 1996 rose to 729/100,000 in 2000. This could be attributed to poor accessibility to basic health care facilities, the high malaria incidence and the HIV/AIDS pandemic. The Under 5 Mortality Rate also showed a rising trend. In 1990, the rate was 151 and increased to 162 in 2000. The Infant Mortality Rate (IMR) however is showing signs of improvements according to census data. This declined from 123 per 1000 live births in 1990 to 110 per 1000 live births in 2000. The ZDHS for 2001/2002 surveys also shows a similar trend with the IMR reducing to 95 in 2000 compared to 107.7 in 1996.

In 2002 and 2003, most of the health sector interventions were directed at the provision of health care package, the Integrated Malaria Control Programmes and the construction of additional health facilities. In addition, the rehabilitation of existing health facilities was undertaken. In terms of rehabilitation of provincial and district hospitals, K5.2 billion was disbursed for this exercise against an allocation of K19 billion to all provinces. Given the low level of funding, against the allocation, progress was slow.

In terms of drug supply, a total of K13.2 billion was used for the purchase of drugs in 2002. The drugs procured include TB, STI and anti malaria drugs. Each rural health centre received, on a monthly basis, about 1,025 drug kits, meeting an annual requirement of 12,300 for rural health centres. In 2003 a total of K12 billion were used to purchase essential health drugs, which included Anti-retroviral drugs. This, however, will only cater for 6,600 patients against the target of 10,000 patients in the phased approach programme, which is intended to run in selected health facilities. Further, a total of K3.5 billion was used for the provision of Basic Health Care Package. This was used for purchase of drugs in the hospitals, which included TB second line drugs. Further, part of the funds was used to buy Anti-Trypanosomal drugs in response to the request from the Copperbelt and Northern Provinces where trypanosomal cases were reported.

Malaria is the major cause of morbidity and mortality (about 50,000 deaths per year) in Zambia. Thus, under the PRSP, combating of this disease is one of the major interventions. This is being done under the Integrated Malaria Control Programme (Rollback Malaria Programme). In this regard, between 2002 and 2003, a total of K500 million was spent on ITN's, from government resources, to supplement those from donors. A total of 82,349 ITN's were distributed by Government in addition to what the other stakeholders are doing. The incidence of Malaria though still continues to be high and is increasing. The incidence rate per thousand population rose from 387 in 2002 to 428 in 2003. This will require that malaria roll back interventions be scaled up. Zambia's proposal to the Global Fund on scaling up malaria control and management was approved in 2003 for funding and these efforts are therefore expected to be stepped up in the coming year.

The main social safety net programmes continued to be in the Public Welfare Assistance Scheme (PWAS), the Peri Urban Self Help (PUSH) and the Food Security Pack programme. The programmes cover all the districts in the country and involved over 50,000 poor and vulnerable persons who were targeted to benefit from the fund transfers for use as school fees and other requisites, repatriation for stranded persons, health-exemption fees as well as purchase of food rations.

In 2001, the redesigned programme under PWAS that ensures exclusion and inclusion was piloted in nine districts. In 2002, the programme was extended to 27 districts and continued its redesigning in order to ensure that exclusion and inclusion problems were removed. PWAS has remained with only 14 districts to extend nationwide and complete its redesigning. In 2002, PWAS received K300 million for Health, Education and other social support.

The Food Security Pack programme is implemented on behalf of Government through a Non-Government Organisation called the Programme Against Malnutrition (PAM). The programme's main objective is to improve agriculture productivity and household food security among the targeted vulnerable but viable farmers. This programme is in form of a grant.

In early 2002, Government made a policy pronouncement of "Zero Tolerance on Corruption", and as a result, the National Movement Against Corruption (NAMAC) was launched. NAMAC is an alliance of strategic partnerships from government, civil society organisations and the private sector. In order to effectively implement the policy of Zero Tolerance, the Anti-Corruption Commission (ACC) was being strengthened. Funding to the Commission was increased thereby enabling the Commission to effectively carry out its functions. Further, new offices and staff houses were constructed in three provinces that

previously had no ACC representation. These are North-western, Luapula and Western Provinces. In 2002, Government initiated the process of investigating former political leaders as well as senior public officers suspected to have plundered national resources. Several assets have in this regard been forfeited to the state while a number of high profile cases are currently being prosecuted in the courts of law.

Government in 2003 initiated the Constitutional Review Process aimed at removing serious conflicts and inconsistencies contained in the Constitution. Along with the Constitutional Review Process, government is also developing a legal and judicial framework with clear laws and an enhanced independent Judiciary which will further support the promotion of constitutionalism and the rule of law and respect for human rights. Additionally, government began the process of Electoral Reform. To this effect, an Act of Parliament was passed to mandate continuous voter registration.

In the area of economic governance, government sped up reforms in public expenditure management and financial accounting so as to improve accountability, transparency and management of public resources. Such reforms included the designing of the IFMIS, development of the MTEF and implementation of the Commitment Control System (CCS).

As for combating the HIV/AIDS pandemic, there has been an intensification of the collaborative effort across the whole spectrum of society. This involved the pulling together of all efforts and resources in order to combat the pandemic. The government in December 2002 enacted the National HIV/AIDS/STI/TB Council and Secretariat to coordinate and support the development, monitoring and evaluation of the multi-sectoral national response for the prevention and combating of the spread of HIV/AIDS, STI and TB. Within the context of the multi-sector response, implementation of these interventions across society has been scaled up.

Some encouraging results of these efforts are being observed as evidenced by an increase in the Voluntary Counselling and Testing Centres, the provision of TB preventive therapy, provision of ARV's in public hospitals, and the expansion of Community Home Based Care. Similarly, recent data from the Zambia Demographic Health Survey 2001/2002 report shows that the majority of Zambians are now aware of how the HIV/AIDS is transmitted and how it can be avoided. The same report also indicates that the prevalence rate among the adult population is estimated at 16 per cent indicating a reduction from the previous year.

However, monitoring and evaluation systems are still highly fragmented as the HIV/AIDS interventions are being implemented across a wide spectrum of society and by many stakeholders. It is important to strengthen data management capacities and improve co-ordination among stakeholders. This has been identified as an area requiring support.

The overall coordination as well as the monitoring and evaluation of the PRSP rests with the Ministry of Finance and National Planning with the participation and support of all stakeholders. A Poverty Monitoring and Analysis Framework (PMA) was designed to provide timely information to policy makers on what really works towards the reduction of poverty. The PMA is supposed to be a national monitoring and evaluation system for both the PRSP interventions and the Transitional National Development Plan (TNDP) in particular and any other development plans in general.

The first one and half years of PRSP implementation brought with it important lessons. Firstly, the extreme pressures placed on the budget by extra budgetary expenditures adversely affected the execution of some poverty reducing programmes. To the extent that fiscal adjustment and the necessary reforms were also delayed so as to curb on non-priority expenditures, funding to PRSP programmes was adversely affected. Part of the reason is that the implementation of the PRSP, in the Zambian case, preceded the development of the Medium Term Expenditure Framework (MTEF). This development may have resulted in poor releases due to the lack of specific targeting of the budget towards Poverty Reduction Programs. The fiscal adjustment as well as the

introduction of the MTEF, Activity Based Budget, is expected to address some of these concerns. Fiscal adjustment and the necessary reforms to reduce or limit the size of government non -priority operations are especially critical and will require to be accelerated.

Secondly, the listing of some PRSP programmes as PRP's affected overall PRSP monitoring. The Report focused mainly on programmes classified as PRP' s in the yellow book, ignoring those that have direct poverty reducing effort but classified under other lines like capital expenditure or grants. It is important that the future progress reports should focus not only on programmes classified as PRP' s, but also include all poverty reducing programmes by Government and Cooperating partners. With the introduction of Activity Based Budgeting under the MTEF, this is expected to be addressed.

Thirdly, baseline data for most interventions was absent making analysis, especially comparison of inputs and outcomes very difficult. Not only was baseline data missing, but also getting overall information from line ministries was problematic and this is reflected in the gaps in some sectors. The inputs from the line ministries into this progress report, in most, cases were poor, indicating that there is either inadequate capacity in these ministries to conduct such analysis or there is absence of information and management reporting systems. There is need therefore, to build capacity in sector ministries.

Fourthly, getting information on donor-funded programmes from the line ministries and donors was problematic. The PRSP is supposed to be a framework through which donor aid is channelled to Zambia. There is need to develop a framework for improved information capture between MOFNP, the donors and sector ministries.

Fifthly, even though financing was a problem, in some cases where disbursements was effected, there were some absorption problems. The money remained in the banks, unutilized for long periods of time, depriving other programs and projects that may have had the capacity to efficiently utilize it. The reasons for this lack of absorption are many and vary from program to program and from district to district. Common among them, however, is the lack of information regarding timing of disbursements, inadequate provision of capital equipment to facilitate implementation of infrastructure works and long and complicated tender procedures.

Finally, although implementation was slow in the last two years, the PRSP strategy is still valid and remains an important point of reference between Government, the civil society and the donors. Addressing the shortcomings discussed above, could very much improve on the implementation rate of the PRSP. Some of the corrective measures have been initiated and will require to be accelerated.

CHAPTER 1

INTRODUCTION

In July 2002, the Zambian Government officially launched its first National Poverty Reduction Strategy Paper (PRSP) for the period 2002-2004. This was the product of a wide participatory process that involved all stakeholders, (e.g. local Authority government Ministries, Academia, Cooperating Partners and Civil Society). The PRSP is one of Zambia's development planning and resource programming tool and as such, it is considered to be within the overall framework for national planning and interventions for poverty reduction. In addition to the PRSP, the government prepared the Transitional National Development Plan (TNDP) covering the period 2002-2005. The TNDP, which was launched in December 2002, complements the PRSP by bringing in some sectors of the economy that were not included in the PRSP.

The purpose of this report is to account for the first one and half years of the implementation of the PRSP in four strategic areas, namely economic and social sectors, governance, infrastructure and crosscutting issues. The second chapter covers the Macroeconomic performance; budget and structural reforms with regard to the PRSP refined indicators. The chapter focuses on the progress made in undertaking structural reforms to support the policy and institutional changes required to effectively implement the PRSP. The chapter also examines the weaknesses in the execution of the 2002 and 2003 budgets and suggests ways of improving the budget execution processes through planning and budgeting reforms as well as mechanisms that are being introduced within the context of the Medium Term expenditure Framework (MTEF), Integrated Financial Information System (IFMIS) and the Activity Based Budgeting (ABB).

Chapter three of this progress report has provided concrete data where available, emphasizing on the analysis of the input-output and to some extent outcome and impact indicators. In this chapter, there is provision of trend data on the progress made in key sectors because no comparable survey to that of the 1998 Living Condition Monitoring Survey (LCMS) has been under taken. In chapter four and five, the report examines the Sectoral and Regional overall budget allocations against the releases and actual expenditures. The major sources of this data are the financial reports and yellow books for 2001, 2002, and 2003 as well as other data from the sectoral and provincial reports that were submitted. The main thrust with regard to what was planned for in each sector in a particular year, has been examined in view of the specific performance of these sectors. An attempt has also been made to explore some of the reasons for the failure to achieve the given targets.

Chapter six provides an overview of the institutional framework for the implementation of the PRSP. In the last chapter, the report highlights some of the lessons learnt and gives recommendations for future intervention.

It should be noted that the achievements reported by the use of an appropriate mix of indicators was done in order to make the indicator system simple, feasible and more measurable.

CHAPTER 2

MACROECONOMIC PERFORMANCE AND STRUCTURAL REFORMS

2.1 Macroeconomic situation

The attainment of macroeconomic stability has continued to be elusive largely due to the effects of unsustainable fiscal deficits and occasional exogenous shocks. Real GDP growth was 3.3 percent in 2002 and is estimated at 4.2 percent in 2003. To the extent that the country was faced with unforeseen difficulties such as the withdrawal of Anglo American Corporation from KCM in February and the drought that affected agricultural production, overall growth in 2002 was satisfactory. In 2003, the recovery of agriculture largely explains the expected pick up in growth. Other sectors that are expected to contribute to the positive GDP growth are transport and communications, energy, construction, wholesale and retail trade and tourism. The growth rates are, however still dismally low to make any significant impact on poverty. Due to a sharp acceleration in food prices arising from the drought, the 12-month inflation rate shot up to 26.7 percent in 2002 from 18.7 percent in 2001. In 2003, 12-month inflation fell to 17.2 percent. This is however, still high considering the year target of a single digit figure.

The domestic fiscal deficit in 2002 reached 4.1 percent against the target of 3 percent while in 2003 the domestic deficit, is estimated at 3.5 percent compared to the target of 1.6 percent. The deficits have been financed largely by domestic borrowing, which reached 2.1 percent of GDP in 2002 and it is estimated at over 5 percent in 2003. This fuelled a higher than targeted money supply growth which also contributed to a slower pace in the decline in inflation, while the high levels of borrowing have been a major factor in the prevailing high real and nominal interest rates. The weighted commercial bank lending rates were 43 percent in 2002 and only declined slightly to 39 percent in 2003. Such high levels of interest rates have held back stronger and robust private sector activity and therefore real GDP growth.

In the external sector, the current account deficit (including grants) improved from 10.8 per cent of GDP in 2001 to 6.5 percent in 2002 and is estimated at 5.6 percent in 2003. In absolute terms, the deficit narrowed from US \$758 million in 2001 to US \$652 million in 2002 and a projected US \$627 million in 2003. The narrowing in the deficit has been due to a narrowing in import growth and a higher export growth. Merchandise exports in 2002 amounted to US \$916 million, up from US \$884 million in 2001. Merchandise exports are estimated at US \$1.1 billion in 2003. There are signs that the economy is diversifying as evidenced by the impressive growth in non-metal exports which have continued to register double-digit growth. In 2002, they grew by 35.2 percent to reach US \$357 million from US \$264 million in 2001. In 2003, non-metal exports grew by 13 percent to US \$405 million. This impressive growth in non-metal exports is attributed to the improved export regime including fiscal incentives and a competitive market based exchange rate. The attainment of macroeconomic stability will be important in consolidating these gains.

Table 2.1: Trends in selected Key Macroeconomic Indicators 2000-2003

Indicator	2000	2001	2002	2003 est
Real GDP Growth	3.6	4.9	3.3	5.1
CPI Inflation end Year	30.1	18.7	26.7	17.2
CPI Inflation annual average	26.1	21.7	22.2	21.5
Domestic Fiscal Deficit (percent of GDP)	-3.3	-4.7	-4.2	-3.2
Domestic Revenues (percent of GDP)	19.4	19.1	18.0	18.4
Expenditures (percent of GDP)	-	-	31.9	30.6
Domestic Financed Capital Expenditure percent of GDP	2.3	3.8	2.6	2.5
Poverty Reduction Programmes (percent of GDP)	-	1.4	0.7	1.4*
Money Supply Growth (percent Change)	74.1	10.8	31.4	13.8
Government Borrowing from BoZ (in K Billion)	1,517.9	1,900.1	1,700.8	---
Government Borrowing from BoZ (annual percent Change)	80.5	25	-10.5	---
Government Borrowing from Commercial Banks (In K`billion)	357.1	777.3	916.3	---
Government Borrowing from Commercial Banks (annual percent change)	54	117.7	17.9	---
Nominal Weighted Commercial Bank lending rates	45.9-	54.6-	50.0-	44.8
Nominal Exchange Rate Depreciation end period	58.0	-7.9	13.2	25.3
Exports c.i.f (US\$ Million)	746	884	916	1,134
Metal Exports (US\$ Million)	497	590	560	729
Non-Metal Exports	249	295	357	405
Of which agriculture (US\$ Million)	102.3	115.1	134.2	---
Gross International Reserves (Months of Import Cover)	2.8	1.4	2.2	1.3
Balance of Payments Support (US \$ Millions)	186.0	74.6	137.3	55
Current Account Balance (including grants) (percent of GDP)	(11.4)	(10.8)	(6.5)	(5.6)
Foreign Direct Investment (US Millions US Dollars)	278	301	178	233
External Debt Stock (US \$)	6,253.1	7,270.4	7,140.4	6,495.1
Stock of Domestic Debt (in K, Billion)	---	3,971	3,077	3,695
Stock of Domestic Arrears (In K Billion)	-	-	433.6	635.5

Source: Ministry of Finance and National Planning and Bank of Zambia

* Under HIPC Initiative

2.2 Debt Stock

2.2.1 External

Zambia's external debt overhang continues to be enormous. As at end June 2003, the external debt stock stood at US\$ 6,862.6 million or 182 percent of GDP (See Table 2.2). Total debt service payments amounted to US \$285 million in 2002 and US \$196.8 million in 2003. Because of shortfalls in external support, some of the external debt service has had to be paid from domestic revenues. As a Highly Indebted Poor Country (HIPC), Zambia is eligible for relief under the HIPC Initiative and has already reached the Decision Point, at which stage creditors provided interim relief and pledged to provide the bulk of the relief on condition that Zambia meets certain conditionalities or triggers. The point at which these triggers would have been satisfactorily met is called the Completion Point. Zambia was expected to reach the Completion Point in December 2003 upon which, it was expected to obtain relief amounting to US\$3.8 billion. However, due to slippages in fiscal policy in 2003 and the resultant failure to reach a new Poverty Reduction Growth Facility (PRGF) programme with the International Monetary Fund (IMF) the attainment of the Highly Indebted Poor Country (HIPC) Completion Point has been delayed and is now expected in 2004.

As a result of failure to conclude a new PRGF arrangement with the IMF, the donor community withheld budget support. As of October 2003, only US \$9.6 million was disbursed out of the expected US \$56 million for the year. The withholding of programme support affected the execution of some poverty reducing programmes.

Table 2.2: External Debt Stock 2000 – June 2003 (US\$ Million)

	2000	2001	2002	June 2003
Bilateral	2,438.5	3,091.8	2,614.8	2,013.5
Of which:				
Paris Club/1	22,638.5	2,713.9	2,343.1	1,728.2
Non Paris Club/2	459.3	377.9	271.7	285.3
Multilateral	3,404.3	3,346.1	3,854.9	4,106.8
Of which:				
ADB/ADF	328.4	318.7	296	4,016.8
World Bank	1,788.7	1,837.1	2,491	2,527.5
IMF/3	1,128.5	992.0	965.9	1065.1
Other Multilateral	158.7	198.3	102	96
Private/3	410.3	832.3	670.4	832.3
Total Debt Stock	6,453.1	7,270.2	7,140.1	6,862.6

Source: MOFNP

2.2.2 Domestic Debt Stock

In 2002, the domestic debt stock continued to increase. As at end of June 2003, total domestic debt stock rose to K 4,988.7 billion from a total of K 3,976.1 billion as at end of December 2002. The stock of treasury bills increased from K611.8 billion in 2002 to K1, 134.7 billion at the end of June 2003. The increase in debt stock was largely attributed to the continued Government deficits, which are mainly financed through borrowing from the banking sector. In addition, the increase in domestic debt was also attributed to financing of parastatals and accumulation of interest on various other liabilities such as domestic arrears, awards and compensations.

Domestic arrears have increased from K433.6 billion at end December 2002 to K635.5 billion as at end June 2003 representing an increase of about 47 percent. The accumulation of domestic arrears is attributed to unpredictable and inadequate budgetary releases and lapses in the procurement procedures.

Table 2.3: Domestic Debt Portfolio As at end June 2003.

DEBT CATEGORY	2002 K' billion	End June 2003 K' Billion
Treasury bills	611.9	1,134.7
Bonds and stocks	882.4	2,793.70
loans/overdrafts		
Forex bridge loan	1,233.5	89.5
Kwacha bridging loan	467.8	---
Arrears		
Suppliers arrears	433.6	635.5
Pension cont. arrears	270.7	273.8
Awards & compensation	70.0	61.6
Contingent liabilities	6.2	
Recapitalisation bonds	3,976.1	4,988.7

Source: MOFNP

2.3 Budget Performance

The execution of the budget in 2002 and 2003 continued to be faced with difficulties mainly due to extra budgetary pressures and the withholding of support from donors. In 2002, the Government had to import food so as to mitigate the effects of the drought. Additional pressures arose from purchase of agricultural inputs for the 2002/2003 agricultural season, which were needed to ensure food security. Consequently, the government recorded a deficit of K674.3 billion representing 4.2 percent of GDP compared to a target of 3.0 percent of GDP. In 2003, the budgetary situation worsened and was compounded by the decision in April to award wage and salary increments and housing allowances to civil servants, which were far in excess of budget allocations. In addition, the Government in September 2003 started paying out retrenchment cost to miners at Roan Antelope Mining Corporation of Zambia (RAMCOZ). This was being done in an effort to facilitate the privatisation of the Luanshya mine.

These budget overruns were largely financed through domestic borrowing, which by October 2003 had reached 4.6 percent of GDP compared to 2.1 percent in 2002. The consequence of extra budgetary expenditures in both 2002 and 2003 meant that poverty reduction programmes and capital projects were suppressed. In 2002, the allocation for Poverty Reduction Programme (PRP's) was K450 billion, out of which K240 billion was to be disbursed from the domestic budget and K210 from donors. Out of the K240 billion that was supposed to be domestically financed, a total of K110.2 billion was released representing 45.9 percent of the total budgeted amount. In 2003, allocations for PRP expenditures amounted to K420.7 billion out of which K240.8 billion was to be financed by Government and K179.9 billion by donors. By November 2003, the Government had disbursed K212 billion representing 89 percent of the government PRP allocation. Most of these resources were disbursed in the second half of the year.

2.4 Structural Reforms

The Public Service Reform Programme (PSRP), which started in the 1990's, has the objective of improving the efficiency and service delivery in the public sectors. Through the PSRP, strategic plans have been developed for almost all government ministries and other spending institutions. Similarly, almost all ministries have been restructured with job descriptions and specifications done. In addition, the Annual Performance Appraisal Systems (APAS) were introduced in 12 ministries and 3 institutions. Despite these efforts in the PSRP, the cost of running government has continued to be enormous.

Government has also been undertaking Public Expenditure Management and Financial Accounting Reforms (PEMFAR), which are aimed at improving on fiscal discipline, effectiveness in resource allocation and realization of value for money in the execution of expenditures. A number of actions are being implemented within the PEMFAR. These are: Development of a Medium Term Expenditure Framework (MTEF), which is aimed at ensuring that over the medium term, resources are allocated according to Government priorities as outlined in the PRSP; The designing of the Integrated Financial Management Information System (IFMIS) which, is aimed at tracking expenditures on a timely basis and the Commitment Control Systems (CCS) which, is aimed at ensuring that no expenditure is made without being backed by cash so that arrears can be minimized.

Work on the various components of these reforms was at different stages. The Ministry of Finance and National Planning (MoFNP) introduced CCS in some ministers Programmes and Spending Agencies (MPSA's) in January 2003 and considerable improvements on the time in which MoFNP receives monthly expenditure returns from line ministries have been recorded. This has helped to limit to some extent the accumulation of arrears. In addition work on the Medium Term Expenditure Framework (MTEF), is advanced and the 2004 budget is being prepared according to the MTEF. In an effort to improve on the efficiency of the financial system, Government, working with cooperating partners is preparing a Financial Sector Development Plan.

Other reforms undertaken were the approval of the National Transport Policy in order to address fragmentation in the road transport sector. The policy advocates for the establishment of three agencies, namely, Road Development Agency (RDA), Road Fund Agency (RFA) and Road Transport and Safety Agency (RTSA). The agencies would be responsible for Management and disbursement of road fund, construction, maintenance and rehabilitation of all roads in the country and the enforcement of road traffic and safety regulations in the country respectively. In the education sector, the Government introduced the policy of Free Primary School Education from grades 1-7. Additionally the Judicial, Electoral, Parliamentary and Decentralization reforms are being implemented (See Appendix 5).

2.5 2004 Macroeconomic Framework and Medium Term Outlook

The macroeconomic framework outlined in the PRSP has undergone several revisions based on changes in the economic circumstances. Taking into account the developments in 2003, especially with regard to slippages in the budget and the attendant larger than expected domestic financing, Government has proposed revisions to the macroeconomic framework for the period 2004-2007 (See table 2.4). These revisions are also expected to be made to the MTEF and will be regularly reviewed depending on economic circumstances.

In the light of the larger levels of domestic borrowing in 2003 and the failure to reach the HIPC Completion Point in the same year, Government has placed fiscal adjustment at the center of macroeconomic policies in 2004. To this effect, a tighter fiscal policy has been proposed which envisages to reduce the overall fiscal deficit to 4 percent of GDP and domestic financing to 2 percent from 5.1 percent of GDP in 2003. This is expected to be achieved mainly through expenditure restraint. The containment of domestic borrowing should help in bringing down the high interest rates and the domestic interest costs. Based on the developments in 2003, inflation is not expected to exceed 20 percent in 2004.

In the medium term (2005-2006), Government plans to sustain the growth momentum to at least 5 percent and to raise it to 6-7 percent beyond 2006; further bring down inflation to around 10 percent by 2006 and single digit levels thereafter; contain the overall fiscal deficit to no more than 1.4 percent of GDP; and to build gross international reserves to about 2 months of import cover by 2007.

The growth objectives are premised on continued expansion in mineral production as a result of favorable world prices, re-investments in the domestic mines and the coming on stream of two large mines in the next two years. The other growth sectors will be agriculture especially that most poverty is in rural area, tourism, and light manufacturing. The continued improvements in the business environment including the investment climate, a drop in interest rates and inflation, stability in the exchange rate coupled with continued improvements in infrastructure should contribute favorably to the growth prospects. Thus beyond 2006, Government will aim at attaining growth of at least 6 percent.

The fiscal objectives are expected to be achieved mainly through expenditure restraint, while domestic revenue are expected to be sustained at around 18.6 percent of GDP in the medium term. In addition to domestic revenue, donor inflows are also expected to support public expenditure programmes.

In the external sector, metal exports are projected to grow by an annual average of at least 12 percent in the period 2005-2006 premised on increased prices and domestic production. Government expects that Zambia will reach the HIPC Completion Point in 2004 as a result of a firm fiscal policy. This together with improved export outlook, is expected to contribute to a favourable external sector position. As discussed earlier, Government is on course in meeting the other HIPC triggers. These are the combating of HIV/AIDS, implementing health and education sector reforms, commercialization of ZESCO, and the

evaluation of bids for the sale of majority controlling interest in the Zambia National Commercial Bank (which has already been done).

Table 2.4: Key Macroeconomic Targets: 2004-2007

	2002	2003	2004 Proj.	2005 Proj	2006 Proj	2007 Proj
Real GDP growth rate	3.3	5.1	3.5	4.5	5.0	5.0
inflation rate (end period)	26.7	17.2	20.0	15.0	10.0	5.0
Inflation (period average)	22.2	21.5	18.5	17.4	12.6	7.5
Nominal GDP (K' billions)	16,202	20,338	25,578	30,444	35,340	39,333
Current account deficit as % of GDP (including grants)	6.5	5.6	4.6	3.9	3.7	3.8
Exports growth (Annual % Change)	2.4	23.4	21.5	12.6	8.4	1.4
Domestic Revenue as % of GDP	17.9	18.1	18.7	18.6	18.6	18.6
Domestic Borrowing % GDP	2.1	5.1	2.2	1.2	0.9	0.5
GIR months of Import Cover	2.2	1.3	1.7	1.3	1.7	1.9

Source: Ministry of Finance and National Planning

CHAPTER 3

STATUS OF POVERTY

This chapter presents an overview of the status of poverty using selected socio-economic indicators as obtained from recent surveys, census and administrative records. It attempts to bring out some of the outcome and impact indicators as agreed upon in the list of PRSP indicators. Although not all the PRSP have their outcome/impact indicators *collected and analyzed*, the available ones will give a rough idea of the direction the country is heading towards achieving the PRSP goals and targets. Ideally, the chapter should have presented the changes on the country's poverty status by using the 1998 Living Conditions Monitoring Survey as a baseline and 2003 Living conditions to measure progress. However, this could not be done because of the differences in Methodologies. As a result, the chapter does not provide measurable progress in poverty indicators such as head count of poverty, poverty gap/depth, gini-coefficient etc. Nonetheless, the chapter provides a brief analysis of progress on selected sector indicators such as education health, HIV/AIDS, tourism, mining and macroeconomic indicators. Due to very weak monitoring and evaluation system, the chapter is not able to present a clear input-output-outcome/impact model. However, the government is putting in place measures to strengthen the monitoring and evaluation systems by strengthening the sector and the provincial planning units. The sector and provincial planning units are encouraged to set up effective Information Management systems.

3.1 PRSP Monitoring Indicators

After the official launch of the PRSP in July 2002, it became clear that the original PRSP Monitoring indicators would not suffice. A more systematic elaboration of a consistent indicator system was required to be undertaken for the annual PRSP Monitoring. It was therefore decided to refer this task back to the former PRSP working groups.

As a first step, a limited number of participants from each of the PRSP working groups received methodological guidance for indicator development. The results arising from the activities of the introductory step were the basis for the refinement of indicators by the PRSP working groups. The completed indicator sets were presented and endorsed by the participants from all the PRSP working groups. These indicator sets have formed the basis for monitoring of the PRSP in Zambia in general and the first annual report in particular.

The PRSP list of indicators is verified by means of administrative data collection that is done on a routine basis by the responsible sector agencies. There are a few indicators that may require more intensive survey work such as a Living Conditions Survey. The Central Statistical Office conducts periodical surveys that could be used for evaluating poverty interventions.

3.2 Status of Statistical Poverty indicators

The headcount poverty is 73 percent as indicated in the 1998 Living Conditions Monitoring Survey II.

Box 1: Selected Statistical Poverty Indicators

- Headcount Poverty – **73% in 1998**
- Life expectancy at birth: **49.5 years in 2000**
- Children under-5 with low weight for age (%): **28.3% male/27.9% female in 2001/2**
- Children under-5 with chronic malnutrition / who are stunted (%): **47.9% Male/45.6% female in 2001/02**
- Literacy rate – Population aged 15 and above: **67.2% in 2000**

According to the 2000 Census Report, there has been an increase in Life expectancy at birth from 46.9 years in 1990 to 49.5 years in 2000. There has also been an increase in the literacy rate since 1990. The literacy rate of the population aged 15 and above has increased from 66.0 percent in 1990 to 67.2 percent in 2000.

Notwithstanding the gains in Life expectancy and Literacy rates, nutrition status of children under the age of 5 years has continued to deteriorate. According to the Zambia Demographic Health Survey (ZDHS) 2001/2002, the percentage of children under 5 years with low weight for age increased from 24.5 percent in 1996 to 28.3 percent in 2001/2 for males and 22.8 percent in 1996 to 27.9 percent in 2001/2 for females. There has been an increase of 5.1 percentage points in the proportion of low weight for age among females under 5 years compared to an increase of 3.8 percentage points among males of the same age. Further, the rate of children under 5 with chronic malnutrition has increased from 43.1 percent for males in 1996 to 47.9 percent in 2001/2 and 41.7 percent for females in 1996 to 45.6 percent in 2001/2. Unlike low weight for age, chronic malnutrition increased more among males by 4.8 percentage points compared to 3.9 percentage points among females.

3.2.1 Macroeconomic status

The PRSP set out to achieve an average annual growth rate of at least 4 percent and also to bring down inflation to single digits.

Box 2: Selected Macroeconomic Indicators

- Real annual GDP growth: 3.3% in 2002 and 4.3 percent in 2003
- Level of lending portfolio (K'millions); 1,026,209 in 2002
- Annual growth in Value of Exports: 3.6% in 2002
- Inflow of FDI (\$m): 147 in 2002
- End year Market Capitalization (K'millions): 565,870 in 2002

In the last two years, generally, there have been some improvements to the macroeconomic environment as evidenced by continued positive growth, reduction of inflation from 26.7 percent in 2002 to 17.2 percent in 2003. The current account deficit (including grants) has also improved to 5.6 percent of GDP in 2003 from 6.5 percent in 2001, with non-metal exports showing impressive growth from US \$295 million in 2001 to US \$405 million in 2003. However, the macroeconomic environment is still unbalanced and the unsustainable fiscal deficits have contributed to this situation, although exogenous shocks such as droughts, the pullout of Anglo American Corporation from its subsidiary, Konkola Copper Mines also played a part. In terms of the PRSP target, the macroeconomic performance is still well off the desired levels.

At the Lusaka Stock Exchange (LUSE), all performance indicators except the end year market capitalisation showed a declining trend. End year market capitalisation increased from K356, 362 million in 2001 to K565, 870 million in 2002. The level of lending portfolio declined from K1, 127, 481 million in 2001 to K1, 026,209 million in 2002. This level was even lower than the 2000 level of lending portfolio, which was K 1,080, 827 million. The annual growth in value of exports also declined from 18.5 percent in 2001 to 3.6 percent in 2002.

3.2.2 Status On Selected Socio-Economic Indicators

Table 3.1: Performance in Economic Sectors using Selected Indicators

Name of Indicator	2001	2002
• Real Annual Growth in Agriculture GDP	-2.6	6.3
• Mining GDP Growth Rate (percent)	14.0	16.4
• Tourism GDP Growth Rate (percent)	2.3	4.9
• Manufacturing Growth rate (percent)	5.7	5.7
• Energy growth rate (percent)	1.1	5.2
• Total of people directly employed in the mining sector No.	-	38,442
• Mineral output (zone)		
• Copper	298,773	330,600
• Cobalt	4,376	3,913
• Total value of Export from Gemstones (\$m)	-	29,558
• Growth in value of manufacture products (K'millions)	-	1,293.1
• Foreign Exchange Earnings from Tourism (US\$ M)	116.9	145.3
• No. of Tourism enterprises registered	34	
• Bed Occupancy Rate (percent)	45.9	43.6
• Room Occupancy rate (percent)	51.1	48.3
• No. of Tourist arrivals	491,992	556,043

Source: MOFNP Economic Report for 2001 and 2002

During the first year of the implementation of the PRSP, economic sector indicators did not show significant improvements.

In the Tourism Sector, there has been an increase in the number of tourist arrivals from 491, 992 in 2001 to 556, 043 in 2002. However, the room and bed occupancy rates declined from 51.1 percent and 45.6percent in 2001 to 48.3percent and 43.6percent in 2002 respectively. The reduction in room and bed occupancy rates could be attributed to preference for campsites by some international tourists.

Table 3.2: Performance in the Social Sectors using selected indicators

Selected Indicators	2001	2002
• Proportion of population with access to clean water (percent)	49.1 (2002)	
• Under 5 Mortality rate (Per 1000)	162 (2000)	168
• Infant Mortality rate (per 1000)	110 (2000)	95
• Maternal Mortality Rate per 100,000	729 (2000)	
• Number of children 12-23 months Immunised	395,765	380,352
• Malaria Incidence per 1000	393.8	375.7
• Underweight ratio for under 5s (percent)		22percent
• Pupil/Trained teacher ratio	46	46
• Gross enrolment rates (percent)	78	81
• Ratio of boys to girls in secondary schools (per 100 girls)	123.8	121.2
• Gross Enrolment rate (primary)	-	86.6 (2003)
• Gross enrolment rate (secondary)		13.56 (2003)
• Net enrolment rate (primary)		76.16 (2003)
• Net enrolment rate (secondary)		10.59 (2003)

Source: Compiled by MOFNP

Generally, the social sector indicators are showing a mixed status. In the Health Sector, the mortality indicators have been showing a declining trend. Using the census data, the infant mortality rate declined from 123 per 1000 live births in 1990 to 110 per 1000 live births in 2000. The ZDHS for 2001/2002 surveys also shows a similar trend. In 1996, the Infant Mortality rate was at 107.7 and reduced to 95 in 2001/2. However, the maternal mortality rate, which, is estimated to be 729/100,000 in 2000, is high as compared to 649/100,000 in the period between 1990 and 1996. In addition, Under 5 Mortality Rate has also shown a rising trend. In 1990, Under 5 Mortality Rate was 151 and increased 162 in 2000. (See table 3.2)

The number of new cases of malaria diagnosed is still high. The Malaria per 1000 population has risen from 387 in 2002 to 428 by 2003. With regard to immunization, the percentage of children aged 12-23 months immunized against measles by 12 months reduced from 95 percent (395,765) in 2001 to 89 percent (380,352) in 2002. The percentage of children fully immunized Under 1 year has also declined from 84 percent (350,321) in 2001 to 73 percent (312,423) in 2002. Despite the unfavorable performance in some health indicators mentioned above, the health sector has recorded an increase in the percentage of supervised deliveries from 42 percent (230,545) in 2001 to 47 percent (264,183) in 2002. The supervised deliveries have a bearing on both maternal and child health.

The education sector indicators have generally been improving. The Gross Enrolment Rate (GER) has gone up from 78 percent in 2001 to 81 percent in 2002. However, there are differentials in gross enrolment rates between primary and secondary schools. The gross enrolment rate for primary school in 2002 was 86.6 percent while for secondary school it was 13.5 percent. In both primary and secondary schools, the gross enrolment rates have increased from 86.6 percent and 13.5 percent in 2002 to 91.7 percent and 13.6 percent respectively in 2003. The net enrolment rates have equally increased from 72 percent in 2002 to 76.2 percent in 2003 for primary schools and from 10.4 percent in 2002 to 10.6 percent in 2003 for secondary schools. Further, the ratio of boys increased from 107.6 boys per 100 girls in 2001 to 108 boys per 100 girls in 2002 at primary school level while at secondary school level, it reduced from 123.8 boys per 100 girls in 2001 to 121.2 boys per 100 girls in 2002

Box 3: Cross Cutting thematic indicators

- HIV/AIDS prevalence rate (15-49): **16% in 2001/2**
- % of 15-49 years requesting for an HIV/AIDS test: **73.3% in 2001/2**
- % of persons with advance HIV infection receiving ARV combination therapy: **0.1% (155,000) in 2001/2**
- % of pregnant HIV+ women receiving ARVs: **3.09% (3,064) in 2002**
- % of infants born to HIV infected mothers: **39% in 2001/2002**
- % of women in parliament: **12.03% in 2003**
- % of budget allocation to actual disbursement on PRPs: **45.9% in 2002**
- No. of cases of human rights abuses: **1100 in 2002**
- % of reported human rights abuses prosecuted that are:
 - * Successfully Resolved: **19% in 2002**
 - * Withdrawn: **1% in 2002**
 - * Discontinued: **27% in 2002**
 - * Rejected: **28% in 2002**
 - * Referred to other Authority: **25% in 2002**

HIV/AIDS, Gender, and Environment issues were considered as cross cutting while issues of Governance were treated separately in the PRSP, though in the indicator system, they were considered as cross cutting. This section therefore treats all the four thematic issues as cross cutting. Ideally, the crosscutting indicators should have been integrated in all the sectors discussed above.

Most data on HIV/AIDS was obtained during the 2001/2002 ZDHS. However, the Ministry of Health has been collecting data on HIV prevalence among young women age 15-24 years and HIV Sero-prevalence (positive) in sexually active subpopulation using the sentinel surveillance survey that obtains its data from the antenatal care attendees. According to ZDHS 2001/2, the HIV/AIDS prevalence rate (15-49 years) is 16 percent. The HIV/AIDS Sentinel Surveillance Report also indicates that the HIV sero-prevalence in the sexually active subpopulation was 19.7 percent in 1999 and HIV prevalence among women aged 15-24 was 17 percent. The percentage of the population aged 15-49 years requesting for HIV/AIDS testing was 73.3 percent in 2001/2. The high percentage of the population requesting for an HIV/AIDS testing could be attributed to an increase in Voluntary Counselling and Testing (VCT) programmes that are being implemented. In terms of administering an ARV combination therapy, only 0.1 percent of persons with HIV infections are receiving ARV's while only 3.1 percent of pregnant HIV positive women are receiving

ARV's. The low rate could be as a result of the cost of making ARV's available and also the cost associated with administering the drug.

With regard to gender indicators especially, women in decision-making, the percentage of women in Parliament stood at 12.0 percent in 2003. This is far much below the SADC target of 30 percent.

According to the Permanent Human Rights Commission Report of 2002/2003, a total of 1,100 Human Rights cases were reported in 2002 out which, 19 percent were prosecuted and successfully resolved, 1percent withdrawn, 27 percent discontinued, 28 percent rejected and 25 percent referred to other authorities.

3.3 PRSP Implementation and the Millennium Development Goals

The implementation of the PRSP is one of the strategies for achieving the Millennium Development Goals (MDGs). The MDGs indicators are an integral part of the PRSP Monitoring Indicators. Therefore the progress in achieving the PRSP goals and targets will have an effect on the achievement of the Millennium Development Goals. The first report of the PRSP has been produced along side the first Country Report on the Millennium Development Goals. The same working groups for the PRSP have been used for the preparation of the MDG Report. However, there are plans to integrate the reporting of the MDGS into the PRSP Annual Progress Report.

Box 4: MDGs Status at a Glance

Target	Will the target be met	State of national support
• Halve, between 1990, and 2015, the proportion of people living in extreme poverty	Unlikely	Weak but Improving
• Halve , between 1990 and 2015 the proportion of people who suffer from hunger	Unlikely	Weak but Improving
• Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Potentially	Strong
• Eliminate gender disparity in Primary and Secondary Education preferably by 2005 and to all levels of education no later than 2015	Probably	Fair
• Reduce by two thirds, between 1990 and 2015, the Under 5 mortality rate	Potentially	Fair
• Reduce by three quarters, between 1990 and 2015, the maternal mortality ration	Unlikely	Weak but Improving
• Have halted by 2015, and began to reverse the spread of HIV/AIDS	Potentially	Fair
• Have halted by 2015, and began reversing the incidence of malaria and other major diseases	Potentially	Fair
• Integrate the principles of sustainable development into country policies and programmes to reverse the loss of environmental resources	Potentially	Weak but Improving
• Halve by 2015 the proportion without sustainable access to safe drinking water and basic sanitation	Potentially	Weak but Improving

Source: MDG Report

Based on Box 4 above, it seems likely that most of the MDGs will be attained. This therefore calls for continuous concerted efforts and scaling up of the implementation of PRSP intervention by the Government, cooperating partners and other stakeholders.

CHAPTER 4

SECTOR IMPLEMENTATION PROGRESS

4.1 ECONOMIC SECTORS

4.1.1 Agriculture

Agriculture in Zambia has potential of enhancing economic growth and reducing poverty. To this effect the PRSP objective is to reduce poverty by promoting food security and economic growth. The overall sector strategy has been to promote self-sustaining export-led agriculture sector which ensures increased household income and food security. This was to be achieved through; promotion of commercial agriculture; land and infrastructure development; technological development and provision of agriculture extension services for food security; and targeted support system for food security. In line with the above, Government increased budget allocation to the agriculture sector in nominal terms from K104 billion in 2001 to K119 billion in 2003 although in percentage of the total budget declined to 1.7 percent in 2003 from 2.1 percent in 2001.

PRSP Implementation

Although budget allocation to the sector increased, the overall PRP allocations have been below 20 percent of total budget. Consequently, a number of programmes were not implemented. Nevertheless, some progress has been made in few areas of intervention. During the period under review a total of K76.21 was allocated to PRPs, of which K48.1 billion was released for the programmes.

Promotion of Commercial Agriculture.

During the period under review, critical areas of intervention under PRSP were to establish out-grower schemes, out-growers training and provision of credit to small-scale farmers. However, due to inadequate funds released, the programme of out-grower schemes was the only one undertaken.

Out-grower Scheme Support Programme

There were four main out-grower schemes programme undertaken. These included Coffee, Cotton, Tobacco Out-grower schemes as well as Support to Farmers Associations Project (SFAP). The crops supported under the Out-grower scheme programmes are cotton, Paprika, Coffee, Fresh Vegetables and Tobacco. In order to finance the production of the afore mentioned crops and to provide financial support to small-scale farmers willing to participate on the programme, the Government provided support through four organizations namely; the Tobacco Board of Zambia (TBZ), Support to Farmer Association Project (SFAP); the Coffee Board of Zambia (CBZ) and the Cotton Development Trust (CDT). A total of K5 billion was released for the programme.

The Coffee Out-grower Schemes were undertaken on the Copperbelt, Central and Lusaka Provinces. A total of K1.2 billion of which 50 percent was for capital investment, 30 percent input procurement and 20 percent was used for extension services. A total of 121 farmers benefited and 132 ha of coffee crop was cultivated from which approximately 214 tons of raw coffee were expected.

The Cotton Development Trust (CDT) received K 1.1 billion to spearhead Cotton Out-grower Programme activities. A total of 4,222 farmers covering 5,166 hectares of cotton benefited from the fund, with an expected output of 3,156 tones of cotton yield.

The Tobacco Board of Zambia received a total of K 1.4 billion, which was disbursed to support Tobacco Out-grower activities through tobacco associations. The associations acquired flue pipes and chemical inputs from the fund and various farmers groups with a total of 869 farmers benefited.

In addition Fresh Vegetable and Paprika Out-grower Schemes programme received K1.22 billion to Support Farmers Association Project (SAF). Under the Fresh vegetable programme a total of 160 farmers received baby corn maize and mangeout bean seeds, fertilizer and input chemicals. About 155 farmers groups with a total of 3,030 farmers of which 779 were women benefited under paprika support programme. Out of the total beneficiaries, 1,555 grew rain fed paprika on 791 hectares with production capacity of 78,420kgs of paprika for exports.

Land and Infrastructure Development

The objective of the advocacy for land demarcation programme was to identify agricultural land, carry out planning on such land, provide basic infrastructure (roads, dams, service centers, electricity, etc.) in order to attract agricultural development and investment. During the period under review, a total of K600 million was spent on land development and advocacy, land identification and production of economic mass for ZCCM properties. Three farm blocks (Nasanga/munte, Kalumwange and Luena) with a total of 300,000 Ha of land were identified. However, not much progress was done to develop these farm blocks with only demographic surveys and land utilization at Nasanga/munte farm block (see Appendix 1.5).

Irrigation Development and Earth Dam Construction was another aspect undertaken under this objective. An amount of K3 billion was budgeted for in the year 2002 out of which K2 billion was for irrigation development while dam construction was allocated K1 billion. Out of the K3 billion, an amount of K1.88 billion was released for dam construction and irrigation development in 2002. Drip irrigation installation, dam rehabilitation and construction and spill way were undertaken. (See appendix 1.6)

Infrastructure rehabilitation and livestock restocking was undertaken at three Agriculture Colleges in Zambia. A total of K1.5billion was released for the programme (see appendix 1.2, 1.3, 1.4).

In addition, the Rural Investment Fund targeted the building of production capacity for poor small-scale farmers. In the year 2002, an amount of K 5 billion was released to RIF to finance community-based projects under PRPs such as borehole drilling, fish ponds construction and mushroom growing in 45 districts throughout Zambia. Most of the programmes have been undertaken (see appendix 1.1)

Technology Development and Provision of Agriculture Extension Services

The donkey and power equipment acquisition activity was undertaken under Animal Draught Power Programme. An amount of K150 million was released in the period under review of which two farmer groups in Monze, Chikuni and Sefula were identified as beneficiaries. The amount was use to procure 60 donkeys and 4 rotavators (Power Tillers) which have not yet been distributed due to operational problems and are still at Palabana Dairy Training Institute.

In the period under review, K 3.2 billion was released to support activities pertaining to animal disease control and livestock production. The livestock production programme was allocated K 200 million, which was channeled, to small-scale farmers in order to improve their livestock production systems. The activities

undertaken included; training of farmers in dairy, sheep and goat production; purchase and distribution of goats to resource poor farmers (pass on the gift basis); and dairy goats multiplication for small-scale farmers. Golden Valley Agriculture Research (GART) facilitated training in suitability dairy husbandry from which 120 farmers benefited. However, the training is still on going. In addition Heifer Project International (HPI) carried out Goat Production promotion to small holder farmers and 20 female farmers benefited with each receiving seven goats for rear.

On the other hand, K 3 billion was released for purchase of animal vaccines. About 52,721 animals were vaccinated against anthrax, 26,665 vaccinated against foot and mouth disease and 6000 screened for tyranosomiasis.

In 2002, Soils and Crop Research received K 100 million under PRP's for seed supply system and provision of Agro-forestry tree seedling for the establishment of improved fallow plots to small-scale farmers. An additional K 150, 000 was released for seed multiplication programme for promotion of the multiple crop from varieties of improved seed on farm in order too increase food security.

Targeted Support System For Food Security

In a bid to increase food security as a poverty reducing intervention, Government undertook two programmes; the fertilizer support programme (50 per cent subsidized fertilizer) and the Food Security pack programme which has been administered by Programme Against Malnutrition (PAM)

The fertilizer support programme is a three years temporal programme (2002-2004), which was meant to help farmers that had lost income as a result of 2000/2001 drought. During the period under review a total of K 81.2 billion was released to support agriculture programmes, which would enhance food security. Under the fertilizer support programme a total of 24,000tonnes of D-compound and 24,000 tonnes of Urea fertilizer were distributed to about 120,000 farmers. The support of 120,000 small-scale farmers under the programme led to an incremental production of over 360,000metric tones of maize valued at over K200 billion. In addition 3,140 tonnes of basal and 3,217 urea fertilizer was distributed through PAM. Maize (50 tonnes) and sunflower (23 tonnes) were distributed. The targeted food security pack Programme targets the vulnerable but viable farmers. For the performance of the programme refer to social safety nets.

4.1.2 Tourism

The main thrust of the PRP in the tourism sector for 2002/2003 were:

- To complete the preparation of a comprehensive tourism development Master Plan at all levels and create a tourism investment credit facility;
- To develop air and road transport infrastructure in the main tourism areas mainly in Southern, Eastern and Western provinces.

PRSP Implementation

In order to achieve the above objectives the total sector allocation in 2002 was K73.6 billion accounting for 1.2 percent of the national budget. The allocation for poverty reduction projects during the same year was K8.1 billion accounting for 11.0 percent of the total sector allocation. A total of K1 billion was released for the rehabilitation of Mosi-o-Tunya road. About 15 Kilometers of the Mosi-o-Tunya access road was rehabilitated.

In 2003, the total sector allocation was K43.2 billion accounting for 0.6 percent of the national budget. The allocation for poverty reduction Projects during the same year was K14.1 billion accounting for 32.6 percent of the sector allocation. By August 2003, a total of K5.9 billion was released for the creation of a Tourism Development Credit Facility and for promotion and marketing of tourism programmes.

4.1.3 Mining

The overall budgetary allocation of the mining sector as a percentage of the total national budget has significantly declined since the privatisation of the sector in the 1990s. In 2002, the total allocation to the sector accounted for 0.9 percent of the national budget and 0.1 percent in 2003. Since the sector is largely in private hands, the first PRSP identified few interventions, which were mainly targeted towards the small-scale mining sector. With regard to the large scale mining sector, and although a set of policy actions were developed, the first PRSP indicated that sub-sector interventions would be considered in the second PRSP phase.

Four programmes were planned to be undertaken in the small- scale-mining sub-sector. In order of priority, these were, the SYSMIN (Mining Diversification) Programme, establishment of the Gemstone Exchange, introduction of Plant Hire Scheme and the creation of a Mining Community Development Fund (Revolving Fund). During the period under review, the sector budgeted for the implementation of only two major programmes identified as PRP's. These were the establishment of the Gemstone Exchange Scheme and the promotion of the Mining Sector Diversification Programme (MSDP) under the SYSMIN Fund. The MSDP is a programme funded by the European Investment Bank to provide credit and technical skills to small-scale miners.

Overall, the amount of money disbursed for PRPs for 2002/2003 was K1.1 billion, which was targeted towards the small-scale mining sector and was specifically meant for the establishment of the Gemstone Exchange. Out of the total amount of K1.1billion only K100 million was disbursed in 2002, while the remaining amount was disbursed in the first half of 2003.

Establishment of the Gemstone Exchange

The disbursed amount of K 100 million in 2002 was later transferred to the National Economic Diversification Task Force (NEDT) in order to assist the process of diversification. The K 1 billion which was disbursed to the sector in 2003 was used to facilitate the work of the Gemstone Exchange Steering Committee, which was appointed to oversee the establishment of the exchange system. To this effect officials were sent into the field to conduct a scoping exercise on the viability of the exchange and assess the adequacy of available production to satisfy the minimum volume requirement to warrant sustainability. The preliminary results indicate increased enthusiasm by many miners on the idea of the Gemstone Exchange. It is expected that with the continued work being under taken by the Exchange Steering Committee, a privately led exchange will become operational by the third quarter of 2004. To this effect, consultations between government and the privet sector continue to be undertaken. The delay in the establishment of the Gemstone Exchange was, in part, due to the procedure of creating an independent account for the Gemstone Exchange.

Mining Sector Diversification Programme (MSDP)

Under the SYSMIN Fund (Mining Sector Diversification Programme), only one Non-traditional sector mining company has accessed part of the K90.8 billion (€16.5 million)^{1*} meant for the credit facility. The stringent conditions attached to the Facility, in terms of accessibility, have been revised in order to make them commensurate with the prevailing situation on the ground where a majority of miners were unable to raise the required collateral for the loan. Preliminary information being received seems to suggest that the relaxed conditions have not created a significant impact in terms of accessibility to the SYSMIN Fund. This development needs careful study so as to ascertain the problem before a practical solution is proposed.

Generally the mining sector has shown an increased level of activity since the near completion of the privatisation process. The number of licences issued in the last three years exemplifies this. The total number of issued licences increased to 236 in 2003 from 178 in 2001. Refer to the table below.

Table 4.1: Number of licence issued, 2001 to 2003

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

Source: Ministry of Mines

Other developments (Large scale mining)

Government concluded the search for a strategic partner for KCM and negotiations commenced. Further, the feasibility study to facilitate the development of the Lumwana Joint Venture Copper Project was completed while a contract to construct a new power line with increased capacity to service the two mines was awarded to ZESCO.

4.1.4 Industry

The major programmes lined up in the PRSP (2002-2004) were, Investment promotion, Trade and Export promotion and Micro Small and Medium Enterprises (MSME) and Rural Industrialization.

Releases and actual expenditure to the sector in 2002 and 2003 were quite satisfactory as indicated by actual expenditure as a percentage of the total sector budget, which stood at 63.2 percent. Similarly, PRP actual expenditure as a percentage of PRP allocation stood at about 90 percent. This in turn partly contributed to the growth in the sector, with output increasing from 4.2 percent in 2001 to 5.8 percent in 2002. By October 2003, releases for PRP were about K1.1 billion against an estimate of K1 billion indicating a more than 100 percent commitment by government to the sector. (See table. 4.2)

¹*1€ = K5, 500

Table 4.2: Industry Budget Allocations and Releases (“K bn”), 2001-2003

Year	Overall Sector Budget			PRP Budget					
	Allocation	Actual Expenditure	Expenditure As percent of Allocation	GRZ Estimates	Donor	Actual Expenditure	PRP Releases	PRP Expenditure as percent of PRP budget	percent Of PRP Releases to Total Budget
2001	20.36	12.87	63.2		-	-		-	
2002	44.71 [#]	40.65	90.9	25.00	0.0	22.41	23.40	89.6	52.3
2003	14.84	-	-	1.00	0.5	1.43*	1.10	143.0	7.4

[#] All figures in this role are inclusive of the K22 billion for NCZ and KTZ.

*Overall expenditures for 2003 include carryovers from the previous year

PRSP Implementation

Exports Processing Zones Programme (EPZ)

An amount of K850 Million was disbursed and spent on the EPZ programme. By the end of June 2003, three companies had their EPZ licenses approved and recommendation made to this effect as provided for by the EPZ Act. The amount was spent on Investment Promotions to various investment destinations, and participation in media awareness programmes.

Rural Industrialization and Micro Small and Medium Enterprises Promotion

Rural industrialization and MSME promotional activities were undertaken through the Small Enterprise Development Board (SEDB) utilizing PRP funds. A total amount of K198.6 million was utilised for skills training and sensitisation, acquisition of equipment/machinery renovations/office maintenance, monitoring and networking marketing support services and consultancy services. Under skills training and sensitisation, a total number of 634 new beneficiaries were reached in fifteen districts of the various provinces in Zambia. (See appendix 9).

Investment Opportunities Identification Programme

The Zambia Investment Centre embarked on an Investment Opportunities Identification Programme to create the National Investment Plan. Seventy-two workshops in all the districts of the country were planned at a total cost of K 852 million. However, only four workshops were conducted in the Copperbelt, Eastern, Western and Southern provinces covering about sixteen districts at a total cost of K 38.8 million.

4.1.5 Energy

The main poverty reduction interventions in the energy sector were to:

- Increase access to power in rural areas by intensifying promotion of off-grid power supplies not only through solar energy but also small and mini-hydro schemes.
- Reduce the cost of electricity for irrigation by 50 percent.

PRSP Implementation

In 2001 about K18.9 billion, accounting for 0.3 percent of the national budget was allocated to the energy sector. In the same year, K8.5 billion accounting for 45.0 percent of the total sector allocation was spent on PRP's. A total of K4.0 billion was spent on implementing rural electrification projects. This amount represents 47.1 percent of the PRP allocation.

In 2002 about K 16.2 billion of the national budget was the total sector allocation. The allocation for poverty reduction Projects during the same year was K5 billion accounting for 30.9 percent of the sector allocation. A total of K 5 billion was spent on implementing mainly rural electrification projects representing 100 percent of the PRP allocation. About 35 percent of the work has been done on the rural electrification projects for over 55 Kilometers of 330 KV line in various parts of the rural areas. (See appendix 3)

In 2003, the total sector allocation was K 12.5 billion accounting for 0.2 percent of the national budget. The allocation for PRPs during the year was K 6.0 billion accounting for 48.0 percent of the sector allocation. By September, no amount was released against this allocation.

4.1.6 Communications and Transport

The government recognises that in order to attain a high and sustained growth, infrastructure plays a catalytic role. A functioning infrastructure will enhance the drive for exports competitiveness in view of the country's land-locked status as well as linking poor rural areas to urban markets and social amenities. In this regard the strategic focus for the period 2002 and 2003 in the Communications and Transport sector was to;

- Create an efficient Communications and Transport system that will promote economic growth and reduce poverty
- Expand, rehabilitate and invest in the road sector so as to improve accessibility, mobility and bring a core road network of 40, 015 km up to maintainable condition.

Policy Development

The government approved the National Transport Policy in order to address fragmentation in the road transport sector. The policy advocates for the establishment of three new road sector agencies, namely; Road Development Agency (RDA), National Road Fund Agency (NRFA) and the Road Transport and Safety Agency (RTSA). The agencies will be responsible for management and disbursement of funds, construction, maintenance and rehabilitation of all roads in the country and the enforcement of road traffic and safety regulations respectively.

For the period 2002 to 2003, the sector received a total of K970 million out of the budgeted amount of K1.5 billion for PRP's representing 63.1 percent of the total PRP budget. The PRP implementation for the year 2003 was quite satisfactory as all the funds released were fully utilized. (See table 4.3 below).

Table 4.3 Budget Allocations and Releases “K bn”, 2001-2003

Year	Overall Budget			Poverty Reduction Programmes					
	Allocation	Actual Expenditure	Expenditure as percent allocation	GRZ Allocation	Donor	Actual Expenditures	Releases	PRP Expenditure as percent of allocation	percent of PRP to overall Budget
2001	61.81	41.80	68	-		-		-	-
2002	14.50	9.47	65	1.50	0.00	0.90	0.97	63.12	6.20
2003*	17.08			2.75	0.50	0.85	0.85	-	31

Source: Ministry of Finance and National Planning

: Overall actual expenditures for 2003 await Financial Report

: Actual Expenditures for PRP are preliminary

Water Transport

Of the released funds, a total of K 900 million was spent on rehabilitation of canals and waterways in Western, Northern, and Luapula provinces. The canals and waterways that were identified were lakes Tanganyika, Bangweulu, Mweru and Kariba. Others were Luapula river, Upper and Lower Zambezi, Kafue, Bangweulu, Mweru and Lukanga swamps. The total network of canals and waterways is about 2,433km out of which 150 km was covered. The works involved vegetation control and canal clearing for a stretch of 50 kilometres in each province.

Air Transport

The Government continued with the rehabilitation of airstrips and airports. Rehabilitation of Livingstone at a cost of K 9.5 billion, Lusaka international airports at K 51 billion and Chipata airport’s runway at K 2 billion respectively was undertaken. The works involved provision of communication equipment to all airports, face-lifting of terminal buildings and upgrading of the runways.

The works at Livingstone airport involved face lifting of the terminal building and upgrading of the runway. This led to the upgrading of the airport to international standard, which has seen an increase in international flights and passengers from 1,517 in 2001 to 2,172 in 2002 and 35,246 in 2001 to 63,956 in 2002, respectively.

Railway Transport

The major development of the sector was the concessioning of the Zambia Railways Limited (ZRL) to the Zambia consortium comprising Spoornet, New Limpopo Bridge investment project and Canarail international Inc. Staff complement was downsized from 5,128 in 1998 to 1,474 by end June 2003.

An additional K 135 billion (US \$27 million) was earmarked for restructuring of ZRL. A total of K 70 million (US \$14 million) was spent on retrenchment packages, K 30 billion (US \$6 million) was spent on Environmental Mitigation and Social Safety net, K5 billion (US\$1 million) was spent on reviewing and strengthening of the Ministry of Communications and Transport’s legal and regulatory framework.

By end June, 2003 K 10 billion (US\$2 million) was disbursed for continuation of the restructuring process. Concessioning ZRL will lead to the revitalisation of the firm as it will undergo a complete overhaul and effectively contribute to economic growth and poverty reduction.

The Government also approved the participation of the private sector in the running of the Tanzania – Zambia Railways Authority (TAZARA) and the study on the options for private sector participation is expected to commence in 2004.

Road Sub-Sector

The government, with the support of cooperating partners, continued to implement the Road Sector Investment Programme (ROADSIP phase I). The project's positive impact has been registered with the paved road network totaling 6,476 km improving tremendously. The percentage of the paved roads in good condition increased from 46 per cent in 2001 to 60 percent by the end of 2002 with only 19 per cent in poor condition. However, very little progress has been made on the remaining unpaved road network, the majority of which includes feeder roads and paved road network within the urban centers. Progress was slow on roads that were entirely funded by the government due to poor release of funds.

In nominal terms, the Government budget allocations for the roads sub-sector for the period 2001 to 2002 declined. In 2001, a total of 251 billion was allocated out of which K168 billion or 67 percent was released. In 2002, the allocation fell to K151 billion out of which K 99 billion was released. This situation was largely due to budgetary constraints as a result of extra budgetary pressures. In 2003, the Government allocation to the road sector improved with K182 billion being allocated out of which K118 billion or 65 percent was released. (See table below 4.4)

Table 4.4: Budget Allocations and Releases (“K bn”), 2001-2003

YEAR	2001			2002			2003		
CATEGORY	Budget	Release	Actual exp	Budget	Release	Actual exp	Budget	Release	Actual exp
PRPS	13.34	6.1	6.1	9.77	9.77	9.77	46.33	38.14	38.14
Capital- GRZ	108.88	112.24	112.24	74.09	51.04	51.04	63.96	41	41
Road Fund	129.13	49.71	49.71	67	38.22	38.22	72	39	39
Total GRZ	251.35	168.05	168.05	150.86	99.03	99.03	182.29	118.14	118.14
Dnor	179.69	119.85	119.85	223.88	130.55	130.55	383.78	222.3	218.98

Source: Ministry of Finance and National Planning

Over the last two years, releases from the road fund were not commensurate to the collections. Most of the financing is from the fuel levy. This problem is however, expected to be rectified by the institutional reforms, currently being undertaken in the sector especially with regard to the management of the fuel levy. For progress made on works and policy actions please see Table 4.5 below and Appendix 11 respectively.

Table 4.5: Utilization of 2002/2003 PRP Funding For Roads

Programme/projects	Activities	Actual Funding (K'M)	Status
Road maintenance	Gravelling and resealing of district roads and feeder roads	6100	Gravelling and sealing undertaken in most of the districts though at a minimal rate because of under funding
Msoror-Katete Road	Construction of Lupande bridge	3000	Tender authority granted for award of the contract
Chirundu Chiawa road	Otta seal surfacing and performance contracts	1774	Works ongoing
Mumbwa –Kaindu road	Heavy grading, spot regraveling and drainage works	5000	The project is divided into 12 LOTS while a 20kilometre stretch is maintained by force account under supervision by the roads Board. All contractors have mobilized to site and the works are ongoing.
TOTAL PRP s		K15, 874	

Source: Ministry of Communications and Transport 2003

4.2 SOCIAL SECTORS AND SAFETY NETS

4.2.1 Education

In the education sector, the PRSP identified and targeted six programmes for implementation so as to contribute towards economic growth and poverty reduction. These programmes were Infrastructure development; curriculum development; provision of education materials and provision of bursaries to orphans and other vulnerable children. In order to address the issues of equity, especially in the priority areas of gender and HIV/AIDS, intensive awareness campaigns were conducted. These programmes were to be implemented under the auspices of two ministries, these being the Ministry of Education and the Ministry of Science, Technology and Vocational Training. The combined authorized expenditure of the two ministries, in the 2002 budget was an estimated K 928 billion representing 15.1 percent of the total budget estimate. The 15.1 percent for 2002 proportion of the budget towards the sector showed an improvement as compared to 12 percent of 2001. In 2003, the estimated budget for the sector is 931 billion, representing 16.4 percent of the overall revised national budget of K5.7 trillion. (See appendix 9)

In terms of the domestic discretionary budget, the Education budget share was 20.2 percent in 2001, and then declined to 18.2 percent in 2002 while showing an upwards movement to 19.7 percent in 2003. Although the 2003 education share is higher than that of the previous year, it is evident that the disbursement fell below government commitment of 20.5 percent. However, it is planned that the percentage allocation to education from the total discretionary budget will increase to 20.5 percent in the 2004 budget.

In regard to Poverty Reduction Programmes (PRPs), the budgeted amount for the sector in 2002 was K 43.9 billion with the largest component being donor funded. Government disbursed an estimated K6.85 billion while the cooperating partners disbursed an estimated K37.14 billion. In 2003, the Budgeted amount for the PRPs is estimated at K51.7 billion, with government responsible for an estimated K5 billion. By October 2003, government had released an estimated K6.2 billion representing 123.3 percent of its budgeted figure. (See table 4.6 below).

Table 4.6: Education Budget Allocation and Releases (K'bn) 2001 to 2003

Year	Overall Sector Budget/Expenditure			PRPs Budget/Releases				
	Allocation	Actual Expenditure	Percent	Donor	GRZ	Total Allocation	Actual GRZ Release	Percent of PRP to GRZ allocation
2001	656.4	367.9	56					
2002	927.6	708.9	76	20.0	24.0	44.0	6.9	28.5
2003	931.0	-		46.7	5.1	51.8	6.3	123.3

Source: Ministry of Finance Financial Report

*The 2003 overall estimate is derived from the Revised Yellow book

PRSP Implementation

Access to Education

The sector performed fairly well in increasing access to all levels of education over and above the pre-PRSP Implementation period. Basic schools increased by 2.27 percent from 4,556 in 2002 to 4662 in 2003. A total of 165,037 more pupils were enrolled above the 2002 enrolment. In addition the number of basic school teachers increased from 37,793 in 2001 to 40,488 in 2002, but then fell back to 38,891 in 2003, after the Ministry of Education applied a hiring freeze in order to remain within its wage bill ceiling. Out of the

basic school going age of 2,558,898 (grades1-9), 77 percent were absorbed in the school system in 2003 compared to 75 percent in 2002 and 71 percent in 2001. The total basic school going age in 2002 stood at 2,498,962. The high school sub-sector (grade8-12) recorded an increase in pupil enrolment from 205,393 in 2002 to 210,061 in 2003.

The Gross Enrolment Ratio (GER) in 2003 rose by 4 percent. The GER has been rising since 2001, indicating the growing capacity of the basic education system to enrol more pupils as the programmes of intervention intensify. The increasing pupil enrolment has been matched by the increase in the number of qualified teachers entering the system since 2000. However, the pupil teacher ratio has remained at 46 in 2002, and then rose to 52 in 2003.

Quality of Education

In order to monitor the education standards, 7,320 inspections of basic education schools were carried out in 2003 as opposed to 5,695 in 2002. In the same vein, 725 inspections of secondary schools were carried out in 2003. In regard to the provision of school materials, the provision of books went up as is exemplified in the 947, 998 English textbooks provided in 2003 compared to 865,701 in 2002. As a result there has been an improvement in reading and writing levels of children in schools in Grade 1. The reading levels improved from 34 percent in 1999 to 64 percent in 2003. In addition, between 2001 and 2003, the mean mathematics score increased from 36 percent to 39 percent, while the mean English score increased from 33 percent to 35 percent. For the secondary schools, the total number of books increased from 109,589 in 2002 to 520,909 in 2003.

While the recent gains in learning achievement are encouraging, there is concern that they are at risk, due to the current teacher employment crisis. In 2003, the Ministry of Education's wage bill ceiling made it impossible to employ the Teacher College graduating cohort of December 2002. A count in October 2003 revealed that the Ministry had 9,000 teaching vacancies in the seven mainly rural provinces (8,500 in basic schools, and 500 in high schools). Another cohort of newly qualified perceptive teachers graduated from the Teacher Training Colleges in December 2003. It is planned that some of these teachers will be absorbed in the system in 2004.

Equity and Efficiency

The sector responded very favourably in providing education to orphans and physically impaired children. At basic school level 350,292 orphans and 25,626 impaired children were absorbed in the system in 2003 compared to 235,515 orphans and 19,761 impaired children in 2002. At secondary school level, the numbers increased to 29,480 orphans and 2,657 physically impaired in 2003 compared with 20,437 and 1,820 in 2002 respectively. The Pregnancy Re-admission Policy resulted in 724 re-admissions against 1,153 pregnancies registered in 2001. In 2002 the numbers of re admissions were 926, against 3,509-recorded pregnancies.

HIV/AIDS Awareness

Strategies for mitigating the impact of HIV/AIDS on Ministry of Education staff, Pupils and Teachers, to enable them plan ahead were developed. The capacity to manage HIV/AIDS interventions in order to foster the reduction of HIV/AIDS infections was also strengthened. Strategies such as sensitization workshops, awareness campaigns through T/shirts, awareness talks in schools, distribution of condoms and encouraging Voluntary Counseling and Testing (VCT) for its staff was undertaken.

MDGs

With regard to the Millennium Development Goals (MDGs), two out of the eleven targets are from the education sector. These are; a) To ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and, b) Eliminate gender disparity in Primary and Secondary Education preferably by 2005 and to all levels no later than 2015. In relation to the good performance exhibited by the sector in the first one and half years of the implementation of the PRSP, the indication is that the first target will potentially be met, while there is a good probability that significant progress will be made towards achieving the second objective.

4.2.2 Health

Sector Performance

The PRSP objective in the Health sector is to improve the health status in Zambia, especially for the poor. In this regard, the focus during the period under review remained that of attaining the objectives of equity and efficiency in the health care delivery system.

In line with the PRSP objective, Government has committed itself to safeguard social sector allocation in the budget, including that of health. Government has also taken cognisance of meeting the Millennium Development Goals of reducing Child Mortality and Improving Maternal health. Potential for the achievement of these goals exists, though much needs to be done in the area of improving maternal health.

Allocation to the health sector from 2001 to 2003 has been increasing in nominal terms. Total Domestic Discretionary Budget for the health sector in 2001 stood at 12.8 percent, dropped to 10.7 percent in 2002 and increased to 12 percent in 2003 indicating Government's desire to increase access to health care as close to the family as possible. However, the PRP budget as a share of the sector budget has been fluctuating between 2001 and 2003. It was highest in 2001 at 21.3 percent and lowest in 2002 at 5.3 percent. PRP releases as a percentage of the GRZ allocation have also been increasing indicating government's commitment in implementing the PRSP priorities. In 2002, about 27.3 percent from the PRP had been released and 59.2 percent was released by October 2003. (See Table 4.7).

Table 4.7: Budget Performance in "K" Billion, 2001-2003

Year	Sectoral Budget		Poverty Reduction Programmes Budget				
	Allocation	Actual Expenditures	Allocation GRZ Donor	GRZ Releases	Actual Expenditures	Releases as percent of GRZ allocation	
2001	370.2	95.7	78.7	-	-	14.8	18.9
2002	757.6	245.8	22.0	18.0	6.0	6.0	27.3
2003*	816.6	-	58.8	16.6	34.8	16.1	59.2

Source: Ministry of Finance and National Planning

*Releases are up to October 2003 while actual expenditures are up to 15 December 2003 and are not audited.

The funds released have been used to implement the following major programmes: the basic health care package; integrated malaria control (Rollback Malaria); campaign against malaria; acquisition and distribution of essential drugs; and construction and rehabilitation of health facilities.

Provision of Basic Health Care Package

In 2002, a total of K 3.5 billion was released for the purchase of drugs in the hospitals, which included TB second line drugs and Anti-Trypanosomal drugs. Other drugs include anti-biotics, analgesics and antihelmuths. Though most health institutions received drugs, the health delivery system was however weakened by lack of equipment and shortage of qualified staff especially in rural areas.

Integrated Malaria Control Programme (Rollback Malaria)

A total of K 500 million was released for this programme in 2002. However, the actual expenditure was about K 124 million and was used to purchase 82,349 Insecticide Treated Nets (ITNs). ITNs were distributed to the following districts: Mambwe (13,222); Nyimba (18,532); Chilubi (12,500); Kaputa (23,200); and Kalulushi (14,895). This programme is working towards meeting the Abuja Declaration of providing Insecticide Treated Nets (ITNs) to 60 percent of the Zambian population by 2005. Furthermore, a major development in the control of Malaria has been a shift in Malaria treatment from chloroquine to more effective drugs. The country adopted a new policy to move to fansidar due to high levels of resistance and thereafter to a more effective arteminism-based therapy (co-arterm). The delay in a shift to more effective drugs was due to lack of financial resources.

Following the successful implementation of some programmes such outcomes on some essential health indicators have improved. For instance, the Infant and Under Five Mortality rates have declined from 109 and 197 in 1996 to 95 and 168 in 2002, respectively. The malaria incidence has dropped from 406 in 2001 to 387 in 2002, although indications are that in 2003 it rose. Under five malaria fatality has also dropped from 26 and 22 in 2002. However, maternal mortality has gone up from 649 in 1996 to 729 in 2002 (see Table 4.8).

Campaign Against Measles

A total of K 1 billion was expended for the campaign against measles in 2003. Eight provinces were covered, except for Southern Province, which had already conducted its measles campaign in 2002. Coverage of almost 100 percent for children aged 0-15 years was reached indicating that the programme was successfully implemented. Additionally, 16 freezers and vaccines were procured to add to the existing stock in the country. Furthermore, a helicopter was hired in order to facilitate the distribution of drugs to hard to reach areas.

Additionally, Government continued with Polio Surveillance activities and managed to maintain surveillance certification level at District level. This can be evidence by the non acute Flaccid Paralysis (AFP) cases and a drop in Stool Adequacy rates during the review period. Apart from the intensified campaigns against measles, BCG, and DPT immunization coverage ranged between 87 per cent and 90 per cent.

Acquisition and Distribution of Essential Drugs

In 2002, a total of K 13.2 billion was used for the purchase of drugs. The drugs procured include TB and STI drugs, anti-malaria. Each Rural Health Center received on a monthly basis about 1,025 drug kits, meeting an annual requirement of 12,300 for rural health centers.

In 2003, a total of K 12 billion was released for the purchase of essential health drugs, which included Antiretroviral (ARVs) drugs. The ARVs will only cater for 6,600 patients against the target of 10,000 patients for the selected health facilities. The first recipients of the ARVs were University Teaching

Hospital and Kitwe and Ndola Central Hospitals. Further, the Medical Stores Limited contract was re-tendered in order to ensure transparency and accountability in the storage and distribution of drugs.

Construction and Rehabilitation of Health Facilities

In 2002, about K 4.1 billion was spent on the rehabilitation of district and provincial hospitals and was distributed as follows: the General Hospitals in Solwezi, Chipata, Mansa, Kabwe, Livingstone and Kasama each received K 150 million while the University Teaching Hospital, Ndola Central Hospital, Arthur Davison hospital and Chainama Hospital each received K 250 million. Lewanika General hospital received K 150 million while District hospitals in Lusaka Province, Copperbelt Province, Northern Province, Eastern Province, Western Province, Luapula Province, Southern Province, Luapula Province, Southern Province, Central Province, and North-Western Province received K 200 million each;

At the UTH, the works conducted included the rehabilitation of blocks B, C, D, E, ultra sound room, laboratories, elevators, industrial cooker and the purchase of neonatal ventilators. At Chainama Hospital, major works involved the rehabilitation of the X-ray room and renovation of the maternity ward.

For the Livingstone General Hospital, X-ray machines were serviced and linen was procured while at Kabwe General Hospital, the mortuary refrigeration system was repaired and new cardaval units were purchased.

Table 4.8: Selected Essential Health Indicators

Indicator	Baseline	Current (2002)
Infant Mortality rate (per 1000 live births)	109 (1996)	95
Under Five Mortality Rate (per 1000)	197 (1996)	168
Maternal Mortality (per 100,000)	649 (1996)	729
Malaria Incidence (per 1000)	406 (2001)	387
Malaria Fatality Under Five (1000)	26 (1999)	22
Low Birth Weight New Borns (percent)	10 (1999)	8
Measles Incidence Under Fives (per 1000)	5.7 (1999)	5.9
Supervised Deliveries (percent)	32(1999)	47
Tuberculosis Cure Rate (percent)	50 (1999)	55
Life Expectancy at Birth	46.9(1990)	49.5(2000)

Source: Ministry of Health

4.2.3 Nutrition

In the period under review, Government embarked on the strengthening of the institutional capacity of the National Food and Nutrition Commission (NFNC), provision of Information Education and Communication and the prevention of malnutrition and promotion of appropriate diets in the life cycle and finalisation of the National Nutrition Policy.

In terms of Nutritional status there is increasing recognition of NFNC's important role in tackling food and nutrition problems. However, the Commission and its partners have been confronted with a multitude of nutrition and nutrition related problems as manifested in the current malnutrition levels. Stunting in children under five years increased from 40 per cent in 1992 to 42 per cent in 1996 and 47 per cent in 2001/2 (DHS 2001). Mid decade goals shows a higher figure of 53 per cent Wasting reduced from 5 per cent to 4 per cent in 1992 and 1996, respectively but by 2001/2 it had risen to 5 per cent These levels are high compared to a normal situation and have contributed significantly to infant and child mortality, which stands at 110 per 1000 live births.

The NFNC receives annual grants released by the Ministry of Health. As a statutory body, it also receives funding for specific programme or project activities from multilateral and bilateral cooperating partners. Government released a total of K 473.3 million to the commission in 2001 while K 699.9 million was released in 2002. Though government funding to the Commission had been increasing in nominal terms, it had not been so in real terms. To this effect, implementation of interventions has been adversely affected leading the Commission to heavily rely on donor funding for major programmes.

PRSP Implementation

National Nutrition Policy

In September 2003, a stakeholders' workshop was undertaken on the National Nutrition Policy and the submissions were incorporated into the draft policy document. The draft document was submitted to Cabinet and is currently in circulation for comments.

Institutional Capacity Building

Having realized that the National Nutrition Policy would take long to finalize and implement, the NFNC embarked on the Strategic Planning process which involved the revisiting of its structure in order to rationalize its capacity towards effective implementation of the PRSP interventions. These findings will be presented to the Board in June 2004.

Micronutrient Control

Child Health Week (CHW) and National Immunization Days (NIDS)

In 2002, a total of 2,125,000 children were administered with Vitamin A supplementation in the first half of the year, while 2,262,000 were reached in the last half of the year. This represented a coverage of 88 percent. In 2003, 2,200,000 children were immunized in the first half of the year while 2,385,000 were immunized in the last half of the year. This exercise was carried out mainly through the CHW and during NIDS covering all children under five in all the 72 districts in Zambia.

Fortification of Sugar with Vitamin A

During the period under review, NFNC's activities in this programme mainly involved monitoring vitamin A levels in sugar. Sugar samples were collected from households during the post Child Health Week mini surveys and taken for analysis at UNZA's Food Science and Technology Laboratory, while other samples were sent to Craft Technology through the Centre for Disease Control. Sugar samples were also collected during DHS survey of 2001. Results show that about 80 percent of the samples have vitamin A. However, about 29 percent meet the standard (equal or greater than 15 parts per million). NFNC intend to further validate this by conduction a shelf life study of vitamin A levels in sugar.

Fortification of Maize Meal with Vitamin A

In 2002 the NFNC co-organized the dissemination meeting on the maize meal fortification trials, where major stakeholders attended. The trials commenced in 2000 with the collaborative effort of NFNC and National Industrial and Scientific Research (NISIR). Support from Micronutrient Initiative (MI) and UNICEF was also invaluable to this process.

By September 2002 Maize Meal fortification at hammer mills had started in all the six selected hammer mill sites in Lusaka. These sites were in Chipata, Chaisa, Bauleni, George, Chawama and Kanakatapa. The fortification trials at each of the above sites were done on different dates. The trials were successful in that the communities that participated in the trials had accepted fortification.

Infant and Young Child Feeding

In 2002 the NFNC coordinated the drafting of the National Regulation on Marketing of Breast Milk Substitutes. The final draft was submitted to CBoH for onward submission to Ministry of Health for further action. In the same year, the NFNC participated in the development of training guidelines on the Integrated Prevention of Mother to Child Transmission of HIV. Training of health workers in Prevention of Mother to Child Transmission of HIV/AIDS (PMTCT) using the same guidelines followed this up. This programme was carried out with support from AED-LINKAGES, WHO and UNICEF.

4.2.4 Water and Sanitation

The broad PRSP objective is to ensure that Zambia's water resources are effectively developed and managed to contribute to poverty reduction through increased access to safe water and sanitation for low income rural and urban Zambians. The PRSP also aims at developing water resources infrastructure such as dams, boreholes and wells for improvement in water supply in rural areas and for agricultural use. Government has consequently committed to safe guarding the water and sanitation as seen in the budget.

In 2002, a total of K20.8 billion to the sector and K 9.4 billion or 0.3 percent of the discretionary budget was released while in 2003, the budget increased to K 23.2 billion and the releases were also increased to K16.3 billion or 0.5 percent of the discretionary budget. In 2002, a total of K 1.7 billion was spent on implementing the PRP's and this rose to K 4.20 billion in 2003.

Implementation Status

Water Resources Management

The main intervention was the implementation of the Water Resources Action Programme (WRAP). The programme was planned and organised in order to implement Zambia's National Water Policy. It aims at streamlining and strengthening the water resources management functions of central government including the development of new water resources policy and legislation. It aims at establishing a comprehensive framework for effective use, development and management of the Zambia's water resources in a sustainable manner. To this effect, a draft framework has been formulated.

The WRAP has begun a programme on the Kafue River basin to improve water management through catchments based management of water resources.

Water Resource Development

To develop water resources especially in drought prone areas, Government embarked on a water resource infrastructure development programme which involved dam construction and rehabilitation, borehole drilling, construction of weirs and wells. The programmes were meant to improve the water supply in rural areas in all the nine provinces. To this effect, 8 dams were completely rehabilitated in 3 provinces, 153 boreholes were drilled in 6 provinces while work on 379 boreholes in 3 provinces is still on-going. The construction of wells in all the nine provinces is on going. Notwithstanding the impact this development has

had on the supply of water in rural areas, not much progress was made in the development of water supply infrastructure due to insufficient funds.

Water Supply and Sanitation

Government continued to support the planning, execution, management, operation and maintenance of rural water supply and sanitation. As for urban and peri-urban water supply, Government continued with the commercialisation of Water Supply and Sanitation (WSS) services under the on-going water sector reforms. To this end, commercial water utilities established in most cities increased. This led to increased access to water supply and sanitation services in the low-income urban and peri-urban areas.

Water Sector Reforms

Government has been implementing a number of reforms in the water sector. The reforms have recorded tangible achievements in the water and sanitation sector that includes the following.

- The successful decentralisation/devolution of service delivery from Central Government to the local authorities;
- The establishment of several commercial water utilities allowing for competition amongst the providers. Nine commercial utilities were established by 2002;and
- Clearly outlined strategies for urban, peri-urban and rural water supply and sanitation.

Notable improvements have been recorded in terms of service delivery and access to both water supply and sanitation in areas serviced by the commercial utilities. Notwithstanding this achievement, the situation in council operated areas continues to deteriorate and to be a source of concern. A number of districts go without water supply, for hours, due to lack of funds to operate and maintain the equipment that frequently breakdown.

The water and sanitation services in rural areas are mainly supplied by central government and the situation still remains poor. The improvement of the water and sanitation in rural areas has been constrained by lack of funding.

4.2.5 Social Safety Nets

The main social safety nets programmes implemented were: the Urban Food For Assets (UFFA); Micro-Credit Scheme under PUSH and the Public Welfare Assistance Scheme (PWAS); Disaster Relief; and the future search programme. (See table 4.9)

Table 4.9: Social Safety Nets Programmes

Programme	Implementing Institution
Public Welfare Assistance Scheme - Provision of health care support - Provision of education support - Provision of social support e.g. food	Ministry of Community Development and Social Service
Peri Urban Self Help - Urban Food for Assets (UFFA) - Micro Credit Scheme	Ministry of Community Development and Social Service
Food Security Pack	Programme Against Malnutrition/Ministry of Community Development and Social Services
Future Search	Ministry of Labour and Social Security
Disaster Relief	Office of the Vice President

Source: MOFNP

In 2002, a total of K 66.1 billion was allocated for social safety net programmes. This was distributed as follows: PWAS K12 billion; PUSH K 3 billion; Food Security Pack K 32 billion; Future Search K 1.1 billion; and Disaster Relief K 18.5 billion. Out of the total allocation of K 66.1 billion for social safety nets in 2002, 60 percent or K 35.9 billion was released. A total of K 400 million was released for PUSH, K 300 million for PWAS, K 500 million for Future Search, K 18.5 billion for disaster relief and K3.9 billion for Food Security Pack.

The money disbursed to PWAS went to support poor and vulnerable persons with health and education and other social requirements. Under health, 319 males and 305 females aged between 5 - 14 years and 626 males and 327 females in the age group 15 - 34 years accessed medical services. In education, 560 males and 400 females were assisted and were mainly orphans and vulnerable children. As for social support, a range of services are provided such as food, renting or building of shelter for the destitute, provision of clothing and blankets and the repatriation of stranded people. A total of 33 males and 5 females were assisted under social support.

As for PUSH the money disbursed was used to support the following programmes.

- Improvements of 23.5 Kilometre of access unpaved road in Monze and Lusaka out of the targeted 270 Kilometre road network in nine districts,
- Construction of two community skills training centers in Kafue (Soloboni), Chingola and Ndola (Mackenzie),
- Empowerment of 500 participants out of the targeted 4,500 in various income generating skills, and
- The establishment of 460 savings and solidarity groups for micro credit schemes

Under the food security pack programme the money was used for procurement and distribution of different crop seeds and fertilizer as well as agriculture lime. The total expenditure however, was K 16.2 billion as an amount of K 12.3 billion disbursed in the season 2000/2001 was only utilized in the 2001/2002 season. As a result of this expenditure a total of 125, 000 beneficiaries were reached from the targeted number of 200 000 vulnerable but potentially viable farmers per year.

With regard to the future search programme, the money released was used to assist 3,346 displaced workers, and to conduct 36 counselling sessions for 1,964. Other activities undertaken were to conduct job search seminars, entrepreneurship development workshops and small business awareness seminar.

In the period under review the disaster relief programme was allocated an amount of K18.5 billion of which K 2.1billion was from the normal government budget line. Of this amount K 6.2 billion was used for purchasing and storage of maize; K1.8billion for transportation; K 7.9 billion for purchase of mealie meal from suppliers; K 696 million for participating NGOs and K 1.8 billion for operational costs. This project was implemented in seven (7) affected provinces and reached a total of 2,433,412 beneficiaries.

In 2003 PWAS received K 4.5 billion for the provision of health support, targeting 200,000 clients. Of this amount, K224 million was spent on monitoring the implemented programmes.

In the 2002/2003 season, under the food security pack programme, 128 000 beneficiaries were reached at a cost of K 28.2 billion. The crops distributed under this programme included maize, sorghum, millet, rice, groundnuts, beans, Soya beans, banana suckers, sweet potatoes vines, and cassava cuttings

The discretionary allocation to the sector has been decreasing steadily. In 2001 the discretionary budget was 3.2 percent, in 2002 it was 2 percent and in 2003 it was 1.1 percent

4.3 CROSS CUTTING ISSUES

4.3.1 Governance

The PRSP has identified good governance as a key aspect in fostering growth and poverty reduction. It has therefore set to achieve three key objectives as follows:

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

PRSP Implementation

In line with these objectives, funding for governance programmes has improved. The overall budget allocation for governance in 2002 was K 148.2 billion while the PRP programmes allocation was K 16.8 billion, accounting for 8.46 percent of the total budget. On the other hand, the overall Governance budget for 2003 was K 155.4 billion and the PRP allocation was K 21.6 billion, accounting for 11.3 percent. In 2002, out of the total PRP allocation, 50.9 percent was disbursed, while by October 2003, 11.8 percent was disbursed.

The major thrust of intervention were in the areas of constitutional and judicial reforms, electoral reforms, law enforcement and human rights improvement, enhancement of public accountability and transparency.

Socio-Political Governance

The government in 2003 began the process of reviewing the constitution. This was prompted by the desire of the Zambian people to address a number of contentious governance issues in the current constitution. To this effect, a Constitutional Review Commission (CRC) to conduct countrywide sittings where the citizenry would make submissions. The CRC has since been receiving submissions from the public through meetings being held in the provinces.

Furthermore, the government engaged civil society in major national issues. One such event is the National (Indaba) Convention held in 2003 involving all stakeholders to discuss economic governance and social issues of common concern. The recommendations of this Forum would be incorporated into the on-going governance reforms. Furthermore, to foster inclusive and participatory governance, the Government involved civil society organizations in major national social-political and economic forums. These included the Technical Committee for Electoral Reform process, Constitutional Review process, and Anti-Corruption Coalitions.

Economic Governance

Public Expenditure Management Reforms

Government further undertook budgetary reforms in 2003. A budget review process was embarked upon, in which a new form of budgeting known as the Medium Term Expenditure Framework (MTEF) was introduced. All key stakeholders were consulted as MTEF consultative meetings were held in all the nine provinces of the country. Furthermore, through the introduction of Activity Based Budgeting (ABB), the Ministry of Finance and National Planning will facilitate enhanced tracking of expenditure by activity.

Additionally, the Integrated Financial Management Information System (IFMIS) was introduced. This would facilitate the integration of financial and physical performance measurements for monitoring and evaluation of operational and medium term plans.

In order to enhance efficient, equitable and transparent management of scarce resources, the government, with support from Cooperating Partners, embarked upon the Public expenditure Management and Financial Accountability Review (PEMFAR) as a way to improve public expenditure and financial management.

Through this process, the Ministry of Finance and National Planning benefited from a number of capacity building programs. In terms of staff training, approximately two hundred (200) accountants have been trained in the application of Commitment Control Systems (CCS). This has resulted in a reduction in accumulation of arrears in almost all ministries where this system was introduced. Moreover, government ministries and government spending agencies have benefited from computer equipment to enhance data processing.

To promote accountability, the government built capacity in the office of the Auditor General by training staff in long-term professional courses as well as short-term refresher course programmes. Moreover, the decentralization of operations of the office of the Auditor General has resulted in Government financial statements for 2000, and 2001 being audited on time. Additionally, the backlog of audit reports has been cleared and there has been an increase in the number of special audit reports produced annually.

Democratic Governance

A need to reform the electoral process was identified and an Electoral Reform Technical Committee was established in 2003, with a wide composition of members from the church, civil society, media and the government. The committee, whose mandate is to analyze and make recommendations regarding the legal framework of the electoral process in the country, has since began its work.

There were also reforms undertaken in order to revisit the way the Zambian Parliament conducts business of the House. Most of the parliamentary business is now being dealt with in committees. This has led to specialized matters being dealt with more efficiently. As a result, this increased the ability of the Parliamentary Public Accounts Committee to review reports of the Auditor General effectively and efficiently and also deal with issues of accountability, transparency and good governance in the government system. Moreover twelve pilot- constituency offices were established out of the total one hundred and fifty constituencies in the country. This was done to enhance interface between MPs and their constituencies.

Furthermore, the relaxation of the dress code for the visitors to the National Assembly has made the institution more accessible to the public. A Parliamentary website was also established in order to make people aware of the developments in the Parliamentary system.

Transparency and Accountability

The Government has demonstrated political will to fight corruption through it's Zero Tolerance of Corruption stance. To this effect, the operations of the Anti- Corruption Commission (ACC) have been decentralized to all the provinces, and an amount of K1.3 billion was disbursed to the Commission to facilitate finalization of this process. In view of this, there has been increased awareness of the importance of reporting corrupt practices in the community. The outcome has been an increase in the number of complaints received by the ACC. The number rose to 836 complaints in 2002 against the 315 received in 2001, representing an increase of 162 percent. By June 2003, a total of 439 complaints had been lodged, giving an indication of a further increase by the end of the year.

A Task Force on Corruption has been set up to investigate and prosecute cases of corruption and abuses of authority involving high officials in the previous Government as well as those currently serving in Government. So far the Task force has identified to investigate 405 firms. A total of 213 fixed assets have been traced and identified as suspected proceeds from plunder, while 150 persons have been identified and are under investigation. A total of 20 suspects have also been arrested and charged for various criminal offences. Some of these are already appearing in court while 2 have been acquitted.

A National Governance Baseline Survey was commissioned in 2002, to develop empirical information, which would be used to plan implementation of policies and programmes to improve good governance and thereby reduce corrupt practices. The survey has since been completed and it is hoped that the survey would benchmark indicators for future review of elements of governance and the extent of corrupt practices.

Law Enforcement and Human Rights

The Government embarked on reforms in the law enforcement agencies such as the Police and Prisons service so as to enhance the protection, promotion and enjoyment of human rights.

To this effect, in 2002, an amount of K2.0 billion was released to the Police, resulting in the rehabilitation of eight (8) police cells. Furthermore, eleven (11) out of a target figure of hundred (100) boreholes were sunk in Lusaka, Shangombo and Mongu districts. Additionally, twenty motor vehicles were repaired to improve community policing.

The establishment of the Police Public Complaints Authority (PPCA), in order to check excessive use of power by police officers, so as to protect human rights of citizens was a notable development. Since its establishment in 2002, the PPCA has received 299 complaints and dealt with 4 cases involving abuse of authority by police officers. The PPCA recommended to the Police Service that the 4 officers concerned be dismissed.

Under the Prisons and Reformatories, K2.7 billion was released and out of the targeted 100 boreholes, twelve (12) were sunk and eleven of these are operational. Six (6) 1x2 prison cells were constructed. Additionally, seventeen prisons were targeted for rehabilitation and materials were procured for these works. The objective of undertaking these rehabilitation works was to improve prisons standards in order to enhance human rights of inmates.

Under Capacity Building Programme for Good Governance an amount of K375 million was released in 2002 to the Human Rights Commission. The Commission trained a total number of 3,679 law enforcement officers. These officers were from; Zambia Wildlife Authority, Anti Corruption Commission, Drug Enforcement Commission, Zambia Police and Prisons and Reformatories in Law Enforcement and Human Rights in Lusaka, Western and Southern provinces.

Judicial Reforms

In the Judiciary, K1.2 billion was released for PRPs in 2002. This led to a total of 27 courts being rehabilitated in all provinces in the country. Furthermore, a total of thirty-three Magistrates were sponsored to study law at the University of Zambia.

Government has improved access to the justice delivery system through a number of reforms and interventions. These included the establishment of Alternative Dispute Resolution Mechanisms which led to 2000 cases being dealt with.

To improve the dispensation of justice in the local courts, the Judiciary with the help of co-operating partners, embarked upon a programme of building capacity in the Local Courts Justices.

4.3.2 HIV/AIDS

Government's overall objective as outline in the PRSP is to reduce new infections and the social economic impact of HIV/AIDS. Due to the cross-cutting nature of the pandemic, Government has taken a multi-sectoral approach in the fight against the pandemic. In this regard, Government, working with other stakeholders, stepped up efforts and programmes aimed at preventing and controlling the spread of HIV/AIDS, promoting care for those who are infected and affected , and reducing the personal , social and economic impact of the epidemic.

In the period 2002-2003, Zambia received a number of grants from the donor community to complement Government efforts in eradicating HIV/AIDS. These are Global Fund to Fight HIV/AIDS, TB and Malaria, World Bank - Multi-sectoral AIDS Programme (MAP) grant, African Development Bank support, and various bilateral arrangements.

The cost required to implement all the interventions for the period 2002-2005 has been estimated at K 2.8 trillion (US\$560 million). Government under the Poverty Reduction Strategy Paper (PRSP) committed to spend K 475 billion (US \$95 million). However, only K 13 billion (US \$2.7million) was disbursed. By end June 2003, donor commitments amounted to K 1.3 trillion (US \$270.89 million) out of which K 27.8 billion (US \$6.09 million) was disbursed. (See table 4.10 below)

Table: 4.10: Government Commitments and Cooperating Partners' Pledges to National HIV/AIDS/STI/TB Council January 2002- June 2003

SOURCE	<i>Pledges</i>		DISBURSED	
	US\$ million	K' million	US\$ million	K' million
GRZ	95.0	460,750	2.7	13,095
Global Fund	192.0	931,200	0	19,400
World Bank	42.0	203,700	0	0
DfID	30.0	145,500	0	0
UNDP	5.0	24,250	1	4,850
ADB	1.2	5,820	0.5	243
WHO	0.00	0	0	0
NORAD	0.250	1,213	0.25	1,213
SIDA	0.220	1,067	0	1,067
Ireland Aid	0.220	1,067	0.22	1,067
Total	365.89	1,770,250	8.79	40,935

Source: National HIV/AIDS/STI/TB Council 2003

Note: Exchange rate (1US\$ =K4, 850)

PRSP Implementation

During the period 2002-2003, the implementation of HIV/AIDS programmes was quite favorable. Success has been noted in the areas of Public Awareness, provision of ARV's, and the provision and expansion of community home based care.

Research at UTH has been done to test patients for HIV, screen them for STIs, TB and then provide them with a comprehensive care, which includes TB preventive therapy. Training of Schoolteachers in life skills –based education has also been fulfilled with 996 teachers or 2.3 percent of the 43,448 teachers trained. Some encouraging results are being observed as evidenced by an increase in the Voluntary Counseling and Testing Centers from 56 in 2002 to 110 by end June 2003. Anti-Retroviral Therapy (ART) was introduced in all public Institutions through the establishment of Provincial ART centres. Initially 10,000 patients were put on the ART programme.

The Business Sector through the Zambia partnership has benefited through HIV/AIDS educational workshops, Distribution and promotion of male and female condoms at work place, provision of information on Voluntary Counseling and Testing and the introduction of Post – Test Clubs. As a result, approximately 20,000 employees have been reached and peer educators trained. Other groups targeted were the refugees, long distance truckers, migrant workers, cross-border traders and uniformed security personnel who are more susceptible due to their mobility.

Additionally, programmes targeting teachers and learners across the country were undertaken. This was done through the Ministry of Education by building capacity and capability to respond with timely actions to prevent school age children and teachers from becoming infected. Sensitization programmes were also undertaken in all the provinces through the Zambia Nurses Association, with 206 nursing officers and carers trained out of the targeted 270

In collaboration with the Virology Laboratory and the VCT Services, 41 health workers were trained in Serology and Rapid Testing to cope with the increased demand for VCT for Mother to Child Transmission (MTCT) in some of the health centers in rural Zambia, which do not have laboratory Technicians.

A consultant was engaged to work on the sensitization of farmers at District level. Small- scale farmers were therefore trained using drama and traditional leaders especially in risk prone areas.

4.3.3 Gender

In 2001, the total allocation to Gender in Development Division (GIDD) was K 1.75 billion while actual expenditure was K 545 million which amounts to 31 percent. In 2002 the GIDD allocation was K 2.2 billion, while the actual expenditure was K 1.2 billion, which was 65 percent of the total budget allocation. In 2003, however, the allocation by GRZ to GIDD was K 1.7 billion and the donor allocation was K 500 million. However, 10.7 percent was released for PRPs to the sector.

In addressing gender in development, the focus for the period under review was on improving the participation of women in decision-making, engendering the national budget, promotion of women’s economic empowerment and development of the National Gender and Development Information System.

To increase participation of women in decision-making, Government appointed women to various decision-making positions at Cabinet Minister and Deputy Minister levels and other areas of the public sector so as to achieve the thirty percent minimum representation of women in all decision-making positions stipulated by the 1997 Southern African Development Community (SADC) Gender Declaration. The representation of women at the ninth session of the parliament in 2003 was at 13.7 percent. Of all the selected positions in decision-making, only 18 percent are women as compared to 82 percent of the position held by men. (See appendix 4).

In an effort to engender the national budget, capacity building activities for all line ministries during the month of June 2003 were undertaken, and a draft framework has been developed to facilitate the collection, collation and analysis of data.

Government also recognized that due to customary practices, women still lacked access to land in comparison with their male counterparts. In this regard, the draft land policy proposing thirty percent of the land to be demarcated and allocated, for women and other vulnerable groups to reduce on discriminatory practices in the Land Act – Chapter 184 of the laws of Zambia was done. Consultations also started with various stakeholders on how international and regional agreements, such as Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); the Protocol on African Charter on Human and People's Rights especially on rights of women (ACHPR), and the Southern African Development Community (SADC) Declaration on Gender and Development and its Addendum on the Prevention of Violence Against Women and Children could be translated into laws, policies, plans and programmes.

In order to promote women's economic empowerment, Government disbursed grants to Community Based Organisations (CBOs) amounting to K450 million in 2002 with a view to reducing poverty especially among women. More than ninety (90) CBOs benefited from these grants countrywide. Some of the activities supported included poultry farming, crop farming, tailoring and designing, piggery, fish farming, orphanage etc.

During the period under review, the process of setting up a National Gender Resource Centre to host the National Gender and Development Information System started with the release of K925 million (US\$185,000.00) under Public Service Capacity Building Project (PSCAP) to facilitate the process. Four thousand National Gender Policy documents were disseminated to raise public awareness. In addition to these efforts, Government held six (6) radio and television programmes on the importance of gender in development including poverty reduction. In gender capacity building programmes, ten training programmes with line ministries and other public and private institutions were conducted.

CHAPTER 5

REGIONAL IMPLEMENTATION PROGRESS

The Regional Perspective on PRSP implementation focused on infrastructure development and land resettlement programmes. This chapter analyses the releases, expenditures and outputs per province.

5.1 Central Province

The total budget allocation for the province in 2001 was K8.6 billion. This amount increased to K8.7 billion in 2002 while the 2003 budget registered a 66.1 percent increase over the previous year to K14.5 billion. Out of K8.7 billion allocation, K2.8 billion was the allocation for PRPs in 2002 while K3.2 billion was the actual total expenditure. The additional expenditure was attributed to the balances brought forward from the previous year.

Significant increases in the PRP budgetary allocation occurred in 2003, when the total provincial budget increased by 66.1 percent from K8.7 billion in 2002 to K14.5 billion in 2003. A total of K7.9 billion or 54 percent of the total budget was allocated for the implementation of PRPs in the province. This increase was partly attributed to the large donor contribution accounting for 37.2 percent of the total PRP budget. By October 2003, the government had released K3.1 billion representing 39.3 percent of the total PRP allocation to the province.

Infrastructure Development

For feeder road rehabilitation, approximately K2 billion was used to rehabilitate 70 percent of Landless corner – Mumbwa road by June 2003, while K1 billion was spent for 40 percent maintenance works on selected roads in six districts.

A total of K150 million was used on the land resettlement programme to construct 27.3 kilometers, form and clear 9.6 kilometers of the 75 kilometre Lukanda Scheme - Kapiri Mposhi access road. One out of 15 boreholes was sunk. At Maimwene, 296 of 396 plots were demarcated and allocated to settlers while 2 out of 10 boreholes were equipped with hand pumps. In addition, 11 kilometre and 2 kilometre of the 20Kilometre road was cleared and formed respectively. From the target of 182 plots, 181 were demarcated and allocated to settlers.

5.2 Copperbelt Province

The total budget allocation for 2001 was K9.9 billion. This amount increased by 14.3 percent to K11.3 billion in 2002. In 2003, the provincial budget allocation increased by 56.1 percent to K17.7 billion over the previous year. Out of the K11.3 billion allocation for 2002, K2.8 billion was the allocation for PRPs of which K1.6 billion was the total expenditure.

Out of a total K17.7 billion budget allocation for 2003, K7 billion representing 39 percent was earmarked for PRPs with donor commitment amounting to K2.9 billion. By October 2003, about K1.3 billion representing 18.6 percent of the total PRP budget and 32.1 percent of the total GRZ budget for PRPs, had been released.

Infrastructure Development

During the period under review, the province received K2.45 billion of which K2 billion was for feeder roads, K150 million for the Land Resettlement programme and K300 million for Beekeeping activities. By June 2003, the feeder roads programme received K1.7 billion.

The Land resettlement programme received K150 million out of which K149.94 million was spent for drilling 4 boreholes and installation of 6 culverts at Kambilombilo (Lufwanyama) and Lukanga North (Mpongwe). Sixty plots were demarcated at Kafubu West Dam resettlement scheme where 6 kilometre and 9 kilometre of road was graded and formed respectively.

5.3 Eastern Province

The total budget allocation for 2001 was K10 billion. This amount increased by 8.7percent to K11billion in 2002. In 2003, the budget allocation for the province increased further by 59.6 percent to K17.7 billion. The PRP allocation to the province for 2002 was K4.9 billion.

Out of the total of K17.7 billion budget allocation for 2003, 53percent was earmarked for PRPs with donor commitment accounting for K3.0 billion Kwacha. By October 2003, K2.2 billion representing 34 percent of the total GRZ budget for PRPs, had been released.

Infrastructure Development

The feeder roads programme received K2 billion, which was disbursed to 19 constituencies (K100 million each) for land clearing, culvert construction, road reshaping and spot gravelling in various districts. Out of the targeted 274 kilometre about 86.1Kilometre of road was reshaped and regravelled. Additionally, the construction of the targeted 2 culverts was undertaken.

The Land Resettlement Programme received K150 million which was used for drilling of 4 boreholes, at Chipangali Madziatuba Resettlement Scheme, at a total cost of K74.1 million, construction of 3 houses at K14.5 million, grading of 8 Kilometers of road at a cost of K48.5 million and demarcation of 25x10 Hectares farmland at a cost of K617, 500. The balance of K7.6 million was spent on monitoring the projects implemented. These projects were completed.

5.4 Luapula Province

The total budget allocation for 2001 was K8.2 billion. This amount declined to K8.0 billion in 2002 representing a decline of 2.9 percent over the previous year. The 2003 budget was K18.2 billion representing an increase of 128.13 percent. The PRP allocation was K2.3 billion in 2002, out of which K1.9 billion was spent.

In 2003 a total of K8.4 billion or 46 percent of the total budget was allocated for the implementation of PRPs in the province. This increase was partly attributed to the large donor contribution accounting for 28.9 percent of the total PRP budget and the balances, which were brought forward from the previous year. By October 2003, the government released K2.8 billion representing 33.2 percent of the total PRP allocation to the province and 46.7 percent of the total GRZ PRP budget.

Infrastructure Development

K2 billion was disbursed for the provincial feeder roads programme in 2002. The funds were used for works on seven (7) feeder roads (Nchelenge) at a cost of K316 million; constructing mitre drains (K116 million), Milenge-Mashika Road, installation of Culverts (K100 million) and Kafubashi- Chishikishi Road (K197 million) in Milenge. In Samfya district, K104 million was spent for works on roads and K47 million for channel clearing. Works in Mansa district were carried out at a cost of K262 million for roads and K15 million for Mitre drains. In Chiengi district, K 275 million was spent on road works. Kawambwa spent K770 million on roads and K85 million on various other PRP activities.

During the period under review, resettlement schemes received K 150 million, which was directed towards programmes in infrastructure development and improvements in water and sanitation in the various schemes. The beneficiaries were Mansa, Mwense, Mukanga and Kapako Resettlement Schemes. In the Mansa Resettlement Scheme, the targeted 179 plots were successfully demarcated and 5.8kilometre of access road was pegged and stumped and one bridge constructed.

5.5 Lusaka Province

The total budget allocation for 2001 was K8.4 billion. This amount increased slightly to K9.0 billion in 2002 representing an increase of 7.1 percent over the previous year. In 2003 the budget allocation for the province was K11.9 billion, an increase of 32.6 percent over the previous budget. The PRP allocation to the province was K2.8 billion in 2002 out of which K851 million was spent. In 2003 a total of K5.0 billion or 42 percent of the total budget was allocated for the implementation of PRPs. This increase was partly attributed to the large donor contribution accounting for 48.3 percent of the total PRP budget and the balances, which were brought forward from the previous year. By October 2003, the government had released K1.5 billion representing 57.7 percent of the total government PRP allocation to the province.

Infrastructure Development

Under the feeder roads programme, a total of 74 feeder roads with a length of 113.6 kilometers were rehabilitated. A total of K1.73 billion was utilized by June 2003. From this amount, a length of 112.4 kilometers from a with a total of 72 feeder roads was constructed. The feeder road programme was implemented using labour intensive techniques, and employing local people as a way of raising the levels of income in the beneficiary areas.

From the released K150 million, for the resettlement programme, feeder roads and boreholes in Kasenga, Rufunsa and Yapite resettlement schemes were worked on at a cost of K147 million. A total of K107.7 million was released for Kasenge Resettlement scheme with K55.7 million earmarked for borehole siting, drilling and installation. A total of K6.3 million was released for Rufunsa Resettlement Scheme where K4.02 million was used for borehole rehabilitation and installation, while the remaining amount was used for reconnaissance surveys.

5.6 Northern Province

The total budget allocation for 2001 was K9.7 billion. This amount increased to K11.2 billion in 2002 representing an increase of 15.3 percent over the previous year. In the 2003 budget, the allocation for the province was K15.9 billion representing, an increase of 41.8 percent over the previous budget.

The PRP allocation to the province for 2002 was K2.8 billion out of which K580 million was spent. In 2003 a total of K6.98 billion or 44 percent of the total budget was allocated for the implementation of PRPs in the province. This increase was partly attributed to the large donor contribution accounting for 42 percent of the total PRP budget and the balances, which were brought forward from the previous year. By October 2003, the government released K2.1 billion, representing 30 percent of the total government PRP allocation to the province and 51.9 percent of the total GRZ budget.

Infrastructure Development

The feeder roads programme received a total of K2 billion for roads rehabilitation in 2002. A total stretch of 718.6 Kilometers of road network, 6 bridges and 2 culverts were earmarked for construction and rehabilitation in the province during the review period. Approximately 622 Kilometers of roads were successfully rehabilitated with a balance of 97 Kilometers still to be worked on. Out of the six (6) earmarked bridges five (5) were constructed and the 2 culverts were also constructed.

The land resettlement programme was allocated K150 million, which was spent on demarcation of farm plots in Kanchibiya Resettlement scheme (Mpika) where a 1 x 2 classroom block was constructed at a cost of K 58.9 million. From a target of 14 Kilometers stretch of road, 12 Kilometers was rehabilitated at a cost K10.9 million. However, there was poor workmanship on the road. Furthermore 87 out of the targeted 300 plots in Mufubushi resettlement in Mpika were demarcated at a cost of K7.2 million. In Kasama district, a 4 Kilometers stretch of road out of the targeted 15 Kilometre in Lukulu scheme was done at the cost of K21.7 million. In addition, a new scheme of about 2700 hectares has been opened in Chief Katyetye's area Isoka district. An amount of K 2.9 million was spent on this project and so far the outer boundary has been done.

5.7 North Western Province

The total budget allocation for 2001 was K8.1 billion. This amount increased to K8.2 billion in 2002, representing a slight increase of 1.3 percent over the previous year. The 2003 budget increased significantly over the previous year from K8.2 billion to K18.6 billion, an increase of 127.4 percent over the previous budget. The PRP allocation to the province in 2002 was K2.8 billion out of which K606 million was spent.

In 2003, a total of K10.9 billion or 59 percent of the total budget was allocated for the implementation of PRPs in the province. This increase could be attributed to the donor contribution accounting for 26.8 percent of the total PRP budget. By October 2003, the government released K3.5 billion representing 43.2 percent of the total government PRP allocation to the province and 31.6 percent of the total PRP.

Infrastructure Development

Under feeder roads, a 3-kilometer stretch and 5 culverts were worked on at a cost of K36.7 million. In Solwezi, K61.6 million was spent for rehabilitating 37 kilometer of road and working on 1 bridge. One bridge was worked on in Zambezi at a cost of K27.1 million while the Mwinilunga road costed K49 million and a culvert at K18.7 million. These works were completed. A total stretch of 256 Kilometers from Mufumbwe to Zambezi was rehabilitated at a cost of K906 million. However; works on the Kasempa-Zambezi road are still going on.

In the resettlement programme, a total amount of K150 million was disbursed for drilling of 3 boreholes at a cost of K69.9 million and rehabilitation of 3 wells at a cost of K13.9 million in Solwezi. One (1) hammer mill was provided at a cost of K31.2 million out of the targeted 7 hammer mills. A hammer mill shelter was successfully rehabilitated in the same Resettlement Scheme at a cost of K4.8 million. In addition rehabilitation of a 15 Kilometer gravel road in the scheme at a cost of K30.1 million started and is on going.

5.8 Southern Province

The total budget allocation for 2001 was K9.6 billion. This amount increased to K11.3 billion in 2002 representing an increase of 17.3 percent over the previous year. The 2003 budget increased significantly over the previous year from K11.3 billion to K18.6 billion an increase of 64.7 percent over the previous budget. The PRP allocation to the province in 2002 was K3.8 billion out of which K1.2 billion was spent. In 2003, a total of K10.4 billion or 56 percent of the total budget was allocated for the implementation of PRPs in the province. This increase could be attributed to the donor contribution accounting for 30 percent of the total PRP budget. By October 2003, the government had released K4.6 billion representing 62.9 percent of the total government PRP allocation to the province.

Infrastructure Development

A total of K2.45 billion was released to Southern Province for PRPs in the year 2002. An amount of K2 billion was released for road rehabilitation, K300 million for construction of low cost houses and K150 million for resettlement.

Under the feeder road programme, the PRP funds were used for bush clearing along the main roads, construction of culverts and rehabilitation of feeder roads. A total of 160.3 Kilometres was graded, 72 kilometers of bush cleared and 15 culverts installed.

As regards the resettlement programme, K150 million was released to the Resettlement Department in the Province. The funds were used for land acquisition and demarcation. A total of 5,000 hectares were targeted for Kalomo and Mazabuka of which 434 hectares of land was acquired. Demarcation of 49 plots out of the targeted 100 new plots at Masasabi in Itzhi-tezhi and 283 new plots instead of 260 at Kasiya in Livingstone. Drilling of 6 boreholes at Harmony, Kasiya, Siamambo and rehabilitation of 1 borehole at Masasabi were done.

5.9 Western Province

The total budget allocation for 2001 was K8.8 billion. This amount increased to K12.1 billion in 2002 representing an increase of 38.1 percent over the previous year. The 2003 budget increased significantly over the previous year from K12.1 billion to K17.8 billion an increase of 47.3 percent over the previous budget. The PRP allocation to the province in 2002 was K3.7 billion out of which K2.1 billion was spent. In 2003, a total of K8.0 billion or 45 percent of the total budget was allocated for the implementation of PRPs in the province. This increase could be attributed to the donor contribution accounting for 36.5 percent of the total PRP budget. By October 2003, the government released K2.5 billion representing 49 percent of the total government PRP allocation to the province.

Infrastructure Development

The province received K2 billion for rehabilitation of two district roads and Lui wanyau embankment. Out of the total release, Lukulu district received K1.5 billion., Senanga 100 million and Mongu K400 million. In Lukulu district, 145 Kilometre of Lukulu- Katunda road was graded out of the targeted 195 Kilometre and works are still on going. In Senanga district, 19 Kilometre of the Senenga-Kalongola road was completed. In Mongu district 13 culverts were completed for the Lui wanyau embankment.

In the resettlement programme, K150 million was allocated for Kalumwange resettlement scheme where 60 plots were demarcated at a cost of K28 million; sinking of one borehole at K32 million and construction of LC2 at K 80 million. All works were completed except for the LC2, which was at roof level.

CHAPTER 6

INSTITUTIONAL FRAMEWORK FOR PRSP IMPLEMENTAION, MONITORING AND EVALUATION

6.1 Introduction

The overall coordination of the planning, implementation as well as the monitoring and evaluation of the PRSP/TNDP rests within the Planning and Economic Management Department in the Ministry of Finance and National Planning, with the full participation of the line ministries, provinces, other government institutions, civil society organizations, private sector and the cooperating partners. In order to ensure effective implementation of the PRSP/TNDP, an institutional framework dealing with the implementation and monitoring of the PRSP/TNDP has been developed. Though not in full operation, a Poverty Monitoring and Analysis Framework (PMA) has been designed to provide timely information to policy markers on the implementation of the PRSP.

The monitoring system for PRSP/TNDP include the Input-Output level, which covers the Management Information System (IMS) requirement of implementing a Poverty Reduction Strategy and the Outcome-Impact level that shows the contribution of the PRSP/TNDP programme to the overall status of poverty in the country. The Input-Output component captures data mostly through administrative records of which the line ministries take full responsibility of managing IMS. The outcome and impact indicator data are captured through specialized surveys, which are done by the Central Statistical Office. Such surveys include; the Living Conditions Monitoring Survey (LCMS); Demographic and Health Survey (DHS); Education Survey; Sexual Behavior Survey; Crop Forecasting Survey (CFS); and Post Harvest Surveys (PHS); Labor Force Survey and the Census.

6.2 Institutional Structure for Monitoring the Implementation of the PRSP/TNDP

As earlier indicated the monitoring and evaluation system of the PRSP is still weak. The proposed system involves weekly, monthly and quarterly review meetings for Sector Advisory Groups (SAGs,) Provincial Development Coordinating Committee (PDCC) and the District Development Coordinating Committees (DDCCs). These committees are supposed to meet on a quarterly basis and submit reports to MOFNP and subsequently to the cabinet at which reports are presented and decisions made. However, this system has not been implemented fully. Nonetheless, there have been Sector Advisory Group meetings to discuss the 2004 budget submissions for the sectors in 2003 and not to tract the PRSP indicators. The government is however, putting in place measures to ensure that PDCC and the SAGs begin to mangle information systems that will be able to track progress on the implementation of the PRP interventions.

6.3 Implementation and monitoring instruments

Planning and monitoring of the PRSP/TNDP is spearheaded through the Sector Advisory Groups (SAGs) and the PDCC and DDCC subcommittees, who are involved in both planning and monitoring of the implementation of the PRSP/TNDP. In this regard, the SAGs use the defined PRSP/TNDP indicators to define the targets particularly at the input-output levels that are used for monitoring. In addition, standardized monitoring questionnaires for capturing information have been designed and distributed to all

implementing agencies. Furthermore, the profiling of the quarterly releases of the findings to PRPs has improved the implementation and monitoring of the PRSP/TNDP, particularly in the last two quarters of 2003. It is worth noting that the current PRSP Annual Progress Report did not use the proposed system. Instead, sector ministries and other spending agencies were asked to provide retrospective data on the implementation of the sector PRSP interventions. The data quality was rather poor, due to the non-existence or ineffective management of information systems in most sector ministries. This resulted into a long process of data searching, synthesizing and analysis. With the proposed system in place, the government envisages some level of effective and efficient information management systems in most of the sector ministries and provinces.

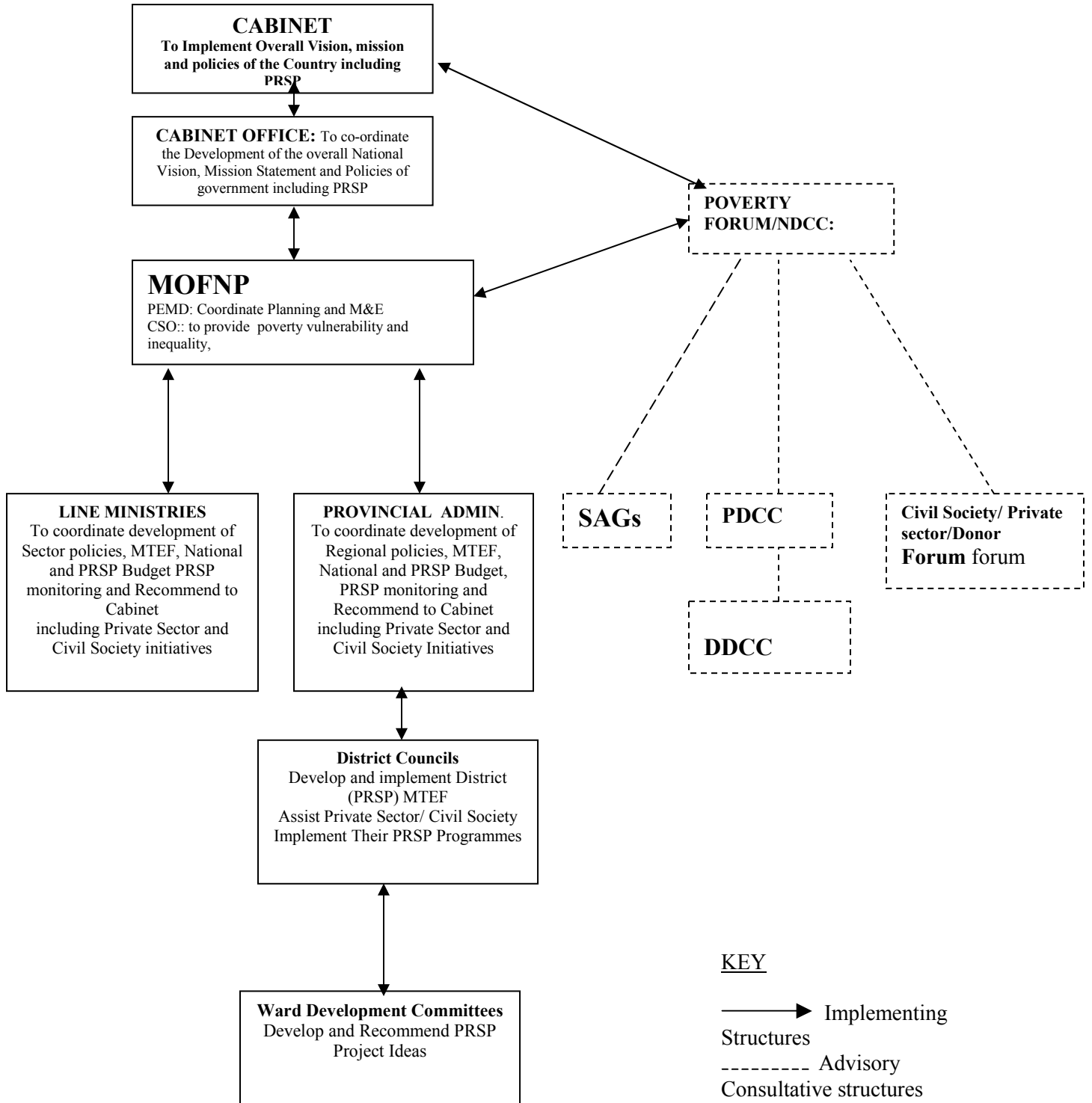
6.4 Implementation of the framework

Figure 6.1 illustrates the proposed information flow for both planning and monitoring and evaluation of both the PRSP and TNDP. It is envisaged that implementation and monitoring of the PRSP will begin at Ward level and information will then be forwarded to the district. At district level, there are consultative structures such as the DDCC to discuss development issues, assess and scrutinize the data on tracking program/ policy implementation. The district information is consolidated to form a provincial report, which is discussed by the PDCC and subsequently forwarded to MOFNP. Equally, the line ministries gather their planning and monitoring data from provinces, consolidate them and submit them to SAGs for discussion and adoption. The information is then submitted to the MOFNP. There is also a provision in the framework for other consultative forums such the civil society, private sector and cooperating partners. These forums discuss PRSP implementation issues and make their submissions at the Annual Poverty Forum. The issues from the Poverty Forum are then submitted to Cabinet for information and decision-making.

The partial implementation of the framework started in 2002 but has since gained momentum in the last half of 2003. This is due to the implementation of planning and monitoring strategies under the Planning and Economic Management Department, as well as consultative efforts being implemented under the MTEF. The last two quarters of 2003 saw increased activities of SAGs and PDCC committees culminating in their participation in the preparation of the 2004-2006 MTEF and the 2004 budget.

The major weakness is the lack of a well-developed management information system, weak institutional capacities and lack of clear linkages and specified roles by different stakeholders. The Planning and Economic Management Department, in collaboration with all stakeholders, will address these weaknesses in the proposed system once fully implemented.

Fig 6.1: PRSP/TNDP Planning, Implementation and Monitoring Framework



CHAPTER 7

LESSONS AND RECOMMENDATIONS ON THE IMPLEMENTATION OF THE PRSP

7.1 Main Observations

The cost of implementing the PRSP for the period 2002-2004 is estimated at K6.5 trillion (US \$1.3 billion) out of which K4.3 trillion (US \$870 million) or 67 percent is supposed to come from external sources and 33 percent or K2.12 trillion (US \$430 million) from domestic financing. This means that the successful implementation of the PRSP is primarily premised on Zambia maintaining a good relationship with its cooperating partners for the external resources to be released. However, in 2003, Zambia failed to conclude a new PRGF with the IMF largely due to the budget overrun which, consequently led to the withholding of programme aid by co-operating partners. The withholding of programme aid has negatively affected budget execution including spending on PRPs because most of the domestic resources have gone to external debt servicing and other constitutional expenditures. In addition, lack of a programme with the IMF has led to the delay in reaching the HIPC Completion Point. This means that Zambia has not yet been able to access the bulk of the debt relief estimated at US \$3.8 billion. In 2004, therefore, every effort must be made to get back on the PRGF programme and consequently reach the HIPC Completion Point.

Although the PRSP is supposed to be largely foreign financed, reporting on foreign financing of programmes from sector ministries was inadequate. As a result it has been difficult to provide an analysis of the donor financing. This calls for line ministries to improve on their data capturing information systems so that in the next progress report an accurate picture of what is going on in the sectors will be portrayed. Additionally, linking outputs to inputs was another area where the information provided was not sufficient. This could be explained by the fact that presentation, funding and reporting modules of the budget were not by activity, therefore, the money released was not tied to specific activities. However, in 2004, with the presentation of the Yellow Book and reporting systems in the ABB format it is expected that the reporting system will improve.

It has been noted that the total expenditures on PRPs during the period in this report are much higher than indicated. The reason is that this report focused mainly on programmes classified as PRPs in the yellow book ignoring those that have direct poverty reducing effort but classified under other lines like capital expenditure or grants. It is important that the future progress reports should focus not only on programmes classified as PRPs but also include all poverty reducing programmes by Government and Cooperating partners. However separate annexes for all poverty reducing expenditures were prepared for 2000, 2001, 2002 and 2003. Further, a similar exercise to prepare an annex for all poverty reducing expenditures for 2004 is underway.

The inputs from the line ministries into this progress report in most cases were poor, indicating that there is inadequate capacity in these ministries to conduct such analysis. Thus, there is need to build capacity in sector ministries.

Unclear guidelines on the use of PRSP funds especially on expenditures for administration, coupled with lengthy procurement procedures resulted in low absorption capacity. Furthermore, late disbursement of funds for PRPs contributed to the non-implementation of a number of programmes. For instance, in 2003, the first PRP disbursement was made in May 2003. The late disbursement of funds is partly attributed to the presentation of the budget in January which is only approved by March. There are proposals that the budget

should be presented in October which will allow Parliament to debate and approve the budget by December. Thus, implementation will begin in January. Furthermore, guidelines and procedures on the use of PRP funds as well as reporting need to be clear and simple. Officers dealing with PRP funds need to be oriented on the guidelines and procedures. The proposed structure under the SAGs will address these problems.

7.2 Other Findings

Although the picture is mixed, the overall performance in the areas in which resources were disbursed indicates positive gains in terms of input (policy formulation) and output (products produced, such as number of kilometres of graded roads or schools rehabilitated). The resources that were disbursed were utilized fairly well. However, it is currently difficult to assess the impact of the various interventions in regard to actual reduction of poverty. In addition, and although an attempt was made, a comprehensive comparison of outcomes as opposed to the objectives, was found to be problematic due to the non-existence of a baseline. It is however planned, that a comprehensive comparison will be done in the second progress report.

Observable improvements in inputs and outputs, though they may be, there are some clear areas of concern. The Progress report has identified several constraints, obstacles and other rigidities towards the creation of significant impact resulting from the implementation of the Poverty Reduction Programmes (PRP's). Some of these are as follows:

a) Inadequate Disbursement

The results of the report show that there was a problem with the disbursement of resources budgeted for PRPs. Less than a third of the intended disbursements were effected in 2002 and the flow of these disbursements was sporadic. The result was that project implementation was delayed, causing costs to escalate and, for projects which had started, to remain incomplete. One of the reasons, among several, for inadequate disbursements was due to the existence of other competing interests, which were able to exert greater pressure on the budget. In addition, it is important to note that the implementation of the PRSP, in the Zambian case, preceded the development of the Medium Term Expenditure Framework (MTEF). This development may have resulted in poor releases due to the lack of specific targeting of the budget towards PRPs programs that could have made stronger demands in order to effect disbursements.

b) Absorption Capacity

Findings indicate that, in some cases where disbursements were effected, there existed inadequate capacity to utilize the money immediately. The money remained in the banks, unutilized for long periods of time, depriving other programs and projects that may have had the capacity to efficiently utilize it. The reasons for this lack of absorption are many and vary from program to program and from district to district. Common among them, however, is the lack of information regarding timing of disbursements, inadequate provision of capital equipment to facilitate implementation of infrastructure works and long and complicated tender procedures.

c) Process of Identifying Programs/Nature of Consultation

The report indicates that the nature of consultations, (all intended beneficiaries) in terms of identifying programs to be undertaken in the year, were too broad and was considered in many instances as detrimental to the efficient and effective implementation of projects. In order to take into account political balancing and equitable distribution of resources, it was found that the resources were thinly spread, resulting in incomplete projects. In addition and since the pattern of give and take was not consistent, it had become

very difficulty to predict the flow of disbursed resources. The implication of this development was that effective planning of large projects and extensive programs were seriously impaired.

d) Monitoring and Evaluation

The first impression given by the findings of the report was that the capacity for poverty monitoring and evaluation was weak, since the Central Statistical Office (CSO) was unable to provide data that could be used in assessing the revised indicator system developed for the PRSP. The revised indicator system used a system based on four values: Input, Output, Outcome and Impact, which need to be tracked both in the short term and long term. The data was not available for both the immediate indicators as well as the long-term output and impact indicators. In addition, a baseline had not been sufficiently developed due to the fact that only one year of implementation had elapsed. In terms of monitoring, which is supposed to be carried out by implementing institutions, it was found that the five (5%) percent of PRPs disbursements to be used for the purpose was inadequate. The main reason for the inadequacy stemmed from the fact that no prior monitoring and evaluation capacity had been established. In order to address the issue of data, Government has allocated K5 billion under the PRPs to enable CSO carryout a comprehensive survey in 2004.

7.3 Other Remedies

The findings of the report have already led to the initiation of efforts aimed at addressing some of the obstacles. These are efforts aimed at enhancing the entire implementation process as well as creating greater capacity towards monitoring and evaluation. For example, twelve (12) Sector Advisory Groups (SAGs) have been established to assist line ministries and local administration identify the most viable programs and projects to be implemented. The SAGs will also assist in the process of, consultations, implementation, Monitoring and Evaluation. The composition of the SAGs is very broad and includes civil society, the private sector, and the cooperating partners. They will be meeting 'in-house' at least once a month and with other SAGs, together with the Ministry of Finance and National Planning every quarter. These meetings will be held in order to report and assess the process of implementation.

In addition to the above stated measures, a Cabinet Committee on development has been re-launched so as to provide a forum at which Cabinet can quickly obtain monthly and quarterly reports on the implementation of PRSP. Cabinet has done this in order to create a mechanism by which budgetary and implementation problems can be detected early, with the view of having them rectified before any serious structural problems develop. In addition, it has been agreed that only Cabinet will authorize diversion of any money in the budget. This agreement will especially protect Poverty Reduction Programmes. Overall, the enhanced political commitment towards budget discipline in 2004 should assist to prevent PRPs funds from being diverted. From the shortcomings observed in the PRSP Progress report, Government recognizes the need to constantly evaluate its performance and rededicate itself to ensuring the realization of the full potential of the nation's greatest asset: the Zambian people.

Government has also recognized the need for a sharp fiscal adjustment and the need to implement policies that will lead to macroeconomic stability and growth and ultimately lead to poverty reduction. The Government hopes to increase the share of spending on PRP, s to 2.5 percent of GDP by 2006. The budget for 2004 is anchored on the premise that the empowerment of the Zambian people must be the only reason for all development endeavors. This will secure sustained and broad-based developments, which will great wealth, reduce poverty and raise living standards of all the citizens.

To meet these challenges, Government has proposed amendments to the Medium Term Expenditure Framework (MTEF) in which it seeks to revise the macroeconomic framework for 2004-2007 as indicated in Table (2.4).

With the above premise in mind, in the 2004 budget, the government has focused expenditures on areas that will directly involve and benefit the Zambian people and curb waste within the public sector. Government will endeavor to observe prudence in expenditure to ensure that the limited resources are directed at priority investments, which will reduce poverty and create wealth.

The preparation of the PRSP in Zambia preceded the development of the MTEF. The MTEF has now been developed and its first year of implementation is 2004. The 2004 budget has been formulated in the context of the MTEF for 2004-2006, thus placing the annual budgeting cycle in a more strategic context. All spending agencies have used the ABB procedures to explicitly link their budget allocations to service delivery and outputs. The budgeting process has been made more transparent and in this regard, the 2004 budget provides much more information which will allow for transparency and accountability. The SAGs participated in the consultative meetings that fed into the 2004 Budget. In addition, the new 'Funding Profile Schedule' takes into account of the consultative process and has designed a system, which will ensure disbursements are done in accordance to the annualized profile, rather than towards any other consideration that budget office may have had. It is firmly planned that the implementation of the MTEF will have a positive effect on budgetary commitments and especially towards the allocation of PRPs.

The development of Zambia's first MTEF, the MTEF 2004-2006, went through a rigorous consultative process premised on the experience from the PRSP consultative process and the findings of the PRSP Progress report. With the benefit of experience from the PRSP consultative process, the process of developing the MTEF 2004-2006 was made faster than it would have been. Proper definitions of programmes and activities were achieved in the MTEF through the lessons learnt in the implementation of the PRSP. Nevertheless, there have been hurdles that have caused the delay in the publishing of the document. These hurdles are at formulation and operationalisation level.

The formulation of the MTEF 2004-2006 used the Activity Based Budgeting (ABB) system to come up with estimates for MPSAs. Thus the Yellow Book for 2004 is in ABB format. With the new Chart of Accounts and the new Commitment Control systems that were adopted in 2003, the ABB software that had been developed prior to 2003 had to be retooled. This was done, but improvements had to be made as the budgeting went on during the year. In order to be able to do funding for the ABB based 2004 Budget items, the funding module was also developed. These processes which include training of staff has delayed the final implementation of the MTEF.

Before the MTEF 2004-2006 could be presented to Parliament, the Parliamentarians debated far reaching issues related to consultations and viability of the Budget Estimates that was presented in the 2004 Budget. The parliamentarians made changes which had an impact on the indicative allocations in the Green paper for 2004 to 2006. The MTEF 2004-2006 would therefore, only be finalised when the consultations were completed. As the 2004 Budget was approved by Parliament by the first week of April, 2004 the firmed up estimates for 2004 will only be completed at the end of April and will thereafter be a basis for updating the 2004-2006 MTEF.

In addition to MTEF process, is the development of the Integrated Financial Management and Information System (IFMIS) and the Commitment Control System (CCS), both housed under the Public Expenditure Management and Financial Accounting Reform (PEMFAR). The institutionalization of these initiatives will contribute towards greater effectiveness in implementing Poverty Reduction Programs.

APPENDICES

Appendix 1.1: Projects which benefited from RIF

Type of project	Target No. of Projects	Actual # of Projects	Amount Spent (K. m)	status/progress
Dams/weirs	12	11	1,186	11 completed & 1 is on going
Irrigation furrow/canal	10	10	481	all 10 have been Completed.
Boreholes/wells	65	61	1,702	4 still on going in milenge & Samfya Luapula
Market storage sheds	8	6	255	6 completed 2 near
Completion				
Roads/Bridges	21	18	801	work on 3 is in progress.
Poultry/Piggery	20	20	415	
completed				
Fish Ponds	27	25	541	2 in Mumbwa not complete.
Land demarcation	4	4	100	completed.
Dip tanks	1	1	15	completed
Mushroom growing	2		6.3	beneficiary training is still on going
Total	170	156	5,503 ²	

Source: Ministry of agriculture and Cooperative

Please note that the expenditure on RIF goes beyond the funds released of K5 billion in 2002. The surplus funds were a carry over from the previous year.

Appendix 1.2: Disbursement of funds and status of rehabilitation at Mpika College.

Activities	Amount Spent K m	Progress/status
Fixing 3new electrical pots, 1 cold room, geysers, sinks and purchase of 200 chairs & 50 chairs.	169	Rehabilitation near completion
Rehabilitation of 3 male & female Hostels & purchasing of 200	67	Rehabilitation completed 200 mattresses delivered.
Painting & fixing windows, ceiling boards & electrical fittings of classrooms, library & laboratories	18.7	work completed
Purchase of motor, 2 pumps & 350 pressure Pipes	142.5	purchased & installed
Restocking of poultry layers 100 x 50kgs feed & Vet chemical	23.5 12.6	1000 layers bought purchased & delivered
Restocking of 96 breeding livestock	59.7	2 bulls & 96 heifer were delivered
Repairing of college transport	18.2	improvement in transport

*

Source : Ministry of agriculture and Cooperatives

Appendix1.3: NRDC Performance of rehabilitation programme and disbursements

Name of /Scheme/project	Activities	Disbursed amount K m	Status
College farm	Infrastructure rehabilitation	2.9	Works on going
Production Unit	Restocking the farm	209.2	Procured assorted veterinary drugs & crop inputs, 5 in-Pig Git, 15 in-calf cows and 5000 broilers
Water System	Electrical fencing	55.99	7.6Kilometre electrical fence completed representing 60 percent of the target
	Water reticulation	181.9	motor rewound and fixed, 2 boreholes drilled, laid pipes of up to 2.4Kilometre, overhead reservoir repaired
		449.99	

Source: Ministry of Agriculture and Cooperatives

Appendix 1.4: Monze College of Agriculture performance of rehabilitation programme and disbursement

Name of Scheme/project	Activities	Disbursed amount K'm	Status
Classrooms	Infrastructure rehabilitation	65	10 classrooms rehabilitated, visual aids equipment repaired, 12 fire extinguishers procured resource centre roofed
Water System	Water reticulation	363	procured 1 hand, 2 booster and 3 submersible pumps, pump house rehabilitated, irrigation equipment installed
Handling yard Unit	Rehabilitation	15	rehabilitation, construction of pen gates and repair of scale and weighbridge was completed
Equipment and Furniture	Procurement of portable Cold room and mattresses	56.7	mattresses procured, cold room fixes and in operational
TOTAL		499.7	

Source: Ministry of Agriculture and Cooperatives

Appendix 1.5: Land Demarcation status and disbursements

Station	Purpose	Amount Spent K'm	Status
PACO Kabwe TSB-LH	Conduct sensitization meetings Demographic survey, land utilization assessments at Nasanga/Munte farm block in Serenje	10.0	Demographic survey done with the chiefs, council and Agriculture
PACO Research Kabwe	To carry out soil survey at semi-detail for planning the Nasanga./Munte farms block in Serenje	16.7	20,000Ha soil surveyed at semi details level
DACO Serenje TSB	Construction of bridge on Munte rive (at Mutale school) connection the two farm blocks at Nasanga farm block	25.0	Construction material acquired
DACO Mufulira	Construction of a bridge into farm 4288 (on musakashi river), Mufulira.	20.0	Construction material acquired
DACO Kaoma LH	TSB Demographic, Land capability surveys, land utilization survey/assessment, planning Katumwange Farm block in Kaoma.	20.0	Demographic survey done
TOTAL		91.7	

Source: Ministry of Agriculture and Cooperatives

Appendix 1.6: Irrigation and Earth Dam Development.

Province	Name of Scheme/project	Disbursed amount	Status
Luapula	Mulumbi irrigation	79.20	Material for rehabilitation of irrigation in canal supplied and delivered on site
Lusaka	Tubalange Drip irrigation	150.00	Drip irrigation system installed and operational
	Kapulira Banana Scheme	14.99	Community mobilization & supply of scheme completed
	Mwembeshi Prison irrigation	120.50	
Eastern	Lusome dam irrigation	71.50	Dam rehabilitation and spillway completed
Southern	Bulolo weir	3.20	Survey work completed
Western	Sishamba dam	90.20	Work completed
	Sefula irrigation	13.20	Survey of irrigation scheme completed
TOTAL		542.79	

Source: Ministry of Agriculture and Cooperative

Appendix 2: Skills Training and Sensitisation by Region 2002-2003

Region	District Covered	Activity Undertaken	Funds used (In K)	No. of Beneficiaries
Copperbelt	2	4 Various skills training	9,621	56
Lusaka	1	4 Various skills training	200.00	91
Central	2	3 Various skill training	14,977,323.00	53
North Western	2	4 Various sills training	7,889,264.00	9
Western	1	2 Various skill training	5,705,668.00	4
Luapula	2	1 skills training and 3 sensitisation workshops	5,347,640.00	13
Eastern	2	2 Various skills training	4,535,400.00	67
Southern	3	3 Various skills training	14,977,323.00	91
Total	15		31,346,420.00	634

Appendix 3: Progress on Rural Electrification

Project	Province	District	Amount released	
Lukulu Farm Block	Northern	Kasama	200,000,000	75 percent of detailed survey of the line route has been done; All poles needed for completion of the line have been delivered at Kasama; Conductors and Over Head Line accessories need to be delivered to the project site.
Tapo Lukoma	Western		280,000,000	The 22 kilometre line is finished; Lukona secondary school is on supply; Health centre and Basic school are yet to be supplied; Project 90 percent complete.
Chipili Mission	Luapula	Mwense	300,000,000	Survey works in progress; Currently awaiting acquisition and delivery of material to site of work.
Sikongo Mission	Western	Kalabo	300,000,000	The works have not yet commenced.
Hi-Qwalime	Central		700,000,000	Project works completed

Source: MEWD

Appendix 4 Participation in decision making by sex for selected positions: January 2002 – June 2003).

Decision Making Position	Women	Men	Total
Cabinet Ministers	5	16	21
Deputy Ministers	4	37	41
Members of Parliament	19	13	158
Secretary to the Cabinet	0	1	1
Speaker of the National Assembly	0	1	1
Deputy Speaker of the National Assembly	0	1	1
Auditor-General	1	0	1
Clerk of the National Assembly	1	0	1
Deputy Secretary to the Cabinet	0	2	2
Secretary to the Treasury	0	1	1
Permanent Secretaries	9	34	43
Special Assistant to the President	1	3	4
Deputy Permanent Secretaries	0	24	24
Directors	23	7	100
Deputy Directors	13	58	71
Assistant Directors	37	17	17
Assistant Secretaries	11	140	36
District Administrator	11	24	68
Permanent Human Rights Commission		57	
Anti-Corruption Commission	2	0	5
Public Service Commission	1	3	6
Teaching Service Commission	0	5	4
Police and Prisons Commission	1	4	7
Electoral Commission of Zambia	2	6	8
Commission for Investigation	0	6	2
TOTAL	141 (62 percent)	641 (82 percent)	782

Appendix 5. Status on the Implementation of Macroeconomic Policy Actions.

OBJECTIVE	POLICY ACTION	STATUS
	<ul style="list-style-type: none"> Target and attract credible foreign investors especially in export activities 	<p>The Export Processing Zones Authority (EPZA) has been established and is operational. However, implementation of programmes delayed because the suspension pending a complete assessment of its potential impact on budgetary revenues.</p>
	<ul style="list-style-type: none"> Establish linkages and synergies between local and foreign investment 	<p>The Zambia Investment Center has commenced the process of identifying investment products at district level.</p>
Promote Increased Investments	<ul style="list-style-type: none"> Encourage both small scale and large investors in all economic sectors. Re-capitalise DBZ Promote the role of pension funds in capital formation 	<p>Consultations with stakeholders have commenced. It is expected that the Investment Act will be reviewed.</p> <p>The Tourism Credit Facility, designed for small scale and large-scale investors in the tourism sector was set up in 2003 and a Total of K5 billion as seed money allocated. However, disbursements to beneficiaries were delayed due to administrative bottlenecks. A number of out grower financing schemes were set in the agricultural sector and funds were disbursed.</p>
	<ul style="list-style-type: none"> Emphasize export growth in all economic sectors, 	<p>Government is reviewing the Investment Guidelines (<i>what is the status and timeline</i>).</p>
Promote Exports to Lead Economic Growth	<ul style="list-style-type: none"> Focus on few areas with greatest export potential Adequately fund export promotion institutions Resist discretionary tariff/duty concessions 	<p>Export led growth is being encouraged in agriculture through out grower schemes, agro processing is encouraged in manufacturing. Electricity is considered an important source of foreign exchange through electricity exports.</p> <p>Focus is being placed in few sectors with export potential such as Agriculture, energy, mining and manufacturing.</p> <p>The funding to Export Promotion Institutions has improved.</p> <p>The Government has resisted offering discretionary tariff/duty concessions to level the playing field.</p>
Manage National Debt Affairs to Facilitate More Growth and Poverty Reduction	<ul style="list-style-type: none"> Meet Conditionalities required to attain HIPC and other debt relief initiatives Make the incurring of national debt more transparent and accountable Continue lobbying for more debt relief 	<p>Most HIPC Triggers are on course, except a few related to PRP's expenditures and successful implementation of PRGF. HIPC Completion Point has been pushed to 2004</p> <p>A process to review legal and administrative framework for debt contraction to make it more transparent and accountable has been initiated.</p> <p>The Zambian Government has made efforts to complete Bilateral Agreements with her Paris Club creditors. With regards to Non-Paris Club creditors, Government has reached comparative terms with some of them. Government is actively pursuing to reach the same terms with the remaining ones. Some multilateral creditors have started providing interim debt relief.</p>
	<ul style="list-style-type: none"> Establish a strategy for reducing the huge domestic debt 	<p>The Process of drafting a domestic debt strategy for reducing domestic debt has began</p>

	<ul style="list-style-type: none"> ▪ Reduce government arrears to suppliers and pension funds 	<ul style="list-style-type: none"> ▪ A commitment Control System was established as a way of organizing and controlling expenditure of all Ministries so as to bring expenditure within the allocated limits. An Arrears Database has also been set up in MoFNP as a strategy to payout the most expensive suppliers first.
Rehabilitate Infrastructure and Carry out Key Institutional Reform	<ul style="list-style-type: none"> ▪ Rehabilitate core infrastructure like roads, railways and energy 	<ul style="list-style-type: none"> ▪ Major progress in improving the road network had been achieved. 59 percent of paved Road Network was good in 2002 compared to 20 percent in 1995. Power rehabilitation is also being undertaken under the Power Rehabilitation Programme. Some key institutional reforms were undertaken in the road sector. The National Roads. Government is also passed a decision to promote private investment in infrastructure sectors. The Office for Promoting Power in energy/private investment in energy infrastructure
	<ul style="list-style-type: none"> ▪ Merge government departments to reduce operational costs 	<ul style="list-style-type: none"> ▪ No major progress has been made despite some progress on the Public Service Reform Programme. This in part has contributed to the high operational cost of government and spending on priority PRSP programmes.
	<ul style="list-style-type: none"> ▪ Implement an Integrated Financial Management and Information System (IFMIS). 	<ul style="list-style-type: none"> ▪ Progress is being made and piloting in some ministries is in process.
	<ul style="list-style-type: none"> ▪ Improve public service pay and drop non- performance related allowances 	<ul style="list-style-type: none"> ▪ Some progress has been made. Efforts are also being made to clean up the payroll and some allowances have been cancelled.
Re-orient Fiscal Expenditure to support Growth and Poverty Reduction	<ul style="list-style-type: none"> ▪ Extend activity based budgeting to more ministries ▪ Release capital funds timely to enable earlier execution of projects ▪ Fund provinces and local government directly to execute their programs and be made accountable to their communities as part of decentralization. ▪ Guarantee social spending and Capital Expenditure against expenditure compression ▪ Expunge District Administrators from budget 	<ul style="list-style-type: none"> ▪ Progress has been made and all ministries and spending agencies are expected to now use the activity based budgeting. ▪ Not much has been achieved due to budgetary pressures as a result of among other things external debt payments. These had to be made from domestic resources since Balance of Payment Support has not been forth coming. ▪ Provinces and local government are now funded directly to execute their programs. ▪ Social spending is being guaranteed to at least 30 percent of discretionary expenditures. Capital Expenditures have largely been affected because of budgetary pressure related to other expenditure items ▪ Nothing much has been done. District Administrators are still being paid through the budget.
	<ul style="list-style-type: none"> ▪ Improve tax compliance so that the tax/GDP ratio reaches 20 percent. 	<ul style="list-style-type: none"> ▪ Generally tax administration has improved with Tax GDP ratio at 18 percent of GDP. However, there is need to widen the tax base to capture the informal sector.
	<ul style="list-style-type: none"> ▪ Reduce discretion in the reduction of tax rates and on taxes 	<ul style="list-style-type: none"> ▪ Progress has been made with Government resisting to provide discretionary tax exemptions.
Re-orient Fiscal Revenue to Support Economic Growth and Poverty Reduction	<ul style="list-style-type: none"> ▪ Attack leakages in customs duty collections. ▪ Transform collection & utilization system governing levies 	
Attain stable macroeconomic environment through prudent fiscal and monetary policy	<ul style="list-style-type: none"> ▪ Ensure that debt relief and pledged donor support will be accessed hence reducing the need to borrow from Bank of Zambia. ▪ Establish monetary control by GRZ refraining from borrowing from BOZ. 	<ul style="list-style-type: none"> ▪ Progress has been made in meeting most HIPC Triggers. However, delays in finalizing the PRGF in 2003 has pushed the to mid 2004 ▪ Not much progress has been achieved as Central Bank loans to the Government are still increasing to cover increased Government expenditure.

<ul style="list-style-type: none"> ▪ GRZ to borrow from commercial banks or the non-bank public when this is required. 	<ul style="list-style-type: none"> ▪ Borrowing from Bank of Zambia has reduced while borrowing from the commercial banks has increased.
<ul style="list-style-type: none"> ▪ Make Open Market Operations more transparent, efficient and better understood by commercial banks, and other stakeholders. ▪ Granting BoZ greater legal and operational autonomy. 	<ul style="list-style-type: none"> ▪ Open market operations have been made more transparent and efficient. ▪ BoZ has been granted more legal and operational autonomy.

Appendix 6. Status on implementation of agriculture policy actions

SECTOR GOALS/OBJECTIVES	POLICY ACTIONS	STATUS
	<ul style="list-style-type: none"> • Establish an Agriculture Development Fund (ADF) for market and export-oriented investment • Improve access to credit and insurance services and training in credit recovery and engendering credit • Increase volume of credit at affordable rates • Increase private sector investment in financial systems • Establish financial infrastructure for rural credit, especially for out-grower schemes • Enact and enforce legislation and regulations for the sustainable management of financial systems • Identify and promote products with comparative advantage and negotiate preferential markets • Establish infrastructure support for export zones • Identify and develop export-oriented livestock disease-free zones • Orient extension staff and public support services in market-based agriculture • Develop entrepreneurship skills and capacity among extension workers, especially women • Maintain sustainable non-market distorting strategic food reserves • Promote production of a diversity of high value crops • Improve agro-processing and in-situ value-adding activities • Strengthen rural business groups and out-grower schemes to build competitiveness in world markets • Strengthen efficient private sector input supply and output marketing agencies • Strengthen public-private sector partnerships • Strengthen market information systems • Promote quality control and standards • Establish industrial development support • Improve the enactment and enforcement of legislation and regulations 	<p>Not done</p> <p>-</p> <p>-</p> <p>Not done</p> <p>-</p> <p>On-going</p> <p>-</p> <p>-</p> <p>-</p> <p>On-going</p> <p>Done</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going</p> <p>-</p>
<p>Promotion of commercial Agriculture (To enhance the sector's contribution to the national balance of payments (marketing, trade, and agricultural-business climate improved)</p>		

<p>To contribute to production and productivity through land and infrastructure development</p> <ul style="list-style-type: none"> • Establish functioning stakeholder task forces • Identify and demarcate suitable land by stakeholder task forces • Identify and develop settlements and farm blocks • Construct trunk and feeder roads in high potential areas • Rehabilitate and maintain new trunk and feeder roads in high potential areas • Develop telecommunications in high potential areas • Provide electricity in high potential areas • Construct and rehabilitate rural dams and irrigation facilities • Establish an incentive and monitoring system to encourage utilisation of land 	<p>Done Done Identification done – works on going on-going on-going</p>
<p>To ensure national and household food security through dependable annual production of adequate supplies of basic foodstuffs at competitive prices through technology development and dissemination</p> <ul style="list-style-type: none"> • Establish a Technology Development and Transfer Fund • Package and disseminate improved technology and research in potential export crops and livestock, including involvement of women • Introduce sustainable measures to control outbreaks of major diseases, especially in South-Central Zambia • Establish animal production credit schemes • Improve livestock research and development • Improve the enactment and enforcement of legislation and regulations • Promote production of non-traditional crops among smallholder farmers • Disseminate messages on improved irrigation technology • Promote labour-saving techniques in farming and other rural livelihoods • Promote animal draft power and extension services • Promote on-farm storage and build structures • Promote soil and water conservation messages and incentives for adoption of these technologies • Promote women's knowledge in environmental management and extension • Improve technical skills for farmers, farmer groups, extension staff, and NGOs 	<p>on-going on-going on-going on-going on-going on-going on -going on-going</p>
<p>To ensure that the existing agricultural resource base is maintained and improved upon, through a targeted support system for food security</p> <ul style="list-style-type: none"> • Promote use of low-input and conservation farming technologies • Select target farmers who meet criteria • Improve distribution of agriculture inputs • Provide extension messages to support enterprises 	<p>On-going Done Done</p>

Appendix 7. Mining Policy Actions

SECTOR GOALS/OBJECTIVES	POLICY ACTIONS/ACTION PLANS	Status of Programme
<p>To revitalise and ensure realisation of the potential of the small-scale mining sub-sector</p>	<p>Diversify the mining sector Set up financing mechanisms Establish Enterprise Development Fund Establish Trade and Enterprise Support Facility Create revolving fund Promote partnerships/joint ventures Set up plant hire scheme Reintroduce of Gemstone Exchange Scheme</p>	<p>Diversification Taskforce in place and has launched Diversification Master Plan. To possibly be included in 2004 Budget.</p> <p>To be included in 2004 Budget Being carried out by the MSDP as studies and investment awareness campaigns are being undertaken The MSDP Credit Facility is making an attempt. Government will include funding in 2004 Budget the Gemstone Exchange steering Committee have been set up to over see establishment of exchange. Expected to be operational by late 2004</p>

Appendix 8: Governance Policy Actions

SECTOR GOALS/OBJECTIVES	POLICY ACTIONS	STATUS (2002-2003)
<p>To ensure democratic decision-making through wider use of the consultative process for citizens</p>	<p>Develop decentralisation policy Implement decentralisation policy Depoliticise decentralisation Expunge the office of District Administrator</p> <p>Enhance women's participation in decision-making through promoting their participation</p> <p>Hold all elections according to statutory requirements Review electoral legislation</p> <p>Ensure equal access to media coverage for all political parties</p>	<p>Decentralization policy developed and approved by Cabinet Policy Implementation has not yet began.</p> <p>Process of professionalizing the office of the District Administrator has started. Government has decided not to expunge the office & instead will professionalise the office</p> <p>5 Women have been appointed to Cabinet positions, in 2002 against 3 in the previous Cabinet.</p> <p>While 136 have been appointed to other high Government positions. Elections have been held according to statutory requirements</p> <p>An Electoral Reform Technical Committee has since been formed and it has begun receiving submissions from the stakeholders in the electoral process</p> <p>Media reforms have begun, with the enactment of the Independent Media Act of 2003.</p> <p>This has bill has empowered various media institutions to operate freely without fear of harassment.</p> <p>Public Expenditure Management and Accountability Review processes have been undertaken in the process of being operationalized</p> <p>MTEF has been developed and would be implemented in 2004.</p> <p>MTEF consultative meetings held in all the nine provinces in Zambia.</p> <p>Integrated Financial Management Information Systems has been piloted and full scale implementation yet to be undertaken.</p> <p>Commitment Control Systems have been introduced and are being implemented in Ministries and other spending agencies, with a result of a decrease in the accumulation of arrears.</p> <p>Presidential Discretionary Fund has been abolished</p> <p>Not yet operationalized</p> <p>IFMIS software has been developed but implementation will begin once computer equipment has been procured.</p> <p>PSRP has been partially implemented</p> <p>Social Safety Nets developed to mitigate impact of poverty on vulnerable groups.</p> <p>Implementation of Parliamentary Reforms has begun and Live radio coverage of parliamentary proceedings initiated. Television coverage was piloted in 2003, but could not be sustained due to financial constraints.</p> <p>Not yet implemented.</p> <p>Constitutional Review process has begun, submissions are being received from the citizens in all provinces.</p>
<p>To ensure efficient, equitable, and transparent management of public resources</p>	<p>Improve budget control systems</p> <p>Develop and implement the MTEF Involve information from other stakeholders in the National Budget</p> <p>Strengthen and implement the public expenditure review process</p> <p>Abolish the Presidential Discretionary Fund Increase GRZ accountability to Parliament by quarterly reporting Implement IFMIS (cost for one year only)</p> <p>Implement PSRP Implement equity programme for the poor</p> <p>Implement parliamentary reforms Provide radio/television coverage of parliamentary proceedings</p> <p>Provide literature at National Assembly and Constituencies Review Constitution to balance powers of the Executive</p>	<p>Public Expenditure Management and Accountability Review processes have been undertaken in the process of being operationalized</p> <p>MTEF has been developed and would be implemented in 2004.</p> <p>MTEF consultative meetings held in all the nine provinces in Zambia.</p> <p>Integrated Financial Management Information Systems has been piloted and full scale implementation yet to be undertaken.</p> <p>Commitment Control Systems have been introduced and are being implemented in Ministries and other spending agencies, with a result of a decrease in the accumulation of arrears.</p> <p>Presidential Discretionary Fund has been abolished</p> <p>Not yet operationalized</p> <p>IFMIS software has been developed but implementation will begin once computer equipment has been procured.</p> <p>PSRP has been partially implemented</p> <p>Social Safety Nets developed to mitigate impact of poverty on vulnerable groups.</p> <p>Implementation of Parliamentary Reforms has begun and Live radio coverage of parliamentary proceedings initiated. Television coverage was piloted in 2003, but could not be sustained due to financial constraints.</p> <p>Not yet implemented.</p> <p>Constitutional Review process has begun, submissions are being received from the citizens in all provinces.</p>

	<p>Provide support services to Parliament and its members Provide transport, recording, editing, and transcribing equipment Establish information centre at National Assembly</p>	<p>All Parliamentarians provided with transport. Transcribing, recording and editing equipment provided by PSCAP Information centre established and this includes a Parliamentary Website that has been established.</p>
<p>To ensure guaranteed justice for all citizens</p>	<p>Mount campaigns to strengthen public opinion against corruption Improve systems for prosecution of corruption Enforce disciplinary measures Stablish Small-Claims court Rehabilitate and build courts Set up alternative dispute resolution mechanisms Strengthen the Legal Aid Department and recognise services provided by paralegals Implement alternatives to incarceration, like community service Develop training programme for prosecutors/establish specialised unit of prosecutors in the police Reduce the ratified conventions and protocols into laws (domestication) Establish human rights information centre Enhance crime prevention, e.g. through community policing</p>	<p>Political will on zero tolerance against corruption, has been demonstrated. A Task Force on Corruption has been appointed and 150 suspects have been investigated and 20 arrests have been made, while 2 persons have been acquitted A Judicial Complaints Committee has been operationalized, members of this committee have been appointed, and their appointment has been ratified by the National Assembly. A committee has been set up to work out a mechanism of operationalizing the Small Claims Court as per the provision of chapter 47 of the Laws of Zambia (Small Claims Court Act) No new courts have been built but 17 courts have been rehabilitated and some are being constructed This has been done Alternative Dispute Resolution mechanisms have been established and approximately, 110 professionals in various fields have been trained in Mediation and Arbitration. As a way of strengthening institutional linkages between the Legal Aid Department and other law agencies, there has been enhanced liaison and coordination between the Legal Aid Directorate and the Law Association of Zambia Secretariat and the Office of the Director of Public Prosecutions Not yet implemented Not yet done Not yet done Not yet done A substantial amount was provided to the police service for the repair of motor vehicles to facilitate community policing.</p>

Appendix 9. Education Policy Action

Sector Objective	Policy Action	STATUS
Increase access and improve quality to Basic Education	Rehabilitate, extend infrastructure, and construct additional teachers' houses Produce, procure and distribute learning/teaching materials Carry out teacher development, deployment and compensation Enhance equity and gender Strengthen school health and nutrition programme Develop curriculum Carry out capacity building and decentralization Conduct HIV /AIDS education	1,987 Classrooms, 1,374 Teachers' houses built; 450 classrooms, 510 teachers houses rehabilitated 864 classrooms, 446 teachers houses above target were constructed. More than 100percent rehabilitation of classrooms and houses
	Rehabilitate existing high schools Construct additional teachers' houses Procure text books	Ongoing
Improve the quality of and access to functional literacy programme	Conduct base line study to review current literacy programme	Baseline study completed
Reduce disparities in the education sector (including gender)	Provide support to community schools Provide support to PAGE programme Implement interactive radio programme Provide bursaries for vulnerable children Provide grants to schools in lieu of user fees	Mentors, writers identified; Bursaries to vulnerable children provided grants to schools provide and
Increase access, quality and relevance of Tertiary education	Rehabilitate and expand UNZA including establishment of campuses Rehabilitate and expand CBU in other geographical locations	Sections of UNZA, CBU renovated Ongoing

Source: Ministry of Education

Appendix 10: Water and Sanitation Policy Actions.

Sector Objectives	Policy Actions/Action Plans	Status
To establish a comprehensive framework for effective development and management of the nation's water resources in an equitable and sustainable manner with strong stakeholder participation, particularly poor rural communities	Implement Water Resources Action Programme	The implementation of WRAP began in 2001 and is still on going. Draft frame work available.
To develop and implement the Kafue Basin Pilot Integrated Water Resources Management project	Implement Integrated Kafue Basin Water Resources Management Programme	The implementation of the project began and is on going
To set up a programme for construction and rehabilitation of dams and weirs for multi-purpose uses	Implement dam construction and rehabilitation programme	Work on the construction and rehabilitation of dams in all the nine provinces began and is on going.
To develop groundwater exploration and mapping programme	Implement ground water exploration and mapping programme	The programme began in 2000 and Government is continuing with the programme. Phase III started and is on going
To establish institutional structures and strengthen capacity for RWSS planning and management at MLGH, provincial, and district levels	Implement capacity building programme	The process was started and is on going.
To provide complementary D-WASHE support programme for ongoing rural WSS projects lacking sanitation and hygiene education	Implement complementary D-WASHE support programme	On going.
To provide water supply and sanitation to populations in rural parts of the country	Implement Rural Water Supply and Sanitation Programme	Phase I completed, Phase e II (2001-2005) started and is on going.

Sources: MEWD, Department of Water Affairs.

Appendix 11. Transport and Communication

Sector Goals	Policy Action/Action Plan	Status
To expand, rehabilitate and invest in the road sector so as to improve accessibility and bring a core road network of 37,000 Kilometre up to maintainable condition.	Continue Lobbying for Donor Assistance National Transport Policy Legal and Regulatory Framework	ROADSIP Phase II is expected to be launched by June 2004. However the pledged amount is inadequate to comprehensively implement ROADSIP II. Approved in May 2002. The Roads and Road Traffic Act was revised and approved by Parliament in 2002
To improve road accidents rates by 20 percent by 2004.	Implementation of the Road Safety Action Plan	Plan being operationalise and full implementation awaits establishment of the RTSA
To develop and construct new infrastructure to link neighbouring countries and new economic productive areas.	Concessioning of Zambia Railways Introduction of Private Sector Participation in the operations of TAZARA Chipata / Mchinji Build Operate and Transfer (BOT) Rehabilitation and linking Mulobezi Railway line to Trans-Namib Railway line and Botswana Railway Line. Construction of Kasama – Mpulungu Railway spur Construction of Kafue Railway line through the Lion's Den in Zimbabwe to Beira.	ZRL has been concessioned to spoonet Ongoing. A Cabinet Memorandum has been prepared and is yet to be circulated. Feasibility will be undertaken in 2004 Government is yet to take a position on the way forward for Mulobezi Railway line. A Feasibility study is yet to be undertake. A feasibility study is yet to be undertaken.
To develop safe, efficient and sustainable maritime and inland water transport.	Rehabilitate dredging equipment Amend the Inland Waters Shipping Act. Install safety and navigation aids. Establish Marine Meteorological services on lakes and rivers. Rehabilitate Harbours Establish rescue Coordinating centres Establish Inland Navigation Safety and Radio Communication.	Equipments need to be repaired A consultant is yet to be commissioned Navigation aids to be procured There are no Meteorological services on lakes Harbours need to be rehabilitated There are no search and rescue centres in Zambia Radio communications to be installed on lakes
To rehabilitate, develop and construct new infrastructure to link neighbouring countries and new economic productive areas	(a) Rehabilitation of Canals / Waterways in Luapula Province (b) Rehabilitation of Canals / waterways in Western Province (c) Rehabilitation of Canals / waterways in Northern Province Rehabilitate and improve Livingstone Airport. Provide Navigation Aids and telecommunication equipment for Lusaka International Airport. Upgrade pavements and improve runways and taxiways at some Provincial Airports (Kasama, Chipata, Southdowns and Mbala). Develop Ndola Airport	Rehabilitate canals in Western, Central, Luapula and Northern Provinces On Going
To improve the Meteorological services.	Apply Meteorology to Agriculture	

To improve national teledensity with emphasis to rural areas	Set up telecommunication facilities in tourist attraction areas. Install rural telephones.
To promote Intermediate Means of Transport (IMT)	Disseminate information on IMTs and its advantages. Procure and distribute donkeys, bicycles, oxcarts, etc. Train farmers/recipients on the proper use of IMTs, especially donkeys.
To strengthen technical, institutional and managerial capacity in the management of the communication, meteorology and transport sector	Carryout Policy and Institutional reforms Carryout capacity building Provide technical assistance to the sectors.
	Ongoing with Cabinet Office. Ongoing. Ongoing.

Appendix 12: Health Policy Actions

SECTOR GOALS/OBJECTIVES	POLICY ACTIONS/ACTION PLANS	STATUS
To increase the life expectancy of the population	Provide the Basic Health Package at district levels	The provision of the Basic Health Care package is ongoing .implementation in all district health centres
	Provide the Basic Health Package at 2 nd and 3 rd levels	On going
	Implement communicable and non-communicable disease prevention programme	Ongoing
	Implement integrated malaria control programme	Implementation has intensified with Insecticide Treated Nets distributed to most Districts.there has been a switch from chloroquine to more effective malaria drugs
	Purchase and distribute first line drugs for treatment	Although drugs have purchased & distributed there is need for more resources to improve on level of supply.
	Increase number of community health workers with drug kits	
	Implement control programme for diarrhoeal diseases (ORS distribution and improve water and sanitation)	The programme is being implemented in all health centre although water &sanitation improvement still remains precarious.
	Carry out routine vaccination programme to control EPIs	The programme is on going
	Cary out micronutrients supplementary feeding programme and expand growth monitoring education	Programme has been undertaken with 88 percent coverage
	Conduct campaigns against measles	The campaign has been expanded covering almost 100 per cent of Children aged 0-15
To encourage lifestyles that support health	Carry out health education programmes	The programme has been intensified
	Increase community awareness through IEC, advocacy, and social mobilisation	This is being spearheaded through Health Advisory and Health Centre committees.
To create environments that support health	Promote cross-sectoral coordination to develop and implement policies to mitigate the impact of HIV/AIDS	NAC has been put in place to coordinate HIV/AIDS activities
	Conduct community health sensitisation programmes	Sensitisation programme is being undertaken through Village Health Advisory and Health Centre committees.
	Provide proper sanitary facilities	-

To achieve equity in access to health opportunities	Construct more health facilities	14 health post constructed
	Rehabilitate existing health facilities	Provincial and District hospitals have been rehabilitated though other works are ongoing
	Rationalise the distribution of beds and cots, in line with the population	The programme is on going with much focus on District Hospitals.
	Train health practitioners (environmental health, clinical care, and nursing)	Training of the Health specialists is ongoing though the distributions continue to be biased towards urban areas.
	Redistribute staff from 3 rd and 2 nd level to district hospital and health centres, according to the defined packages of care	Data not available
	Increase number of places available for training of medical doctors, nursing staff, paramedics, and clinical officers	-
To provide assured quality health services	Establish Community Health Innovation Fund	
	Promote community-based health care	Ongoing with a lot of support from community leaders.
To provide quality policy and technical guidance to service providers	Develop new policies and revise existing ones	MOH Functions have been abridged to policy formulation, legislation and advocacy.
	Develop new legislation and revise existing ones	HIV/AIDS /STI/TB Bill enacted and the NAC given legal mandate to co-ordinate HIV/AIDS/STI/TB interventions
	Provide technical support to all health boards	Technical being provided
	Develop SWAP arrangements	SWAP arrangements fully developed and operational

Appendix 13: Nutrition Policy Action

SUB-SECTOR GOALS/OBJECTIVES	POLICY ACTIONS/ACTION PLANS	STATUS
To finalise and operationalise the National Nutrition Policy and the Zambia Plan of Action for Nutrition (ZPAN)	Train and upgrade NFNC staff	Policy finalised, draft document sent to cabinet
To promote institutional capacity building of the NFNC and of stakeholders in nutrition	Advocate for qualified nutritionists/dieticians in all health/community programmes and agricultural extension and community development programmes	Strategic Planning in progress
	Facilitate the development of degree programme in nutrition at UNZA for updating nutritionists and dieticians	-
	Purchase equipment and establish a resource centre	-
To prevent malnutrition	Develop nutrition IEC material for awareness, sensitisation, and advocacy campaigns	Nutrition education learning and Teaching materials developed for Grades 2,4 and 6 and piloted in Luapula province. Video production on malnutrition completed.
	Propose and promote nutrition safety nets	-
	Advocate for legislation and enforcement of code of breast milk substitutes	National Regulation on Marketing of Breast milk Substitutes developed. Draft sent to CBOH
	Facilitate the expansion of the baby-friendly hospital initiative	Proposal to review initiative done and sent to CHOH
	Facilitate the expansion of community-based growth monitoring and promotion/community-based nutrition activities	Training manuals have been drafted and Task Force to spearhead process is in place
	Advocate for improved household food	-

<p>security and food diversification through own production</p> <p>Advocate for de-worming in schools/communities</p>	-
<p>Facilitate/advocate for supplementation/fortification of micronutrients (Vitamin A, iron and foliate, salt iodation)</p> <p>Develop, review, and disseminate guidelines on infant feeding</p> <p>Advocate for minimum wage for an adequate household food basket</p> <p>Formulate and disseminate feeding guidelines for various groups</p> <p>Advocate and lobby for the advancement of nutrition issues to all stakeholders</p> <p>Develop and promote incorporation of nutrition subjects in all school curricula at all levels</p> <p>Conduct stakeholder nutrition seminars and workshops</p>	<p>Sugar has been fortified with Vitamin A. Trials for maize meal fortification have been and implemented in 6 Townships</p> <p>Guidelines developed and disseminated Guidelines formulated, training of health workers has been done</p> <p>Guidelines formulated, training of health workers has been done</p> <p>Nutrition education through radio, posters, leaflets, Documentaries. Revised Basic School Curriculum</p> <p>Several workshops have been held on infant and young child feeding Community based nutrition projects Integrated Infant Feeding and HIV/AIDs</p>
<p>To coordinate and provide direction for the incorporation of nutrition activities in relevant sector programmes</p>	<p>Guidelines developed and disseminated going</p>

To monitor the implementation of nutrition programmes	Conduct programmes/activities meant to strengthen nutritional care practices for the poor and nutritionally vulnerable	-
Promote utilisation of iodated salt, Vitamin A fortification, folate and iron supplementation	All salt consumed in the country is iodised	
To initiate/commission and disseminate research on nutrition	Undertake research on food vehicles for fortification	-
	Improve local diets and under-utilised foodstuffs	-
	Develop a nutrition information system	-
	Develop a food composition data base	-
	Carry out food consumption surveys	-
	Carry out nutrition assessment surveillance surveys	-