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# **PROSPECTS FOR POVERTY REDUCTION IN ZAMBIA**

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**A CRITICAL ANALYSIS  
OF POVERTY  
REDUCTION  
STRATEGY PAPER  
(PRSP)**

**PROCESS AND OUTCOMES**

## Preface

The PRSP framework depicts a marked shift in multilateral thinking with greater focus on good governance, civil society engagement, and responsive state institutions. The focus of PRSPs, according to the World Bank, is on "identifying in a participatory manner the poverty reduction outcomes a country wishes to achieve and the key public actions - policy changes, institutional reforms, programs, and projects ... which are needed to achieve the desired outcomes". Such rhetoric of this new global mantra of poverty reduction has failed to benefit the Zambian population, as the PRSP has not been responsive enough to plight of the poor. Issues such as participation, country ownership, emerge as compromises, which did not directly lead to poverty reduction in Zambia.

The Zambian PRSP revolves around three main themes: the economic theme, the social theme and the crosscutting theme. Poverty in the document is conceived as a multi-dimensional phenomenon. It therefore considers not only income poverty but also human poverty that encompass deprivation in health and nutrition, knowledge and security. The main barriers to moving out of poverty are: lack of economic growth, high inequality, the debt burden, excessive external dependence, unsatisfactory prioritisation of resources, inadequate social safety nets and HIV/AIDS. Another important aspect that has been spelt out in the PRSP is the need to reorient the limited resources among sectors in a manner that would be in consonance with PRSP priorities especially in respect of capital projects. The great dependence on donors to finance almost all of the PRSP is another major risk.

Zambia has proved to be one of the countries where the participation of the civil society in the PRSP process has been exemplary. The advent of the PRSP in 2000 awakened the civil society even more to the importance of its role in the country's development process and the nature of its interaction with the government. The Zambian PRSP was prepared with the involvement of a wide spectrum of stakeholders involving donors, the private sector, civil society and the academic community. There were two PRSP processes; the government through the Ministry of Finance and Economic Development (MOFED) managed the primary process, while civil society ran a parallel process that complemented and fed into the main process. While the civil society's influence is vast, their impact on overall program is minimal, as the PRSP remains a government and donor driven product. Despite civil society's exclusion from the technical drafting committee, the final document incorporates nearly three fourths of the suggestions made by civil society that shows that the Government has come to accept that there is intellectual and professional capacity within the civil society that has not hitherto been tapped adequately.

Although, ensuring a high level of participation in the PRSP process is vital, the additionality of Zambia's civil society participation in the whole process remains unclear. The PRSP in Zambia is being prepared in the context of the IMF's Poverty Reduction and Growth Facility (PRGF). The PRGF has supplanted the former Enhanced Structural Adjustment Facility (ESAF) but it has not substituted the

Financial Policy Framework Papers (PFP). All these have been neoliberal in approach and have failed to address the social concerns of the poor. The culture of consultation remains a donor debt relief requirement and has not been extended to other processes, which include among others - Zambia's participation in NEPAD, Financing for Development, Transitional National Development Plan (TNDP).

The Zambian government's lack of political will to implement the PRSP has been confirmed by the failure of the 2003 national budget to address the Poverty Reduction Strategy Paper (PRSP) as a national priority. Similarly in 2002, civil society views on poverty reduction were not adequately factored in. The allocation to Poverty Reduction Programmes (PRP) has been cut from K450 billion in the 2002 national budget to K420.7 billion in this year's budget representing a 6.5 per cent decline in nominal terms and significantly more in real terms if one were to take into account the 26.7 per cent inflation that occurred by the end of last year. Government also raised the tax-free pay from K150, 000-00 to K160, 000-00 per month even in the face of the ever-rising cost of living. The implication therefore is that it will be impossible to meet the pro-poor programmatic priorities of basic health care; improvement of access to health care; and public health, amongst other priorities as set out in the PRSP. The PRSP appears to be a not to be a genuine agenda for Zambia's poverty reduction but a mere tool for soliciting donor funds.

Unlike in many countries, Zambia's PRSP has preceded its long-term vision document Zambia Vision 2025. The Zambian PRSP shows that a highly proactive and dynamic civil society exists that seems to be ever-eager to interact with government and inform it of its concerns. For the PRSP to succeed there has to be demonstrable political will and efficient management that will ensure an effective link between allocations, disbursements, actual spending and physical outputs that will eventually translate into welfare outcomes.

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This Poverty Reduction Strategy Papers (PRSPs) research report is part of our second edition series on the subject. The first edition covered the first five countries to complete Poverty Reduction Strategy Papers in Africa namely; Burkina Faso, Mauritania, Uganda, Tanzania and Mozambique.

AFRODAD is proud to be associated once again with research on pertinent and contemporary issues such as the Poverty Reduction Strategy Papers. Last but not least, we are grateful to all the assistance we received during the study and needless to mention the fact that we assume full responsibility for the opinions expressed in this report.

**LIST OF ACRONYMS**

AAC	Anglo American Corporation
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
BOP	Balance of Payments
CCJP	Catholic Commission for Justice and Peace
CG	Consultative Group meeting
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistical Office
CSOs	Civil Society Organisations
CSPR	Civil Society for Poverty Reduction
DFID	Department for International Development
ESAF	Enhanced Structural Adjustment Facility
GDP	Gross Domestic Product
GNP	Gross National Product
GPRSP	Ghana Poverty Reduction Strategy Paper
GTZ	German Agency for Technical Corporation
HIPC	Highly Indebted Poor Countries
HIV	Human Immuno Deficiency Virus
HPI	Human Poverty Index
IFIs	International Financial Institutions
IMF	International Monetary Fund
I-PRSP	Interim-Poverty Reduction Strategy Paper
JCTR	Jesuit Centre for Theological Reflection
LGH	Local Government and Housing
LME	London Metal Exchange
MCDSS	Ministry of Community Development and Social Services
MDGs	Millennium Development Goals
MFNP	Ministry of Finance and National Planning
MMD	Movement for Multiparty Democracy
MOFED	Ministry of Finance and Economic Development
MTEF	Medium Term Expenditure Framework
NERP	New Economic Recovery Programme
NGOs	Non Governmental Organizations
NGOCC	NGO Coordinating Committee
NEPAD	New Partnership for African Development
NPRAP	National Poverty Reduction Action Plan
NPRES	National Poverty Reduction and Eradication Strategy
NPRSF	National Poverty Reduction Strategic Framework
PAF	Poverty Action Fund
PEAPs	Poverty Eradication Action Programmes
PEMD	Planning and Economic Management Development
PFP	Policy Framework Paper
PMA	Poverty Monitoring Analysis

PPP	Policies, Programmes and Projects
PPU	Provincial Planning Units
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSs	Permanent Secretaries
PUSH	Project Urban Self-Help
PWAS	Public Welfare Assistance Schemes
SADC	Southern African Development Community
SAPs	Structural Adjustment Programmes
SSA	Sub-Saharan Africa
STDs	Sexually Transmitted Diseases
TAS	Tanzania Assistance Strategy
TB	Tuberculosis
TCDD	Tanzania Coalition on Debt and Development
TWGs	Thematic Working Groups
UN	United Nations
UNDP	United Nations Development Programme
UNIC	United Nations International Children Emergency Fund
UNIP	United National Independence Party
UPE	Universal Primary Education
WFC	Women for Change
WSSD	World Summit on Sustainable Development
ZAMSIF	Zambia Social Investment Fund
ZANACO	Zambia National Commercial Bank
ZCCM	Zambia Consolidated Copper Mines
ZESCO	Zambia Electricity Supply Corporation
ZIMCO	Zambia Industrial and Mining Corporation

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## **PART I: INTRODUCTION AND BACKGROUND**

### **1.0 Nature of Research**

#### **1.1 The Evolution of the PRSPs**

The origins of the Poverty Reduction Strategy Papers (PRSPs) lie predominantly with civil society movements in the heavily indebted and poor countries that in the late 1990s put the issue of debt reduction/cancellation onto the international agenda through successful lobbying. These movements not only called for deeper debt relief but also for the freed resources to be used for poverty reducing programmes (Wilk and Lefrancois 2000). Towards this end a new framework called the Poverty Reduction and Growth Facility (PRGF) was introduced to replace the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund (IMF) as a lending window of the poor countries. The notable features of the PRGF were the embedding of the PRGF in the overall strategy for growth and poverty reduction, the development of budgets that are more pro-poor and pro-growth, and a greater emphasis on the measures to improve public resource management and accountability ([www.eldis.org/poverty/prsp\\_new.htm](http://www.eldis.org/poverty/prsp_new.htm)).

Poverty Reduction Strategy Papers (PRSPs) were designed and instituted as roadmaps to meet these goals. These were to embrace a high level of civil society participation towards the goal of securing national ownership over the process and product. National governments were to lead the processes in drafting the document, initially as interim-PRSPs (I-PRSPs) and then comprehensive full PRSP documents. Donors would then adopt the new strategies as blueprints for aid and lending, while governments would single-mindedly focus national resources and energies on the task of poverty reduction.

PRSPs were conceived in the context of the Heavily Indebted Poor Country (HIPC) debt relief initiative and form a basis for policy dialogue and negotiations in all countries that receive concessional financing from the IMF and the World Bank. The debtor governments and civil society including the poor in close collaboration with the Bank-Fund teams prepare them. However, the joint collaboration and participation concepts advocated within the PRSP framework do not take the hegemony of power between different stakeholders in the various national contexts (e.g. big landowners versus small farmers, the governors and the governed, etc.) into account. In several instances governments also tend to be close fistled in terms of information sharing towards civil society, thereby limiting the role of the civil organisations in the PRSP process.

Working in partnership, the various stakeholders are meant to analyse the incidence, nature and causes of a country's poverty, identify who the poor are, and then define strategies for overcoming poverty with a thrust of specified policy and expenditure targets. Unlike the Structural Adjustment Programmes (SAPs) that were wholly externally driven, the PRSPs' objective is to achieve a strategy that is locally generated, developed and owned through a wide participatory dialogue focused at

both the micro and macro policymaking levels. Another distinct feature, though usually challenged by some quarters of civil society, is the deliberate effort within the PRSP framework to encourage accountability of governments to their own people and domestic constituencies rather than external funders. This is to ensure that the poor become active players and not just passive recipients of the process.

The PRSP as a framework for long-term planning for poverty reduction is supposed to represent a move away from structural adjustment programmes, and the Policy Framework Papers (PFPs) that under girded the SAPs. The PRSP is built on core principles outlined by the Bank and the Fund as being fundamental in the preparation and implementation of poverty reduction strategies:

- *Country driven*: National governments should take the lead and they should involve broad-based participation by civil society and the private sector in all operational steps;
- *Results-oriented*: They should be focused on outcomes that shall benefit the poor;
- *Comprehensive*: They should recognize the multidimensional nature of poverty;
- *Prioritized*: Their implementation should be feasible in both fiscal and institutional terms;
- *Partnership-oriented*: They should involve coordinated participation of development partners;
- *Long-term perspective*: They should be based on poverty reduction that is long term in perspective<sup>1</sup>

In Zambia there were two PRSP processes. The government through the Ministry of Finance and Economic Development (MOFED) managed the primary process, while civil society ran a parallel process that complemented and fed into the main process.

Civil society began to mobilise and prepare itself around the PRSP process in the year 2000 under the auspices of Jubilee-Zambia, an anti-Debt Campaign movement as a pioneer. An umbrella body called the Civil Society for Poverty Reduction (CSPR) was created for this purpose. Due to limited financial, human resources and time constraints Jubilee-Zambia initially organised sensitisation meetings in 8 regions (Kabwe, Kasama, Chipata, Solwezi, Ndola, Livingstone, Mongu and Monze) across the country and these were later to form focal points for the civil society PRSP discussions. Conferences in these regions were organized on three main objectives namely:

- To facilitate meaningful participation towards the PRSP process in Zambia;
- To sensitise local communities towards the PRSP and the external debt issue;

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<sup>1</sup> [www.worldbank.org/Poverty/PovertyNet](http://www.worldbank.org/Poverty/PovertyNet).

- To mobilise local communities towards the PRSP process and the debt cancellation campaign of the then Jubilee 2000-Zambia (PRSP, Reports from the Regional Conferences, 2000).

## 1.2 Research Aims and Methods

This research paper provides a detailed analysis of the process leading to the formulation and development of the *Zambian PRSP* document. It looks at the development of the PRSP process paying particular attention to the goals, aims, benchmarks, targets, policies and the key players and their different roles in the entire process. It also looks at the monitoring and evaluation strategies that government has put in place.

The study has four specific and yet interrelated objectives aimed at:

- Establishing the various levels of participation and input evident in the *Zambian PRSP* process;
- Identifying the poverty reduction strategies, benchmarks and targets resulting in the PRSP and how the final document is linked to other national/international standards and targets for poverty reduction;
- Establishing how the final document of the PRSP and its outlined policies reflect the participation of civil society and other actors;
- Showing how policies outlined and intended mechanisms for implementation lead to wealth creation for redistribution and poverty reduction/eradication.

The primary focus within the broad context of the PRSP is to highlight and assess the salient features of the process and the outcomes, to examine how its goals are linked to Zambia's external debt and assess the implications for poverty reduction. The research paper further looks at how the *Zambian PRSP* has tackled the issue of "social protection" i.e. public policy concerned with the livelihoods and welfare of particularly poor and vulnerable groups. The paper is country specific, and therefore the bulk part of the analysis will be on Zambia while in a limited sense drawing comparisons with other countries.

This study draws on primary and secondary sources of data, analysing various documents and literature that have been produced on the *Zambian PRSP*. Interviews were undertaken with carefully selected stakeholders, including government officials, donors—mainly the IMF and the World Bank, civil society organizations (CSOs) and individuals that were instrumental in the PRSP process. The IMF and the World Bank were chosen because of the special role they play in the current thinking on the PRSP processes in most developing countries especially those countries that are under the HIPC debt initiative.

This research is anchored on certain binding assumptions and specific constraints that are by no means conclusive. These start with the notion that political and economic stability are required for the smooth implementation of the PRSP. This is in reference

to the political statements made in 2001 by some opposition political parties that in the event of them winning elections; they would put aside the PRSP, as they perceived it to be the ruling party's idea as opposed to a country owned process. It is also assumed that the Zambian government will not embark on a significant policy reversal with the PRSP, given that it has strictly implemented neo-liberal policies, without interruption, during the 1990's. Moreover, goodwill from donors and other key stakeholders in terms of financial flows will continue coming to Zambia for the smooth implementation of the process. Relevant capacities and competencies for both government and civil society will be built in the next 12 months to enable effective monitoring and evaluation of the implementation process. This assumption may not be fully tenable within the stipulated time frame, however there are efforts with the financial support of the United Nations Development Programme (UNDP) to try and train both members of the civil society and government in this aspect. Other assumptions that guide the research are that government will not divert financial resources meant for capital PRSP programmes into the importation of food in order to mitigate the effects of the serious famine the country is currently facing. Finally, the process will be implemented in the exact stipulated time frame to avoid co-mingling and spill over effects with other government projects. This is however, contingent upon donors meeting their financial pledges in a timely fashion with regards to the Zambian PRSP process

Limitations of this study are rooted in the use of secondary analysis—papers written by different people for various target audiences that are likely to have some opinion biases. Moreover, interviews of stakeholders were confined to Lusaka that in essence eliminates many people and organizations countrywide that were key in the entire PRSP process. This was due to time and financial constraints. The formulation of the PRSP has just been finalised in Zambia and as such the paper cannot in the interim be expected to be very strong on the experiences of implementation, monitoring and evaluation.

## **2.0 HISTORICAL CONTEXT**

### **2.1 Overview of Economic Policies**

Zambia has had a chequered development history with various economic programmes being implemented for a period spanning the last four decades. At the time of political independence in October 1964, Zambia inherited a relatively healthy state of foreign reserves. These were further bolstered by sufficient earnings from copper exports (which the economy remains dependent upon today). This combined pool of resources enabled the country to undertake several expansionary development programmes such as the construction of primary and secondary schools in nearly all the 73 districts of the country. Provision of education and health services were predominantly free or heavily subsidized. The country embarked on an ambitious programme of infrastructure development that saw most roads and bridges, industries and firms being built with the help of state resources. The independent government implemented reforms with the objective of lifting up the standards of the indigenous people through the diversification of the economy. The results of the reforms were the

creation of a large public sector (sometimes called the parastatal sector) in which government invested heavily to boost economic activities in the country. The reforms provided a credit system that favoured nationals to enter various business ventures.

These economic fortunes did not last long however, as the country succumbed to the external shocks of the early 1970s where its economic mainstay, copper, suffered from an all-time price low at the London Metal Exchange (LME). At the same time the price of industrial inputs, mainly petroleum products, more than doubled at the international markets. By 1975 the country's terms of trade fell to 54% relative to 1974; a balance of payments position that had been comfortable in 1974 went into deficit with the current account amounting to 30% of the Gross Domestic Product (GDP). Government revenues from minerals mainly copper which is the mainstay of the economy dropped to less than one-fifth of the previous level, and the budget deficit which had been in surplus in 1974, moved to a deficit equivalent to 24% of the GDP (Seshamani, 1985). The political leaders misjudged the economic events of the time and thought that copper prices would recover— fast enough to reverse the economic downswings. Their optimism was proved wrong. Zambia has never recovered from the copper and oil shocks of the 1970s.

## **2.2 History of the IFIs in Zambia**

In order to save and cushion the economy from its precarious financial situation government began to borrow heavily from both the domestic and international money markets in order to meet its budgetary obligations. This in essence marked the formal beginning of the IFIs' interventions in Zambia's economy through policy advice and prescriptions in order to try to get the economy to its former buoyant growth path.

Since early 1973 when copper prices plummeted at the London Metal Exchange (LME), the Government of Zambia, international development agencies and the IFIs have worked together to employ different policy options and strategies to achieve economic development. The outcomes have been diverse and mixed.

Ten years later in 1983 it became apparent that the economy was headed for total collapse unless something drastic by way of major economic orientation and refocus was done to stop the decline. The government accepted its first conditional assistance from the IMF, as it took on Structural Adjustment Programmes (SAPs) as a stopgap measure to arrest the economic haemorrhage that had characterized the latter part of the 1970s and the early 1980s. Using this development model, the role of the State was to be drastically redefined with more prominence given to economic and trade liberalization. There was a strong emphasis on the role and primacy of free markets (Adam Smith's invisible hand principle) as a basis for distribution of national resources. It is worth noting that the role of the IFIs was not very pronounced in Zambia soon after political independence in 1964 for the obvious reason that the country at that time was financially sound and hence did not need much external assistance for its development programmes.

However, it is often underscored that the IFIs took advantage of cheap petrol dollars in the late 1970s and early 1980s to borrow from the oil exporting countries which they later used to expand their lending portfolio—mainly to developing countries that were experiencing trade shocks and deficits in their Balance of Payment (BOP) accounts.

SAPs were built on the platform of getting the economy right through stabilisation or demand management policies aimed at achieving a sound and stable macroeconomic environment conducive for economic growth. The main goals were to bring about stabilisation and growth, reduce the burden of external debts, arrest hyper-inflationary trends that had characterized the 1980s, eliminate persistent budget deficits, and to reduce public outlays while at the same time encouraging exports through trade liberalization (Economic Justice Bulletin, July-September 2001). This set of policies was created as a response to problems faced by Zambia and many other low-income countries. Essentially these problems manifested themselves in high import bills occasioned by high fuel prices and further compounded by falling commodity prices on the international markets. It is worth highlighting that during the SAP period between 1980 and 1990, the country's economic growth was the second lowest in the Southern African Development Community (SADC) after Mozambique. Over the period 1990 to 1999, it had the least average annual growth rate in the SADC region at 1% and this was also below the Sub-Saharan Africa (SSA) rate of 2.4% (ZPRSP 2002:17).

### **2.2.1 Elements of SAPs in Zambia**

First, there was a deliberate effort to devalue the local currency, the Kwacha. This was intended to make Zambia's copper and other mineral and non-mineral exports cheaper and imports (mainly consumer goods such as luxury products like wines and perfumes) more expensive. This would increase earnings from exports and thereby reduce expenditure on imports. Second, the government introduced trade liberalisation by removing restrictions on the flow of goods and services in and out of Zambia as a way of promoting competition in order to determine supply of goods on the markets; third and more importantly, the government reduced restriction on foreign investment by removal of price controls, removal of restriction on amounts of investments, licensing and other barriers to foreign investments.

Zambia and many other debtor countries, as indicated in a document called the Policy Framework Paper (PFP), were to pursue such policy measures reflective what has since been termed the "Washington Consensus" over a period of time. It was not long before Zambia's first Republican President Dr. Kenneth Kaunda opposed SAPs citing the adverse effects the programmes had imposed on the vulnerable groups in society. In 1986, Zambia had its first food riots. In an unprecedented move Dr. Kaunda broke ranks with the IMF and World Bank programmes on May 1, 1987 citing the worsening economic and social crises in the country coupled with violent civil protests on the Copperbelt Province which culminated into loss of human life through police shootings of protesters/rioters. Dr. Kaunda moved to restrict debt service payments to 10% net of export earnings. He instead instituted what came to be known

as the New Economic Recovery Programme (NERP) whose theme was “Growth from Own Resources” i.e. strict reliance on internally generated resources to finance growth and development as opposed to receiving external aid (Mwansa 1998).

The immediate reaction of the IMF and the World Bank to Zambia’s move was the suspension of loans and other forms of donor assistance. Since the country had restricted its debt service payments to 10% net of export earnings, this was construed as defaulting on its obligations to the creditors and the consequence was an accrual in arrears and interest payments on principal amounting to over US\$500 million (Situmbeko and Musamba 2002). This turn of events, to a greater extent, explains the huge leap in Zambia’s external debt portfolio in the late 1980s.

By July 1989 it was clear that the country could not survive economically without the donor and creditor community. The government undertook a policy reversal, returning to the IMF and World Bank tailored policies, a move that implied that the government of Zambia was in a way admitting that perhaps the IFI’s “medicine” was not the problem. Yet, if SAPs were found to be faulty before 1987, what would make them deliver economic miracles to Zambia in 1989 and onwards? How would they acquire a human face and heart that it is alleged they did not have in the first instance?

As stressed earlier, the 1980s marked the first phases of implementation of Structural Adjustment Programmes (SAPs) amidst a stagnating economy. The implementation was, however, often piecemeal and failed to fundamentally alter the economic structure. In particular, the design and implementation of SAPs often failed to sufficiently address the poverty challenges that increasingly became evident as the structural changes took hold (ZPRSP 2002:17).

It is now common knowledge that SAPs and the attendant fiscal and monetary measures that have been promoted by the IFIs over the last two decades in many African countries have generally failed to bring about the anticipated level of economic performance and social welfare (Saasa 2002). Many of these countries have been left reeling with unsustainable external debts and shrinking economies. In the case of Zambia as Saasa rightly observes, ‘the debt burden has escalated and the incidence of poverty has actually worsened during the SAP period...’ Thus SAPs can at best be described as inimical to the well-being of the people they had intended to uplift. Civil society, government and a number of independent observers generally agree that SAPs in the Zambian context failed to deliver their intended goal of economic growth and stabilization. Instead Zambia saw an increase in numbers of socially distressed families due to loss of jobs and removal of subsidies on the staple food (maize meal) for the vulnerable groups in society as well as a worsening economic scenario characterized by collapsing industries.

### 2.2.2 The Role of Civil Society in Policy Making

Civil society's role in influencing economic and development policy before the dawn of multi-party politics in 1991 can at best be described as marginal and insignificant. The State at the time was using certain pieces of legislation in the Constitution to prevent civil society from flourishing and challenging the government on what it thought it knew best—economic and social policy. There was also a culture of suspicion that was two-fold in nature. Government on one hand did not trust anything that was operating outside its structures while civil society on the other hand did not trust government as a genuine partner in the process of national development. This mistrust between the two has historical origins and was mainly perpetrated by government that for a long time was used to doing things alone. The Party and its Government were supreme over everything else (Mwinga 2002).

It was not until after 1991 that civil society began asserting itself over matters of national development. This was necessitated by a shift in the development paradigms mainly defined and promoted by donors to debtor governments that emphasized that civil society must not be treated as passive tools in development but as active partners in the whole process of development. In 1999 Zambian civil society joined other international pressure movements to press for the cancellation of Third World debts—including Zambia's. This culminated in the international creditors partly acceding to the demands under the enhanced HIPC II Initiative. The following year, 2000, Zambia qualified for interim debt relief after reaching the HIPC Decision Point. Zambian civil society participated in the donor Consultative Group meetings held in Zambia in 2000 and 2002 where the economic and political destiny of Zambia was charted.

The focus of civil society in terms of advocacy in Zambia during the 1990s had mainly centred on two broad themes: on one hand the focus was on governance issues while on the other hand; there had been serious concerns of the negative social impacts of economic policies and issues like SAPs, gender and external debt problem (Mwinga 2002)

In more political realms, the Government of Zambia has occasionally worked with civil society on important national affairs. For instance, in 1993 the Mwanakatwe Constitutional Review Commission was appointed to review the 1991 Constitution of Zambia. The rationale behind the Commission was to enhance and entrench democratic governance in line with the political promises of the MMD government. Issues intended for consideration-included devolution of power, extension of Bill of Rights and limiting powers of the Office of the President. After the 1993 Mwanakatwe Commission civil society has continued to advocate for the strengthening of democratic governance in Zambia.

For instance, a national convention was held in March 2001, organised by a network of CSOs popularly known as the Oasis Forum. This Forum became instrumental in opposing former Republican President Dr. Frederick Chiluba's campaign to manipulate the Constitution towards running a third term of office. One of the reasons advanced for opposing the third term was the damage this would have done to the

PRSP and the HIPC processes in the country. Most donors would have felt uncomfortable supporting a government that does not respect its own constitution (Mwinga 2002).

The latest effort where civil society organised itself in order to influence both economic and political policies was at the CG 2002 Meetings in Lusaka and Livingstone. To the extent that civil society has been able to advocate for good policies at the political policymaking front with some modest success, one would say that democracy is practiced in Zambia. However, the process needs to be deepened and strengthened further as it is still at the nascent stage characterized by lack of political will on the part of government to embrace and execute good recommendations coming from civil society. The government has continued to show a soft stance in accommodating civil society's views in development matters. However, easy access to certain vital and useful government information continue to be a source of concern to civil society as government maintains a firm grip under the pretext that it is classified information.

### **2.3 Current, Social, Political and Economic Environment**

In 1991 propelled by the 'wind of change' of democracy blowing over the Eastern Europe and which later crossed into Africa where most States unilaterally embraced democratic governments and open economies, Zambia decided to do away with the One Party State that had characterized the 1970s and the 1980s and opted for democracy under the guise of multi-party politics. In the same year Presidential and General Parliamentary elections were held which saw Dr. Kaunda, a veteran politician of the United National Independence Party (UNIP) losing to a newcomer on the political scene, Dr. Frederick Chiluba, on the ticket of the Movement for Multi Party Democracy (MMD). This marked a significant departure and change from past national politics and economic ideology.

The new MMD government under Dr. Chiluba faced with an unimpressive economic outlook, and despite the relative failure of SAPs, embarked upon a vigorous structural adjustment programme in a bid to win donor confidence and international goodwill that had markedly waned under Dr. Kaunda's rule. The government promised to pursue market-led economic policies that were embedded in the wholesome privatisation of State parastatals. This was coupled with trade and financial liberalisation. In 2000, the government privatised its largest mining asset, the Zambia Consolidated Copper Mines (ZCCM) whose largest investor (the Anglo American Corporation) recently pulled out thereby bringing uncertainty to the sector. Chiluba's economic development path with a heavy leaning on capitalism which epitomises the supremacy of the market over anything else was diametrically opposite to Kaunda's route which placed the State as the main player in the economy.

Laissez faire types of economic policies were instituted and the State's role was to be reduced to that of a regulator of economic activities. Another major feature that is synonymous with the MMD government was the proliferation of political parties and nongovernmental organizations (NGOs) with different goals and aims. To the extent

that laws and regulations governing the registration of various civil, religious and political groupings were broadly relaxed under the Chiluba regime one could argue with some hindsight that the spirit of democracy had truly dawned in Zambia. This is particularly true in relation to other African countries where States continue to suppress dissenting views. For the spirit of democracy to be fully entrenched in Zambia however, there is need for government to address some pieces of legislation that impinge on human rights such as the current Public Order Act that empowers the Zambia Police Service to restrict public gatherings/meetings for no clear reasons other than political expedience.

By 1996 Zambia had over 30 political parties though some were in name only with very few members. In the 2001 presidential and general elections there were 11 presidential candidates from different political parties all vying for State House. Also in 2001, Zambian civil society flexed its muscles of influence by actively participating in the campaign against the Presidential Third Term Debate in which the former Zambian Republican President Dr. Frederick Chiluba wanted to prolong his stay in power against all odds. Towards this end he manipulated the constitution to allow himself to seek a third-term of office against the stipulated two-term period. He did not however achieve his ambition as civil society managed to successfully oppose and block his political machinations.

Levy Mwanawasa won the 2001 Presidential elections under the MMD ticket. Soon after the declaration of the presidential results a number of opposition political parties challenged the results in the courts of law citing a number of electoral irregularities in the system and hearings are currently continuing. Interestingly, the incumbent president polled 29% of the total votes cast while his closest rival only managed 27% of the total.

The initial composition of parliament after the 2001 elections saw the combined opposition political parties gathering more seats than the ruling party. In recent months however, this is changing as courts continue to nullify election results in various constituencies due to electoral malpractices during the polls. Fresh bye-elections in various parts of the country have since been held and won mostly by the ruling party thereby boosting its numbers in parliament.

Debates are currently going on about the need to overhaul the current constitution—to remove all contentious clauses so that it stands the test of time. President Mwanawasa has agreed in principle to address some of the controversial constitutional matters and the process of reviewing the national constitution will start in earnest in 2003. Civil society has pledged to make submissions on various issues to the process once it starts.

The other notable political landmark to have happened in Zambia soon after the 2001 general elections was the promulgation by President Mwanawasa of a ‘zero tolerance’ on corruption as a basis for rebuilding the Zambian economy. Under this approach the nation has witnessed a number of former government leaders that served under president Chiluba being probed by a government Task Force for economic plunder of

national resources. The investigations are currently on-going with more people being targeted, especially those with wealth which is not commensurate with their past earning capacities.

### **2.3.1 Social and Economic Indicators**

Some of the political and economic landmarks achieved in recent years risk being reversed by the worst plague of our time—the HIV/AIDS pandemic that has continued to wreck havoc on the productive sectors of our economy. Current statistics from the Ministry of Health show that nearly 20% of the adult population aged 15-49 years is HIV positive with a daily infection rate of approximately 500 persons (Government Economic Report 1999). As a result of the high infection and prevalence rates, the incidence of HIV/AIDS-related diseases has increased thus putting pressure on the health care delivery system. It is estimated that about US\$200 per AIDS patient per day is needed for hospitalization. This is against the current health per capita expenditure of US\$3 per year (PRSP document: 109)

While most governments recognize the importance of education as a vehicle for poverty reduction and ultimately national development, Zambia's effort to realize Universal Primary Education (UPE) by the year 2005, as stipulated by policy, are being hampered by the high external debt that continues to divert financial resources away from where they are urgently needed to the wealthy creditors in the West. By 2001 Zambia's staggering debt stock stood at US\$7.3 billion or US\$730 in debt per capita terms showing an increase of over 15.8% over the 2000 figure of US\$6.3 billion.

Though there has been some moderate debt relief under the enhanced HIPC initiative offered to Zambia since January 2001 by the creditor community, annual debt service payments have continued to run in hundreds of millions of dollars (see Jubilee-Zambia HIPC Report, 2001) while budgetary allocations to the social sectors such as education and health have continued to be under funded. According to the 2002 study by the Jubilee-Zambia entitled "Where Does the Money Go?" findings show that the government of Zambia had over the period 1990-2000 been spending as high as over 12% of its GDP on debt service payments while health and education sectors received 2% and 3% respectively. This should be seen in the context of dwindling national export receipts which average US\$1 billion per year while national import bills are around US\$1.6 billion showing a deficit in the trade account of the balance of payments account (BOP).

The Committee for Campaign Against Poverty in its book "Poverty Experience in Zambia" has shown that the widespread and worsening poverty situation in Zambia in 1996 affected over 6 million people of the country's estimated 9 million people ( see Mwinga 2002 ). The recent census results of 2000 put the Zambian population at 10.3 million and current official statistics using the one dollar-per-day poverty line show that as high as 73% of Zambians are living in abject poverty. Other social indicators show that life expectancy at birth is now at 37 years down from 54 years a decade ago while infant mortality rate is at 114 from 1000 live births, under five mortality rate is

at 197 per 1000 live births and maternal mortality is at 650 from 100,000 deliveries (Living Conditions and Monitoring Survey, 1998.)

Table A: *Overall and extreme poverty in Zambia, in rural and urban areas 1991-1998*

Year	Zambia		Rural		Urban	
	Overall Poverty	Extreme Poverty	Overall Poverty	Extreme Poverty	Overall Poverty	Extreme Poverty
1991	69.7	58.2	88.0	80.6	48.6	32.3
1993	73.8	60.6	92.2	83.5	44.9	24.4
1996	69.2	53.2	82.8	68.4	46.0	27.3
1998	72.9	57.9	83.1	70.9	56.0	36.2

*Source: Extracted from the Government PRSP document page 21*

The Table above shows that:

- Between 1991 and 1998, there was an increase in overall poverty and a very marginal decline in extreme poverty in the country;
- In the rural areas, there was a notable decline in both overall and extreme poverty, but in the urban areas, there was a notable increase.

To cap it all the HIV pandemic has left an estimated trail of 600,000 orphans (by 2000), projected to reach 974,000 in 2014, most of whom will have no hope of obtaining formal education and this will in turn affect the quality of labour force in the future.

## **PART II: ZAMBIA: CASE STUDY OF THE PRSP**

### **3.1 The Process**

The Zambian PRSP process was launched in June 2000 with its formulation being spearheaded by the Poverty Reduction Unit of the then Ministry of Finance and Economic Development (MOFED), which was replaced by the Ministry of Finance and National Planning (MFNP) in 2001 by the new President Mwanawasa felt that a planning focus for the ministry was needed to coordinate all government and national affairs. Two processes characterised the formulation of the PRSP: the main government process coordinated by MOFED/MFNP and a civic process coordinated by the Civil Society for Poverty Reduction (CSPR). Though the latter was initially misconstrued to be a duplication of the former, it is now commonly perceived to have

The Government PRSP document was officially launched in July 2002 after having been approved by Cabinet and the IMF/World Bank Boards in May 2002. It covers

the period 2002-2004 after which it rolls into another phase of re-evaluation and further improvements. The preparation of the PRSP followed a fairly consultative process with all stakeholders such as government ministries and agencies, donors, civil society, the private sector, traditional rulers, provinces and districts through workshops and seminars, public and private media channels. Each of these groups played diverse and yet complementary roles in gathering and bringing views and concerns of the people and communities they were representing.

### **3.2 Structures and Evolution of Process**

The Zambian PRSP was prepared after fairly extensive consultations involving the Cabinet, the legislature, government bodies, the private sector, academia, NGOs, donors, and the provinces. The Ministry of Finance and National Planning (MFNP), following on from MOFED, was tasked with the responsibility of being overall coordinator of the process of producing the PRSP. Within the Ministry, a PRSP secretariat drawing members from the Ministry, the Ministry of Community Development and Social Services (MCDSS) and the Bank of Zambia provided day-to-day coordination. Members of this secretariat were later absorbed into the newly established Planning and Economic Management Department (PEMD) which also assumed the overall responsibility of coordinating the completion of the PRSP. The PRSP secretariat worked closely with other government ministries and later provided the chairpersons of the sector working groups (ZPRSP 2002:142).

The initial time frame given to Zambia in which to prepare its interim PRSP paper was from June 2000 to September 2001. This time limit was not kept due to the delays in kicking off the process—the government needed ample time to prepare itself for the complexity of the exercise. A critical point is that solely government undertook the interim PRSP, which became the roadmap for the PRSP formulation. Civil society was not involved in its preparation, which catalysed a strong civic reaction. The main reason noted for this was that government was in a hurry to qualify and reach the HIPC Decision Point so that it could access interim debt relief from the IMF and the World Bank.

Civil society's strong protest and reaction on government's exclusion of other stakeholders in the preparation of the I-PRSP sent signals to government that there was need to involve all interest groups if the process was to be legitimate and widely accepted. Apart from it being a donor conditionality that demanded that the process be opened to various interest groups, civil society's displeasure and genuine complaint over non-inclusion in the I-PRSP managed to pave way for wider involvement of other stakeholders in the PRSP process when it finally took off.

The process leading up to the PRSP document consisted of consensus building workshops for all stakeholders, consultative meetings in all the nine provinces of Zambia, drafting and technical committees, and sector working groups. One striking feature of the sector working groups was that they had more government officials than civil society representatives. In terms of structures, a chairperson, a secretary and then the rest of the members coordinated each group. The working groups were

responsible for collecting input from members that later formed discussion points at the stakeholders' summits.

The first draft of the PRSP document was distributed to all stakeholders for discussion at a national summit held from 16-18 October 2001. The notable features of the first draft of the PRSP were:

- As poverty is widespread in Zambia, poverty reduction measures will primarily have a general focus of uplifting the country; since it is not possible to target the entire country though some sectors like agriculture, tourism, environment, mining, among others will receive priority;
- Because Zambia is dangerously dependent on foreign aid poverty levels could rise sharply if donors withhold or reduce it - as has been the case often times historically. For instance, in 2001 the national budget was 52% donor dependent while in 2002 the budget is 39.6% donor dependent; most of the donor funds pledged in 2001 did not actually come to Zambia thereby throwing most government development programmes and activities off balance. It follows that the country needs to generate its own resources and be free from the unpredictable donor funds;
- To achieve poverty reduction targets as set in the Millennium Development Goals (MDGs) by 2015, a GDP growth rate of between 6-8% is required annually over the intervening period. (However, the Zambian economy has been struggling to attain impressive real growth rates that can impact on poverty levels meaningfully. This year the projected GDP growth rate was 4% but the government has had to revise this figure downwards as the economy continues to experience shocks in form of high food prices occasioned by the poor performance of the agricultural sector due to poor rains in the last farming season. The withdrawal of the Anglo American Corporation (AAC) from the mining sector early this year has also affected the economy adversely.)

The Cabinet approved the second and final draft of the PRSP in May and subsequently by the Boards of the IMF and the World Bank in May 2002. The government was hesitant to present the PRSP document to parliament as suggested by civil society. Their logic was that the debates surrounding it would have dragged thereby delaying the time for submission to the IMF and World Bank boards. Secondly, there were more Members of Parliament from the opposition parties at the time and, this to some extent, might have caused apprehensions on the part of government.

### 3.2.1 Awareness Seminars

The initial activities in preparing the government PRSP were awareness seminars organised and sponsored by government under the auspices of the Ministry of Finance and National Planning. Donors including the UNDP funded some of the seminars, in which the basic concept of the PRSP and associated relationships such as Poverty Reduction and Growth Facility (PRGF) and HIPC were explained. The significance of the PRSP was outlined. These seminars not only created a general awareness about the PRSP but also provided an opportunity for the participants to have a say on the PRSP's road map and processes.

The first seminar was held for senior government officials (heads of departments and above), including provincial administrators. An awareness seminar was also held for government ministers and senior parliamentarians. One was held for general stakeholders where agreement was reached on how to advance the preparation of the PRSP (ZPRSP 2002:142).

Another additional method of participation in the PRSP process was to engage the rural areas. In each of the 9 provinces of Zambia, 10 delegates from various districts comprising the administrative district heads, a few sector experts in agriculture, health, education, representatives of traditional rulers, NGOs and churches convened at the provincial headquarters in a PRSP consultative conference. The delegates discussed poverty reduction strategies looking at causes of poverty and how donors could assist in reducing it.

### 3.2.3 PRSP Working Groups

The key output from the stakeholders' seminars was to establish eight thematic working groups (TWGs) on macroeconomic, agriculture, mining, health, education, industry, tourism and governance to work on poverty issues and the PRSP. Each of the working groups had representatives from various stakeholders including government, business, academia, church, NGOs, professional associations, and donors. Initially the PRSP Management Structure consisted of:

- A PRSP Steering Committee of Ministers of Social and Economic sectors;
- A PRSP Technical committee of Permanent Secretaries (PSs), with the PSs of Ministry of Finance and Economic Development (MOFED) and Ministry of Community Development and Social Services (MCDSS) as co-chairs;
- PRSP Focal Points: these were persons from relevant ministries such as education, health, agriculture, etc. who would facilitate the preparation and implementation of the PRSP (Seshamani, 2002).

Over a period of six months, the working groups devised plans on how to reduce poverty from sectoral perspectives. In parallel, specialised institutions were requested to make presentations to the working groups on important cross-cutting issues such as HIV/AIDS, disability issues, youth and child development, employment and

sustainable livelihood, roads, water, health, environment and gender equality. An important distinction between the government and civic-led processes is that in the former, all crosscutting issues were dealt with by consultants, while in the civic-led process, civil society participants led their own processes, which were characterised by rich discussions in various fora. The government consultants later collected the civil society submissions on crosscutting issues and incorporated them in the relevant sections of the PRSP document. Thus the government of Zambia started the PRSP process by setting up eight thematic working groups which came up with ‘zero drafts’ for the PRSP—initial draft papers that were the basis of the PRSP discussions on a wide range of sectoral issues.

### **3.2.4 Decision-making and Control of the Process**

The zero drafts provided discussion material in seminars organised for participants and other interested parties to make peer evaluation by which we mean that all stakeholders within the various working groups had a chance to evaluate the contents and consequently amend certain sections of the individual papers and to establish cross-sectoral linkages. Such seminars were used for prioritising the various proposed interventions against estimated financial resources available. Interventions considered less important were dropped out through consensus. The resolutions and recommendations ensuing from the wide discussions later formed the main input in the first draft of the PRSP.

It is important to note that although the government spearheaded its own process on the PRSP it was however, operating within the broader context and ambit of the IMF and World Bank provided framework and guidelines of the new Poverty Reduction and Growth Facility (PRGF) which had replaced the Enhanced Structural Adjustment Facility (ESAF) with well spelt out macroeconomic targets to realize at the end of the process.

As a requirement of the PRSP, the government team that worked on the PRSP initial draft closely collaborated with members of civil society. To underscore this last point one has to look at some recent donor policies that encourage consultation and participation between government and civil society, which have in a way opened opportunities for dialogue between the governors and the governed.

Again, a distinction between the government-led PRSP process and the civil society coordinated one is useful here. In the provincial consultations one unique feature that prominently stood out was that the Government appointed groups on the PRSP mainly spoke on behalf of the poor countrywide. The civil society groups on the other hand, let the poor themselves speak on what they felt were the main causes of poverty in the country. This difference in approach in the two processes was cardinal because it bridged the gap between government intentions and citizens’ concerns—especially on matters of national development that government may have glossed over in its haste to meet the donor deadline for conditional aid. Thus, civil society activities and cooperation can be seen as an important prerequisite for a strong commitment on the goal of poverty reduction in the broader political system.

### 3.3 Civil Society Participation

Zambian civil society can be broadly defined as an alliance of many NGOs and professional associations, prominent individuals and members of the academia, trade unions, main church bodies and church oriented organizations/projects, students, women's and youth groups. It also includes traditional leaders; community based organisations that are engaged in various community issues, the private and business fraternity, and etc. These groups have welded together in purpose and resolve to eradicate poverty, which has permeated the Zambian society in recent years.

Some of the Zambian groups that did not participate in the PRSP process for one reason or another are mainly the minority religious groups like the Muslims and other small faith groups, people in remote areas of the country, as well as Zambian communities of foreign origin. There was also the initial concern that the PRSP would end up to be another form of SAPs that have not worked for Zambia in the past. Some organisations and individuals may have shunned the PRSP because the process is mainly IMF and World Bank driven, and past experiences with these institutions in terms of programmes especially SAPs were a big failure. Thus from that perspective one would argue that some people were sceptical about the whole process and hence did not commit themselves to it.

However, one clear and significant feature of the Zambian PRSP process despite some misgivings about it from a cross-section of people was that it offered a rare window of opportunity between CSOs in their diversity and government representatives to engage in serious dialogue on matters of national development. At the same time, it is important to note that not all people who sat in the CSPR meetings had the relevant and sufficient capacities to engage in the process especially on matters of technical nature within the PRSP process. Apart from those that had worked in related fields either within government or the private sector, some CSOs had scanty knowledge of issues of a macroeconomic and social nature that affected their ability to participate.

In terms of advocacy work building into the process, there are quite outstanding examples of issue-based advocacy which civil society promoted in the 1990s. Debt sensitisation campaigns promoted by the Catholic Commission for Justice and Peace (CCJP) and the Jesuit Centre for Theological Reflection (JCTR) were directly connected to poverty reduction and were useful in raising consciousness on issues important to the PRSP. Public opinion polls conducted by Jubilee-Zambia in 1998 and 2000 whose results revealed that 67% of Zambians knew about Zambia's external debt and its negative social and economic impact on the poor. The recent opinion polls in 2002 showed that most Zambians strongly oppose the idea of government handling debt relief resources alone and to that effect government has endorsed a Debt Mechanism<sup>2</sup> as a partnership arrangement for managing national financial resources. The good news to civil society, especially Jubilee-Zambia, is that government has agreed in principle to endorse the Debt Mechanism in the management of HIPC resources in order to forestall the high abuse and embezzlements that have characterized these donor funds

Using its growing influence and credibility on economic issues, Jubilee-Zambia asked to be part of the 2000 Consultative Group meeting (CG) that was to be held in July of the same year. Though the CG by its nature and design is not supposed to discuss debt initiatives but rather is a platform where donors and creditors make financial pledges after listening to debtor governments' budgetary requests, this particular meeting broke protocol by putting the debt issue as an agenda item on the discussion table. Central in the discussions during the CG were economic issues such as energy, infrastructure, investment, capital markets, and tourism. At the urging and insistence of civil society the question of poverty reduction took a prominent role in the discussions.

As Jubilee-Zambia had been spearheading the debt campaign movement in the country, they presented a paper on debt and its effects on Zambia's national development. The three-day event marked the beginning of wide and significant participation of CSOs ranging from churches, trade unions, women's groups, farmers' groups, human rights groups and other pressure groups in what are usually called the donor-government business meetings. A strong platform of consultation and participation was built through this meeting, which was to contribute to the participatory process and poverty reduction content of the PRSP.

In October 2000 the JCTR and CSPR organized a workshop for members of civil society with the aim of discussing civil society's expectations in the PRSP process. This workshop drew a large number of participants from a broad spectrum of the Zambian civil society and in fact the meeting gave a formal birth to the Civil Society for Poverty Reduction (CSPR). The CSPR is a network of civil society organizations formed with a mandate to gather civil society ideas and inputs into the PRSP process. The network is guided by a steering committee and coordinated by a secretariat hosted by the JCTR. According to Mwinga, a private researcher consultant, 'this October meeting showed that the expectations of civil society reflected much the same civil society priorities which were on the forefront in the early 1990s'. The highlights of the October meeting included the following:

- The PRSP should be a development document and guiding paper for the whole country and not to be used by government to solicit funds from donors;
- Given the poor performance of the country under SAPs, civil society demands that the PRSP should remarkably depart from SAPs and take a different route by encouraging pro-poor policies. Anything less than this will lead to PRSPs not being easily accepted by civil society;
- The government should put in place transparent and accountable mechanisms for monitoring government budgetary disbursements. Attempts to politicize the PRSP process should not be tolerated, as they are counterproductive. There is greater need for political will in the whole process (an argument reinforced by most CSOs).

There were several civil society meetings which ultimately led into the production of a document entitled “A PRSP for Zambia: Civil Society Perspective” in June 2001. Some of these meetings were consultative and led by consultants. There were also national fora for civil society’s input into the PRSP, and civil society’s response to the draft PRSP. The CCSR document was by no means replicating government efforts in the PRSP process but to ensure that civil society’s views from across the country were widely gathered. The idea was to make known both to government and the public at large what civil society considered to be its main concerns relating to poverty reduction and to enable it provide consistent input into the government document.

In order to complement government efforts on the PRSP, the CCSR also formed consultative working groups on the following themes: agriculture and food security, environmental issues, tourism, employment and sustainable livelihoods, mining, health and HIV/AIDS, education, child and youth, governance and gender. These consultative groups comprising CSOs working in relevant fields were formed to come up with civil society positions as an input to the Government working groups. The consultative groups, with the assistance of facilitators, produced analytical position papers which were later published in the CCSR document in June 2001. This document was the CCSR’s main input to the Government PRSP document and the government readily adopted most of the views that civil society had raised. The first draft of PRSP was evaluated by civil society based on the CCSR Report during a national PRSP workshop called and organized by civil society on 9-11 October 2001.

Civil society worked closely at the beginning of the process with government in most thematic working groups such as the macroeconomic, education, health, agriculture, governance, mining and environment save for tourism where no civil society organization was identified and the cross-cutting sections which were prepared by national consultants hired by the government. At the technical levels civil society was left out. The initial stages of the process of the PRSP saw government teams working closely with civil society but as the programme advanced towards the end, government decided to go it alone especially at the drafting, editing and higher levels of the process.

CSOs had high expectations about the PRSP—that the process would not be politicized (and so far this expectation has been met). There was also a strong feeling from civil society that government should show political will to genuinely allow meaningful participation of the various stakeholders in the process. In terms of information sharing, the PRSP process availed civil society a chance to exchange important information with government through consultations. In some instances joint decisions were made regarding poverty reduction in Zambia. However, this information exchange was more pronounced and marked at the initial stages of consultation of the process than the later technical levels of the drafting and editing stages—where civil society was clearly left out. Since the Zambian PRSP is barely less than a year old in terms of implementation, it is a bit too early to predict to what extent the civil society will be involved in the implementation and monitoring programmes. However, government has been making pronouncements to the effect

that civil society will be part of the national implementation and monitoring process and only time will bear this out.

One prominent feature of the *Zambian PRSP* is that it managed to incorporate about two-thirds of the proposals put forward by civil society. This is important in that it has created a sense of ownership over the document by *Zambian civil society*. The *PRSP* final document was officially launched in the first week of July 2002 and formed one of the agenda items for discussion at the 13<sup>th</sup> Consultative Group meeting for *Zambia* held in *Lusaka* and *Livingstone* on July 7-11 2002 (*Civil Society CG presentation on the 'Major concerns on the Zambian Economy'*, 2002).

### **3.4 Government Participation/Coordination**

In November 1997, the *Zambian Government* appointed the *Ministry of Community Development and Social Services (MCDSS)* to spearhead the preparation of a comprehensive, coherent *National Poverty Reduction Action Plan (NPRAP)*. The *MCDSS* with financial support from the *United Nations Development Programme (UNDP)* undertook the task of preparing a *National Poverty Reduction Strategic Framework (NPRSF)* and the *NRAP* (Seshamani 2002).

However, the first draft of the *NPRAP* which was prepared by the *MCDSS*, though comprehensive and detailed, was criticized by some government ministries, in particular the *MFNP*, as well as the *IMF* and the *World Bank* as not being feasible because its cost estimates were beyond national means (Mwinga 2002). The *NPRSF* was prepared in May 1998 and endorsed by the *Government*. The *NPRSF* was the first major national initiative undertaken to reduce poverty in *Zambia* during the 1990s that included input from the civil society and donors. The *Government* went on to present the *NPRSF* at the *Consultative Group (CG)* meeting in *Paris* in May 1998. As earlier mentioned, the *NPRSF* plan was aimed, among other things, finding a lasting solution to the high poverty levels that had emerged especially in the *SAP* dispensation.

It should be noted that the *MCDSS* coordinated the earlier country efforts on poverty reduction while the *MOFED* dominated the process during the *PRSP* programmes and since then has been the main driver of the entire process. There were very good inter-ministerial consultations especially between and among *MOFED*, *MCDSS* and *Local Government and Housing (LGH)*, *Education*, *Health*, *Transport*, *Communication*, *Energy* and others to ensure that all government concerns about poverty were captured in the process. The role of local government, among several others, was to develop the decentralisation policy and ensure its implementation. It was further tasked to expunge the office of the *District Administrator*, which was seen by civil society as adding very little value to the local government structure. Though there was a strong recommendation in the *PRSP* that the office of the *District Administrator* be done away with, it is still in operation. Several activities in form of seminars were held both for senior government officials and civil servants across the country. Other seminars targeted policymakers i.e. *Parliamentarians*.

Zambia acquired its interim PRSP status in July 2000 and attained the full PRSP status in July 2002. However, the PRSP should be seen as a long-term development plan and in countries where full PRSPs have been attained, the Medium Term Expenditure Framework (MTEF) is being used as an effective tool for policy planning and a key element of fiscal discipline. It is a framework that integrates policy-making with economic planning and budgeting in the context of a three-year budget cycle. The beauty about the MTEF is that it ensures that expenditure programmes are driven by strategic priorities, choices and hard budget constraints. The Zambian government is currently working on the MTEF framework as a basis for costing programmes in the PRSP.

The Zambian PRSP is presented in seventeen chapters and three appendices of log frames of action matrices of the various themes, objectives, policy actions, and costings and objectively verifiable indicators. Zambia's PRSP clearly identifies three major themes that require interventions namely economic, social and crosscutting issues. Many of the measures and activities contained in the PRSP are essentially to be implemented through the national budget.

The Government, using the information bank at the Central Statistical Office (CSO) and other studies, prepared a detailed country poverty profile that formed the background information to the PRSP final document. The PRSP has also benefited from earlier plans for poverty reduction e.g. the NPRAP that attempted to articulate specific strategies towards this goal. This formed a useful starting point in the PRSP process towards prioritization. The PRSP has drawn a lot from the NPRAP, especially in the social sectors and the crosscutting issues. Further consultations for the PRSP came from the review of literature on poverty in Zambia. In particular, a lot of research has been conducted in areas such as children deprivation, female deprivation, HIV/AIDS and its effects. Moreover, participatory research was done with communities regarding their perception of poverty, its causes, and what they themselves consider to be appropriate solutions to combat it. The results of the studies were taken into account during the preparation of this document (ZPRSP 2002:141). The government engaged consultants to work with the thematic groups in coming up with zero drafts. The section on crosscutting issues did not have working groups and therefore had very minimal stakeholder participation compared to the other sectors. However, the CSO's Report was submitted to the consultants who absorbed nearly all the concerns raised by civil society on the crosscutting issues. Another point to note is that at the time of the formulation of the PRSP government had not yet released the 2000 census results and therefore some statistics used in the PRSP document may be outdated and hence require updating.

### 3.5 Donor Participation

There are quite a number of donors that participated in various ways in the PRSP process in Zambia. These include ranging from the IMF, World Bank, UNDP and other United Nations (UN) agencies, the Department for International Development (DFID), German Agency for Technical Assistance (GTZ), the European Union (EU), United Nations International Children and Emergency Fund (UNICEF) and a host of bilateral governments.

Donor participation has mainly been in the form of policy advice on economic and political governance issues coupled with financial pledges to the process. Their operations have been coordinated through DFID, with special attention to implementation and monitoring of the process. Different donor organisations have shown interest in facilitating effective civil society participation through direct financial support. The financial support is meant to assure civil society's involvement in the PRSP, and to ensure that there is a close contact between civil society and government. The multilateral financial institutions have in a number of cases taken on an observer status. The EU and the UNDP have funded a large amount of PRSP activities for the government. Given that Zambia's PRSP directly states that the budget will be the primary instrument for effecting expenditures, the donors have opted to channel their financial support to the budget and then let the national government take control of the implementation and allocation of resources according to the PRSP priorities.

The UNDP largely funded civil society as well as government activities in the PRSP process, mainly to host stakeholders' meetings and consultation talks and to build relevant capacities as an on-going exercise. The IMF and the World Bank provided financial and technical advice or policy advice to the overall PRSP process but held an observer status at the civil society fora. During the CG meeting in Livingstone, 8-11 July 2002, the World Bank together with other cooperating partners made further pledges of supporting the PRSP in an effective and financially sustainable manner so that its programmes can be implemented smoothly. Zambia's financial situation confronts resource constraints with the overall fiscal balance at minus 7.3% of GDP in 2002, which however, is projected to decline to minus 5.7% by 2004. It is against this precarious financial background that Zambia appeals to the donors for funding in order to be able to carry out poverty reducing programmes as contained in the PRSP.

After some financial projections, it is estimated that a total of US\$1,200 million will be spent on the PRSP programmes between 2002 and 2004. This is made up of ongoing (pre-PRSP) and new programmes. Donors will finance 67% of the total cost while the rest will come from internal resources (ZPRSP 2002:13). Donor funding is, however, contingent upon Zambia remaining on course with the HIPC conditionalities such as the continued privatization of the remaining parastatals in the energy and financial sectors. The issue of privatization could pose some difficulties.

On 14<sup>th</sup> December 2002, the Zambian civil society comprising trade unions and their affiliate bodies, college and university students, workers and others held a protest

march in Lusaka against government's intentions to privatise the remaining national assets in the financial and energy sectors of the economy. The Republican President has also in recent weeks issued statements against privatisation of national assets. This situation drew a sharp reaction from the IMF Country Representative who issued a warning statement that Zambia risks losing US\$1 billion in HIPC debt relief if the country does not proceed with the privatisation programme. The impact of such policy reversal is that the country's PRSP implementation programmes will adversely be affected as 67% of the funding of the PRSP is to come from external sources of which the IMF is a large contributor. Thus there is a contradiction on the part of the multilateral creditors. On the one hand they are encouraging poverty reduction through their financial commitments to the HIPCs while on the other hand they are withholding funds on account of policy differences with the implementing countries.

Zambia already operates on a very tight budget and the expected debt relief from donors (HIPC and non HIPC) amounting to US\$1,300 million between 2002 and 2004 constitutes a significant portion of the expected budgetary resources that will assist to finance the PRSP. The success of the first Zambian PRSP is, therefore, dependent on donor goodwill.

Lastly, it is worth noting that donors' perception is that government working in conjunction with civil society has the capacity to execute the PRSP programmes—an assumption that should be treated with caution in light of the fragile and nascent relationship existing between government and civil society.

### **3.6 Relationships**

According to the interviews the researcher had with government officials and Dr. Situmbeko Musokotwane, a national consultant from the MFNP, (6 November 2002), the government strongly stresses the aspect of unanimity in the acceptance of the PRSP across a broad spectrum of the Zambian society as a testimony and manifestation of how effective the coordination had been. The two parties worked together as close partners in the PRSP. The IMF Country Representative Dr. Mark Ellyne also endorsed this view on 7<sup>th</sup> November 2002 who felt that the coordination of the process was extremely good as evidenced by a broad distributional spectrum of key stakeholders in the process. In his words this was a significant feature of the process.

The majority of CSOs that took part in the process have had fairly good working relationships with government on various development issues. Others, such as the well-established NGOs, have fairly good donor financial and material support in matters of national development. These groups were motivated to participate in the PRSP process, *inter alia*, because for a long time now, they have been involved in issues of poverty alleviation through community empowerment. Thus when the PRSP process was introduced it merely strengthened the determination of civil society groups to deal with poverty but this time in a more focused manner at a national policy level.

A lot of members of these CSOs have previously served in senior government positions, international development agencies while others are distinguished private research consultants and advocacy/lobby experts and thus their presence in the Civil Society for Poverty Reduction (CSPR) umbrella body brings with it vast experience and knowledge to the PRSP process. Some of the CSOs like Women for Change (WFC), Jubilee-Zambia and the Non Governmental Organization Coordinating Committee (NGOCC) are involved in community advocacy and lobby work, policy research as well as engaging government and donors in negotiations regarding matters of national development.

Some members of civil society interviewed felt their relationship with government was fairly good considering Zambia's historical culture where government often acted alone. Through incorporation of most of the civil society's concerns in the final document, government had demonstrated that it could listen and work with civil society. However, one undeniable fact is that government was the main driver of the process and thus cannot be expected to be on the same footing with civil society in terms of impact. The seriousness of civil society's commitment has been reflected through the organized manner in which it collected input for the PRSP. At the same time, a lot of members of civil society felt and continue to feel that the government needs to open up in terms of information sharing on the process. This is particularly important in the implementation stage. When government representatives were asked how they felt about their relationship with civil society, they boldly replied that the answer to that question was self evident—witnessed in the close collaboration between the government and civil society as exhibited in the thematic working groups. However, the fact that there were areas where civil society was deliberately sidelined, illustrates a point of weakness in this newly found partnership.

According to civil society representatives who were interviewed, their relationship with most donor agencies like the UNDP, Oxfam-Zambia, DFID, GTZ and a host of others through the process was very cordial and fruitful, particularly where these organizations assisted with financial support and in meeting their training needs. The IMF and the World Bank however, interfaced more with government along official lines, although they attended some of the civil society meetings on the PRSP. Civil society worked very well with most donor agencies to ensure that the document reflected the poverty concerns of the poor.

## **4.0 POLICY OUTCOMES**

### **4.1 Poverty Reduction Content**

The PRSP document identifies the main barriers to moving out of poverty as lack of growth, high inequality, debt burden, excessive external dependence, unsatisfactory prioritisation, inadequate social safety nets and the HIV/AIDS pandemic (ZPRSP 2002:26). Among the main causes of poverty stated above, the document singles out lack of sustained positive economic growth as the foremost cause. Lack of sustained growth fails to generate sufficient domestic resources through savings and taxation and thereby makes economic self-reliance a pipedream.

The PRSP document readily admits that causes of poverty in Zambia identified above are all important. However, special attention is being placed on the lack of growth in the last thirty years while the population has more than trebled since political independence in 1964. Zambia's first PRSP should then place high premium on strategies for reviving broad-based economic growth, with agriculture taking the lead from mining and tourism. Issues of human capital development as reflected in education, health, HIV/AIDS, water and sanitation are also widely covered and, in fact, are together accorded around a third of the PRSP budget. Tied to growth is the issue of social safety nets since sustained growth in the shadow of increasing inequalities may fail to achieve poverty reduction. Some of the assumptions guiding poverty reduction in the Zambian PRSP include:

- The PRSP is not a substitute to the much needed macroeconomic stability and structural reforms that are so vital to both growth and poverty reduction. Alongside this, growth-stimulating interventions are being placed at the centre of the PRSP together with pro-poor interventions that have been carefully chosen.
- The PRSP plans to carefully channel the scarce national resources only to meet those goals and objectives that have been agreed upon through a consultative process that characterized its preparation.
- The PRSP primarily, though not exclusively, targets agricultural development as the engine of income expansion for the poor and thus perceived to possess the best opportunities of enhancing the poor's livelihood. This is in addition to short-term government-sponsored poverty alleviation programmes.

It is important to note that while for the rural poor, their preoccupation is largely agriculture, those in the urban areas are principally engaged in the informal sector and hence different intervention measures to deal with these groups are needed. Zambia like many other poor countries has a bloated informal sector that currently absorbs about 70% of the labour force but earnings have remained unimpressively low. There is therefore need for government to support this sector and the PRSP identifies the facilitation of credit schemes, provision of marketing and technological information related to productivity and product marketing, and the provision of infrastructure through building of industrial estate as some of the assistance government could offer the poor in this sector.

To the extent that income poverty has been singled out through the PRSP process as one of the major constraints to improved social welfare, particular effort will be directed towards agricultural growth stimulation that is sensitive to equity in resource access and use (ZPRSP 2002:37). The main productive asset of the poor in Zambia is land. Their access to physical assets that enable them improve their productivity is, thus, an important prerequisite to their involvement in income-generating activities and the PRSP does recognize this important consideration. To the extent that agriculture is dominant in livelihood security for the poor, their access to land is, therefore, considered pivotal. As of now, close to 97% of farmers in Zambia have no title to the land that they cultivate.

From the governance perspective, poverty is not only little or lack of access to income through employment, entitlement, or other means that determine consumption. It is also exclusion from participation in institutions and processes that govern one's life, leading to voicelessness and powerlessness in these processes and institutions. Bad governance imposes a burden on the poor and puts them into deeper poverty. Equally, poverty constrains the poor from participating in national development, leading to weak or poor governance of institutions. Good governance, on the other hand, is associated with larger growth rates and incomes for the poor. Government, through greater involvement of civil society and private business sector in development, harnesses this. It follows that any strategy for economic growth and sustainable human development must encompass good governance for the sake of participation, transparency, and accountability (ZPRSP 2002:2).

The PRSP document identifies a critical issue for reviving growth as the level and quality of investment, and the role of the private sector as the engine. The main challenge for poverty reduction is how best to create and expand opportunities for the poor to earn a decent income in a sustainable way so that they are able to meet the basic necessities of life (PRSP document, page 43). The solution lies in raising both the levels of production and productivity in the nation. Performance of the external sector through trade promotion and getting the right fiscal and monetary environment are also seen as being important ingredients in reducing poverty on a long-term basis.

Under broad assumptions, Zambia's PRSP sees improved economic growth as the most important defining variable of government intervention for poverty reduction. Without economic growth, the Zambian PRSP argues, it is impossible to reduce income poverty, and even advances against other aspects of human poverty such as illiteracy, or child mortality, cannot be sustained without it.

Although sustained growth is imperative for poverty reduction, rising inequality has serious adverse effects that dampen the efficacy of growth in realizing the desired goal of poverty reduction (ZPRSP 2002:38). There are losers from adjustments that growth requires, and policies need to be put in place to target them so that the benefits of growth do not bypass them. Zambia in the last few years has been experiencing growth without economic development, by which we mean employment creation and a decline in poverty levels. It is in this context that the concept of *broad-based growth* has emerged as an alternative way of recognizing the importance of growth with redistribution in any meaningful approach towards poverty reduction.

## 4.2 Assumptions

The overriding assumption on policy-making during the PRSP process was that for any plans to succeed on national development there was need to have a correct policy environment and framework that responds to the challenges of poverty. In line with that the government with the support of the international cooperating partners embarked on institutional and policy reforms in the key sectors of the economy. Through the Public Sector Reform Programme Government embarked on a

restructuring exercise of its institutions, reorienting its policies towards effective delivery of services to the people. The PRSP process reinforced these reforms.

The government also recognized that for any national plan to succeed there was need to cultivate an enabling environment through a consultative and participative process. Efforts were made to involve and consult civil society and other stakeholders in the process leading to the formulation of the PRSP. Regrettably for reasons we have already referred to, civil society was not involved in the I-PRSP and for this government has been criticised. It was recognized that poverty was about people, and thus the affected people and communities should be at the centre stage of the process.

Through some analysis of past policies on trade and growth, the PRSP proposes measures that promote broad-based growth with trickle down effects in order to uplift the standards of the poor. Some of the assumptions on growth/trade are:

- An annual average growth rate of 4.3% in 2002 and 4.0% each in the years 2003 and 2004 is needed. The Zambian economy will be able to register sufficient real economic growth that can be used to enhance the resource envelope for domestic counterpart funding of the PRSP. However, 2002 projected figure of 4% has had to be revised downwards to 3.7% due to poor performance of the economy in the last ten months;
- The external current account and the overall balance of payments must improve to minus US\$597 million and minus US\$99 million, in 2004 from an estimated minus US\$665 million and minus US\$420 in 2002, respectively (PRSP document 2002: 38);
- Export opportunities in markets that give Zambia preferential treatment for its export such as the European Union under the Cotonou Agreement, and the United States market through the African Growth and Opportunity Act (AGOA) must be identified. Export opportunities under the Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC), and similar regional bodies will also be pursued with added vigour.

The assumptions on causes of poverty and most effective methods for poverty reduction were anchored on the fact that poverty is a multidimensional phenomenon presenting itself in political, economic, cultural and environmental terms. Solutions then, were seen to also be multifaceted, requiring a holistic approach. The PRSP process has emphasized the importance of these aspects.

Civil society assumptions included that first; the PRSP is addressing the most profound moral challenge facing Zambia today-poverty. Second, the PRSP is not a process meant only to solicit for funds for immediately meeting the poverty challenge, but a process for long-term development planning to effectively eradicate poverty. Third, the PRSP should not be seen as a one-off event but as an on-going programme with constant evaluation and revision based upon realistic assessment of results. Fourth and lastly, the PRSP can never claim wider acceptability and legitimacy unless

civil society is allowed to effectively participate in its design and decision-making processes at the initial and final levels

### 4.3 National Budget Processes

The Zambian PRSP clearly states that annual budget will be the primary instrument for effecting expenditures of its priorities on poverty reduction. The government's own commitment to raising the welfare of the poor is an important signal to the rest of society and will be reflected partly by the amount of budgetary resources earmarked for poverty reduction and how efficiently these will be applied. As such the principal responsibility of government will be:

- To ensure that the budget presented to Parliament reflects the priorities as contained in the PRSP;
- That the budget is implemented in accordance with the approved estimates of revenue and expenditures;
- In order to facilitate debates in Parliament on the PRSP, the document proposes a publication of a green paper (or pre-budget) by government, which allows government's medium term fiscal projections to be adequately discussed by Parliament and civil society at large. This is to be done on annual basis and prior to the presentation of the budget and it is envisaged that this report would be introduced in 2003 (Mwinga 2002).

The PRSP recognizes the need to strengthen the link between plans and budgets. In this regard, special efforts are under way to ensure that budgeting is purposeful and that it is not at variance with what is finally mobilized and later expended. Activity based budgeting is being extended to all government ministries as an instrument for linking the budget with development goals (ZPRSP 2002:47). In line with that, the 2002 Budget reflects this commitment by increasing the proportion of the domestic resources allocated to economic and social sectors from 43.5% in 2001 to 46.5% in the 2002 budget. Moreover, government time and again has reiterated its commitment to increasing budgetary resources to financing poverty reducing programmes and activities identified in the PRSP process. It is therefore important that government vigorously orientates its budgetary planning towards concretely fighting poverty if the measures contained in the PRSP are to be realized.

Civil society has started on a serious note to advocate for the reflection of the PRSP activities in the national budget. In line with that civil society issued a statement, in which they:

...call on government to reflect the priorities of the PRSP in the budget so as to echo its commitments to fighting the moral challenge facing most of our people today. The PRSP should not be seen only as a document to solicit funds from the donor community or as a mere tool for HIPC relief because if taken in this way, Zambia will see itself back in the grip and turmoil of the structural adjustment paradigm as the PRSP will stand as a conditionality set by the multilateral

institutions. If taken this way, the PRSP will fail to achieve desired results for Zambia. Zambia has not recovered from the SAPs of the past (Part of the speech by the CSPR Coordinator at the CCJP Pre-Budget Forum on the 17<sup>th</sup> October 2002, Pamodzi Hotel in Lusaka).

#### **4.4 Lessons incorporated**

Certainly the Zambian PRSP has learnt from past poverty reduction programmes and practices. For example, SAPs failed mainly because they did not focus on the aspect of human development as their main objective but were preoccupied with the goal of attaining economic growth and stabilization. Stabilization should not be at the expense of stripping people of their livelihood through programmes that create income poverty through unemployment. It is for this reason that PRSPs' focus, while aiming to achieve economic growth and stabilization, is on reducing poverty by creating an enabling environment where the poor can be economically empowered through right incentives in agriculture and other related sectors of the economy.

Ghana presents a case of a country where SAPs were religiously implemented for more than a decade. At the end of the programme, the material conditions of Ghanaians were worse off than at the beginning. This has been the experience in many African countries, including Zambia.

At the same time, when it comes to the preparation of Ghana's PRSP or GPRSP there was a strong case of participation of various stakeholders. The objectives for participation were to ensure reflection of views of average citizens in the process, to ensure input of government ministries and agencies, to guarantee civil society's role in implementation is well defined and to enhance the advocacy and the watchdog role of civil society. The methodology employed included the use of seminars, briefing notes and workshops with defined outputs. Local level community consultations were conducted to disseminate information on the GPRSP and to obtain community perceptions on poverty (Kusi 2002).

Other good lessons on the PRSP can be learnt from the cases of Uganda, Tanzania and Mozambique where PRSPs have shown signs of potency and effectiveness. Uganda is one of the first low-income countries to prepare a comprehensive and participatory national strategy for poverty reduction. This plan was "home grown" in the mid-1990s and Uganda's experience inspired the design of the programme for debt relief under the HIPC initiative (Zambia Civil Society 2001).

Two main themes emerged which were debated in a participatory process and that lasted 24 months. The first theme was the impact of macro-economic policies on poverty, and in particular the damaging impact of inflation on the poor. The second theme was how to improve the provision of public services in health, education, water and sanitation to poor people. Even before the dawn of the PRSP era Uganda had already initiated mechanisms to deal with poverty like the Poverty Eradication Action Programmes (PEAPs) and the Poverty Action Fund (PAF). Through these processes government engaged dialogue with key stakeholders on how to combat poverty in the

country so that when the PRSP process came on the scene it merely consolidated the consultations that had already been going on between government and civil society organizations. In terms of financing some programmes contained in the PRSP, Uganda has used the savings from HIPC resources to implement the universal primary education (UPE) programme and preliminary results so far indicate that primary school enrolments have more than doubled in recent years (Zambia Civil Society 2001).

In Tanzania, the PRSP was approved by Cabinet in October 2000 and by the World Bank and the IMF Executive Boards in November 2000. The Tanzania PRSP process was built on earlier policy papers on poverty: the National Poverty Reduction Eradication Strategy (NPRES) and Tanzania Assistance Strategy (TAS). According to the Tanzania Coalition for Debt and Development (TCDD), CSOs were not effectively engaged in these earlier policy processes. However, the PRSP, with its requirement of transparent consultations, provided an entry point for civil society organizations to enter into dialogue with government on issues of poverty and debt relief (Bonsdorff 2001). On a positive note in Tanzania government has used HIPC savings to abolish user fees in primary schools and the immediate positive impact has been the return of over 1.5 million pupils to classes.

Mozambique is one of the poorest countries of the developing world with a per capita income estimated in 1999 at US\$230. Its social indicators rank below the averages of sub-Saharan African countries (Mozambique Country Assistance Strategy, World Bank, June 2000). In 1999, in the context of its efforts to reduce poverty, the government of Mozambique elaborated an action plan for the reduction of absolute poverty, which defines the actions and priorities to be implemented at different levels and different sectors. The Government's main objective is to reduce absolute poverty from the current levels of 70% to around 50% in the next ten years, and its intermediate objective is to reach a poverty level of around 60% by the year 2004 (Mozambique I-PRSP 2000). The government working closely with civil society prepared the PRSP document and all consultative meetings between the two groups were organized by the central government. Mozambique is another case where the PRSP programme has shown strong signs of efficacy as government has managed to use the HIPC savings to immunize all children below the age of five years against killer diseases.

What is clear from all the cases reviewed so far is the important aspect of consultation and participation that various governments exhibited during the preparation of their PRSPs and the Zambian government certainly got some of its inspiration to work with civil society from these countries. The Zambian government officials also travelled extensively to countries that were ahead of Zambia in terms of the PRSP process to learn other people's experiences and see how those could be adapted to our case.

During the last meeting of the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa, Zambia was cited by the United Nations as one of the countries where best practices in the formulation of the PRSP by means of the civil society activities and input had been well demonstrated.

It is therefore important that the Zambian government prioritizes and sequences its programmes in the PRSP in order to reap optimal benefits from the PRSP programme as other countries have done.

#### 4.5 International Standards

The PRSP is Zambia's development planning and resource programming tool and, as such, it is the overall framework for national planning and interventions for development and poverty. It is thus imperative that this important document be linked to other important development objectives such as international standards and benchmarks like the MDGs, New Partnership for African Development (NEPAD) and Vision 2020. As Clare Short, British Secretary of State for International Development, rightly observed, 'the MDGs have the potential to transform the lives of hundreds of millions of poor people, and make the planet a better and safer place for our children and grandchildren.'<sup>4</sup> Hence it is important that developing countries are helped to attain these goals. Since the Zambian PRSP is about reducing poverty substantially and one of the MDG goals is to halve poverty by 2015, the two initiatives are clearly interlinked. The need for harmonizing the means to achieving them becomes apparent, so that efforts are not dissipated.

**Table B: Required growth rates by region for meeting the MDGs**

Region	Per capita growth	Total growth
Sub Saharan Africa (SSA)	5.9%	8.2%
Middle East and North Africa	2.8%	4.7%
East Asia and Pacific	3.5%	4.3%
South Asia	3.9%	5.5%
Latin America and the Caribbean	7.0%	10.2%
East Europe and Central Asia	3.8%	3.9%

**Source:** Jubilee Research Foundation (February 2002) and calculations by the UK's Overseas Development Institute

On one hand, the PRSP clearly identifies the external debt burden currently at US\$7.3 billion and lack of sustained growth as some of the primary causes of poverty in Zambia. On the other hand, NEPAD also recognizes that for Africa to develop the debt burden has to be eliminated while at the same time promoting annual economic growth of 7% in order to achieve the MDGs. To the extent that the programmes have similarities in their outlook on debt and growth we would argue with some hindsight that the Zambian PRSP does in a modest sense incorporate the ideals of these

international development goals. The international Vision 2020 does not differ much with Zambia's Vision 2025 where the emphasis is on reducing poverty levels.

Though it is very difficult to see how privatisation (as proposed in the PRSP document) of some State utilities such as water and electricity is directly linked to poverty reduction, it is important to note that privatisation is aimed at eliminating State inefficiencies that tend to raise costs of production in the economy. When goods and services are produced in an efficient and cheaper manner then the benefits of production, other things being equal, in form of low product prices can be passed on to the consumer (or the poor). The government is also relieved of subsidizing State companies that are loss-making and the money saved can then be used to directly finance poverty alleviating programmes.

Within the NEPAD framework African leaders are saying: "the continent needs to extricate itself from the malaise of underdevelopment and exclusion in a globalizing world that African resources should be harnessed to create wealth for the well-being of its people". This view has to a great extent, influenced the shape and direction of the PRSP process in terms of setting goals and policy outcomes for poverty reduction. The emphasis within the PRSP framework is to embark on programmes that have an immediate positive impact on the poor while at the same time focusing on long-term and sustainable plans that ultimately eradicate poverty, and this what NEPAD is striving to do.

At the same time it is worth highlighting the criticisms being launched at NEPAD with a view to ensuring lessons are learned. Firstly, it is not anchored on broad consultations from African civil society and other key stakeholders and therefore suffers from legitimacy and acceptability. Secondly, it relies heavily on foreign sources of funding for its implementation but external funds have always come with strings attached. If Africa fails to fulfil donor requirements then the programmes may fall apart.

#### **4.6 Human Development**

If human development signifies the process of enlarging people's choices and opportunities that are most basic to human development, poverty signifies their denial. Such deprivations include material deprivations in terms of food and nutrition, health, education and literacy, safe water and sanitation, and clothing and shelter. To these must be added the deprivation of human rights through discrimination, disempowerment, and exclusion that leads to loss of human dignity (PRSP document: 20). Noting that poverty is a multidimensional phenomenon the Zambian PRSP has adopted more holistic measures of poverty that capture the social aspects of the poor. These measures are the Human Poverty Index (HPI) and the Human Development Index (HDI) developed by the UNDP in 1997. The HDI among others shows how the country ranks in relation to other countries in terms of economic and social development while the HPI intends to gauge a broader notion of 'human poverty' as opposed to just income poverty. The HPI is a composite index that measures deprivation in three broad areas: deprivation of a long and healthy life measured by

the percentage of newborns not expected to survive 40 years of age; deprivation of knowledge measured by illiteracy; and deprivation in economic provisioning measured by the percentage of the population lacking access to health services and safe water as well as the number of children who are moderately or severely underweight.

#### **4.7 Integration of Macro-economic and Social Policy**

Zambia recognizes that growth stimulation should be complemented by measures that target the poor against the adverse impacts of economic reforms and other internal and external factors. In particular, basic education and basic health are powerful instruments for assisting the poor; therefore, substantial resources are earmarked for both sectors. The PRSP goes beyond these to reinforce other existing measures which include the poverty-focused social safety nets like the Public Welfare Assistance Schemes (PWAS); the Social Recovery Fund; Project Urban Self-Help (PUSH), the Food-For Work Programmes; and entrepreneurial development and training for retrenched employees. All these areas constitute the “social theme” of the PRSP. Higher budgetary allocations to these poverty-oriented interventions are seen as important prerequisites under the multi-prong approach to poverty reduction (ZPRSP 2002:37). While the PWAS does cover a broad canvas of activities, the financial allocations made are meagre. The number of applicants for assistance has been growing over the years rendering, the PWAS increasingly inadequate. Of the 228,558 applicants who sought assistance in 1999, only 29% received assistance.

The Zambian PRSP emphasizes growth with trickle-down effects, and is weak in terms of social policy, where it relies on safety nets to cushion off the vulnerable from the effects of structural reforms. One safety net measure introduced in the health sector is a policy of exemptions from payment of user fees that were introduced in 1993. There are four groups of exemptions based on age, disease, and income. Children under the age of five and those aged sixty-five years and above are exempted. All antenatal and postnatal episodes as well as chronic illnesses such as tuberculosis (TB), sexually transmitted diseases (STDs), and HIV/AIDS are exempted. Those who are unable to pay can seek exemption under the Health Care Cost Scheme operated through the PWAS. In addition, all those affected by disaster or involved in accidents are also exempted from payment of user fees. The PRSP document notes that there have been inequities in the manner in which the exemption policy has operated. Research has shown that there have been very high errors of exclusion and inclusion prompting a need for the revision of the policy to tighten all loopholes. Recently the government in a policy statement announced the abolishment of user fees in all government primary schools in order to encourage parents and guardians to send their children and dependants to school.

The government has also set up the Zambia Social Investment Fund (ZAMSIF) in the Ministry of Finance and National Planning with the support of the World Bank. One of its main objectives is to achieve ‘sustainable improved availability and use of quality basic social services by beneficiary communities and specific vulnerable groups’ (ZPRSP 2002:28).

#### 4.8 Conditionality and link to HIPC and Aid

The IMF and the World Bank emphasize the preparation, in a consultative and participatory manner, of a nationally owned PRSP as a condition for debt relief for the poor and heavily indebted countries under the HIPC Initiative. It is a common fact that high levels of external debts continue to be a crushing burden on some of the poorest countries. These countries use a significant portion of their foreign earnings to repay debt and thus they cannot devote sufficient resources to their national health and education systems.

The external debt in Zambia has continued to reduce resources for poverty reduction by exerting a significant crowding out effect on the social expenditures. Zambia needs deeper debt relief for poverty reduction programmes to succeed. The inadequate expenditures on economic and social services have contributed to the debilitation of the country's stock of human and economic capital and this in turn has constrained growth. Thus huge external debts remain, for the majority of the poor countries, a significant blockade to the achievement of the MDGs, including the goals to promote universal primary education and halving the number of people living in extreme poverty by 2015.

Central to the HIPC Initiative is the country's continued effort toward macroeconomic adjustment and structural and social policy reforms. The HIPC initiative is the first comprehensive effort and mechanism by the Fund and the Bank to try and reduce external debts of poor countries through cancellation upon reaching the Decision Point<sup>5</sup> and Completion Point<sup>6</sup>. Many however, feel that the current arrangement is not working well. The initiative uses complicated and arbitrary debt-to-export ratios to determine eligibility for debt relief. Some countries (i.e. Uganda and Mozambique) even after qualifying for debt relief under the HIPC initiative are still paying more in debt service than before.

Zambian civil society proposed that there should be total cancellation of all HIPC debts accompanied by strong monitoring and accountability mechanisms. This is to ensure that the additional funds available to HIPC governments, through debt cancellation, would be directly channelled into increased social expenditure, especially on education, health and the HIV/AIDS pandemic and not abused through corruption and other malpractices. As earlier mentioned, there is a close link between the HIPC initiative and the PRSP process. The latter is one of the conditionalities for heavily indebted poor countries before they can receive debt relief and concessional financing from the IFI and HIPC resources is to provide some of the finance required for the implementation of the PRSP.

For the Zambian case, before any fresh funding can take place under the current HIPC arrangements, the government must adhere to strict fiscal austerity by way of reducing its budget deficits and implementing the privatization of the remaining parastatals in the financial and energy sectors. Through a Letter of Intent signed in May 2002, Zambia has already committed itself to selling off the Zambia National Commercial Bank (ZANACO) which is the largest government owned commercial

bank. In the same letter the government planned to privatize the Zambia Electricity and Supply Corporation (ZESCO). These are part of the conditionalities agreed upon between the Zambian government and the international creditors.

The rationale for this policy action is that government must move away from running business ventures and let the private sector—which is being seen as the engine of growth to be at the centre stage of the economy while government devotes its energies on creating an enabling environment where private enterprise can thrive. The other argument for insisting on the privatization of ZESCO and ZANACO is that these parastatals have been incurring losses for a long time and hence relying on government subsidies and funding for their survival. Subsidizing loss-making public enterprises in the eyes of the IMF and the World Bank does not make much economic sense especially for a country where resources are limited. The solution then, lies in getting rid of these liabilities through privatisation, sparing resources for the social and productive sectors of the economy.

Over time it is expected that these public enterprises once in the hands of the private sector will be able to operate more efficiently and viably and hence be able to pass on benefits to the consumers in form of lower charges. But this is an assertion we need to take carefully as privatisation does not always guarantee lower costs especially if it is done haphazardly. The Zambian people are also concerned that once the private investors whose sole motive is profit-making have taken over key and strategic companies like ZESCO, they are not compelled or bound by any social obligations to take care of the concerns of the poor as they go about their business. However, to the extent that some new investors will come with their funds for recapitalization of the business concerns they are buying, government is relieved of the task of sourcing external finance for running its enterprises. This reduces dependence on donor aid for its operations.

#### **4.9 IFIs' Receptivity to the Zambian PRSP**

After Cabinet had received and studied the final PRSP document from the government working team it was submitted to the Boards of the Fund and the Bank in May 2002 for endorsement. In the same month the joint Boards of the IMF and the World Bank unanimously endorsed the Zambian PRSP with no changes or amendments to the original document much to the relief of government and all the key stakeholders that had participated in its preparation. The PRSP's implementation started with the 2002 national budget as most of the expenditure items in the budget reflect PRSP commitments. The poverty reducing programmes covered in the 2002 national budget are education, health, water and sanitation, social safety nets, rural development, HIV/AIDS, human rights and good governance, housing, urban infrastructure, colleges and universities, youth development, industrial development and, resettlement programmes

Apart from the donors insisting that government observes fiscal discipline and stays within the agreed expenditure targets for the year to promote macroeconomic

stability, there were no other new significant conditionalities placed upon the government.

## **5.0 MONITORING AND IMPLEMENTATION**

The overall coordination of the implementation of the PRSP rests with the Ministry of Finance and National Planning (MFNP) with the full participation of line ministries, other government institutions, civil society, and the international cooperating partners. The Planning and Economic Management Department (PEMD) in the MFNP will be the focal point for the PRSP coordination, monitoring and evaluation. All the Planning departments in the MFNP will be involved in the planning and management of the PRSP process with the planning department taking a lead. In order to achieve the desired focus on poverty reduction strategies, a Poverty Reduction and Analysis Unit has been established at the MFNP whose responsibility will be to coordinate the planning, implementation, and monitoring and evaluation of the PRSP.

All the 8 technical committees created during the PRSP preparation will continue to function during the implementation, monitoring, and evaluation stages. Furthermore, these committees will be linked and harmonized with the HIPC monitoring committees that were created in 2001 with the sole purpose of monitoring HIPC initiative resources. HIPC resources are seen as being one of the sources of financing the poverty reduction programmes (ZPRSP 2002:132).

The Planning and Economic Management Department (PEMD) in the MFNP is in charge of the overall poverty monitoring function. The MFNP in collaboration with sector and line ministries, and civil society will work out and implement a comprehensive monitoring system on the basis of performance, and intermediate and final indicators (ZPRSP 2002:136). Appropriate mechanisms will be put in place to link the district and provincial planning and administration systems and line ministries with regard to planning, implementation, monitoring, and evaluation of PRSP programmes. As an extra check on the process, civil society intends to monitor the programmes through periodic participatory assessments methods so that the monitoring involves the targeted people as much as possible.

The line ministries and provincial units will be linked to PEMD and is expected that the line ministries and provincial planning units will carry out budgeting, sectoral coordination, and monitoring. At the provincial level, the Provincial Planning Units (PPUs) under the MFNP will do the planning. At the sectoral level, ministerial planning units will continue to produce sector plans which will be linked to the district, provincial, and annual operational plans of the PRSP.

District planning structures or units will be established and will be linked to the Provincial Planning Units at the higher level and the community-based organizations at the lower level. These units will be very critical in the planning and monitoring of the PRSP programmes. It is expected that the preparation of district and provincial work plans will draw on the participation of key stakeholders, including the private sector, NGOs, and civil society (ZPRSP 2002:133).

Recently the government held a workshop in Livingstone from 4-6 November 2002 in order to develop a Poverty Monitoring Analysis (PMA) system as a basis for effective monitoring of the PRSP. The PMA is a tool that looks at appropriate methodologies to be adopted for monitoring and evaluation of the PRSP and this is done by identifying and developing key input, output, process and impact indicators for the various policies, programmes and projects (PPPs) under implementation. This Researcher actively participated in the process and deliberations the PMA Workshop. The workshop was intensely consultative targeting all Permanent Secretaries, various government operatives and the civil society in general.

The primary aim of Zambia's poverty monitoring system is to track progress being made in the achievement of the goals and objectives using appropriate mix of intermediate and final indicators. The intermediate indicators are mostly composed of factors that are under the control of implementing agencies such as line ministries. On the other hand, final indicators are mostly composed of aspects of welfare not directly under the implementing agency's control. The government is yet to finalise a full list of monitoring indicators for the PRSP. Monitoring will involve tracking key indicators over time and space with a view to seeing what changes have taken place to the indicators following the implementation of the PRSP. Since the central objective of the PRSP is to reduce poverty, evaluations will enable the assessment of the impact on poverty interventions under the PRSP. Thus, the monitoring system is expected to provide the basic input data into either PRSP evaluation as a whole or specific programme components or policies.

An annual PRSP report will be produced to monitor progress towards PSRP implementation (ZPRSP 2002:134). The data sources for monitoring indicators will essentially be the national census, household surveys, administrative records, management information systems, special surveys, and participatory assessments for qualitative indicators. Findings of monitoring indicators will then be used to improve subsequent PRSP processes at an appropriate future time.

The large involvement of many stakeholders in the preparation of the PRSP has enriched it and deeply grounded its ownership in the country. Stakeholders were involved at various stages of its preparation (save at the technical level where civil society was left out) including at the level of conceptualizing its roadmap through a national sensitization workshop. This collaboration was extended into formation of sector working groups, drawing participants from interest groups to design sector specific programmes for poverty reduction, which became the main ingredients of the PRSP. It is now hoped that government will continue collaborating with civil society and other stakeholders even at the implementation and monitoring stages so as to cultivate a strong sense of ownership of the programme at the national level.

## **PART III: CONCLUSIONS AND RECOMMENDATIONS**

### **6.0 Quality of Process and Outcomes**

#### **6.1 Ownership, Partnership and Compromise**

According to one survey, 80% of respondents agreed that the PRSP process had greatly strengthened and enhanced the spirit of partnership among key stakeholders on national poverty reduction goals and strategies (Mwinga 2002). The survey further revealed that the majority (about two thirds) of civil society's views and proposals had been incorporated in the Government PRSP document and thus civil society greatly supplemented government efforts in the process. Moreover, civic views on crosscutting issues such as HIV/AIDS, health, education, employment, gender and environment were taken on board. Other concerns from civil society reflected in the main document were issues of political governance such as the abolishment of the Office of the District Administrator and the Presidential Discretionary Fund. However, despite this recommendation to do away with the District Administrator's Office, the President has continued to appoint and re-appoint District Administrators—a probably a sign that government is not yet ready let off certain functionaries. Regardless, it seems clear that those who participated see civil society's participation in the process as worthwhile and meaningful. Moreover, it can also be said that the involvement of civil society in the PRSP process is a prerequisite to its success and a key to its ownership by the people.

The UNDP in collaboration with the World Bank has provided policy advice on both the interim and full PRSP. In addition, through effective teamwork and constructive partnerships, the UNDP and the World Bank have played a leading role to help mobilize resources needed for the formulation of the PRSP. UNDP's support has been directed towards capacity building in the MFNP, consultative process which included a number of sensitisation workshops, eight working groups through technical support; facilitating the sharing of experiences from other countries; and support to effective and meaningful participation by civil society.

Though civil society's influence and participation in the PRSP process is vast, its overall impact on the programme is dependent on both the government and donors' continued willingness to work with civil society. So from this perspective government and donors' views on certain aspects are likely to take the day over civil society's concerns, especially when it comes to implementation.

#### **6.2 Impacts**

The positive social impacts of the process have been the ability of the programme to work with the poor on the social policy i.e. safety nets for the vulnerable groups. However, resources for this task are meagre which may result in certain categories of the poor communities being left out from the initial list of beneficiaries.

The good economic aspects of the process have been the ability to reorient the economic policy towards meeting the needs of the people through increased expenditures on the social programmes. However, current economic policies continue to emphasize structural reforms that are, to a great extent, responsible for the human hardships through loss of jobs.

The positive political aspects are that a large spectrum of politicians managed to work together on finding ways to combat poverty in Zambia but the fears now are that political expedience may override economic prudence in the implementation of the PRSP process.

Impacts can be viewed as both process and content based. That civil society was left out of the drafting technical committees for example, is a process issue with content impacts. In the same vein, government was the main driver of the process so it naturally follows that it would like some of its perceived important programmes that may not necessarily be its interests, where not congruent with civil society's, will prevail. On the macroeconomic section of the PRSP for example, it is clear that government is continuing with a lot of elements that are contained in the SAPs despite civil society voicing its concerns on some of the liberal policies that tend to impinge on people's social dignity such as job losses and promotion of user fees in the social delivery systems.

While it is difficult to see policy differences between elements of SAPs and PRSP in terms of privatisation, liberalisation of finance and trade, fiscal austerity, monetarism, and user fees for State services, there are key distinctions; the PRSP seeks to be informed by local participation and input and driven with a strong component of poverty reduction through increases in the social expenditures. The involvement of civil society in PRSP process is a remarkable and welcome departure from SAPs that has had important impacts. After all, it is the affected people and/or their advocates who should determine their economic destiny. The content of the PRSP also differ from SAPs on the issue of providing free education. The PRSP process promises to make a difference by ensuring that there is consistency between a country's macro-economic policies and the social goals of poverty reduction. It is also intended to be conducted in a way and fashion that ensures transparency, accountability, and broad based participation in the choice of social goals, and the formulation of policies, monitoring and implementation—ingredients that were clearly missing in SAPs.

The PRSP in Zambia like elsewhere has offered space to civil society to have some input in the discussions on economic growth and poverty reduction strategies that has hitherto been the domain of government and donors/external partners only. The ordinary citizens through this process have been able to challenge donors and government alike on some of the flaws contained in the economic policies that are being pursued.

For instance, Jubilee-Zambia and a host of other CSOs have been at the forefront in highlighting technical mistakes in the current HIPC initiative, pointing to why it will not deliver its promise of "robust exit" from unsustainable debts by all poor,

participating countries. Civil society has been able to draw the creditors' attention to the fact that debt relief under the HIPC criteria is not enough as more resources continue to leave poor countries than they are receiving. The consequence has been the crowding out of payments for social services that are fundamental to human rights (the rights to education, clean and safe water, decent health care, etc.).

Though the correlation may be weak, civil society feels that the exposure of the inappropriateness of some donor/government initiatives has contributed greatly to tailoring economic policies within the PRSP that are sensitive to the views of Zambians. This can be seen by the deliberate effort within the PRSP document to include the social concerns of people through safety nets

Other process impacts are:

- An emergence of a partnership among various stakeholders on critical national issues;
- Through the process, civil society is now better organized to speak on national issues and is being taken more seriously by government than before;
- A new culture of improved information exchange between the government and stakeholders though a lot more needs to be done in this area;
- The CSPR consultative process helped to broaden participation and therefore enhance ownership of the PRSP;
- There is also a strong civil society commitment and zeal to ensuring that the PRSP succeeds in Zambia;
- The PRSP has assisted in rebuilding the confidence and trust that government has the ability to listen through adoption and incorporation of most of civil society's views in the final document.

Arising from this participation, we see content impacts in form of well thought-out economic and social policies developed with key input from both government and civil society.

### **6.3 What potential Poverty Reduction?**

The Zambian PRSP has the potential to advance poverty elimination in Zambia in several ways. To an extent the poor themselves were allowed to identify what they perceived to be their perennial problems. This means that the solutions proposed in the document will go a long way in designing appropriate interventions and hence reduce poverty in the country. Through the PRSP, poverty concerns are being placed at the heart of the policymaking process and this constitutes the strongest merit of this new approach to combating poverty (Saasa 2002). The process facilitates the

provision of some additional fiscal space for executing social programmes in the country.

The Zambian PRSP emphasizes sustained economic growth as a means to reduce poverty and ultimately eradicate it. This can raise productivity and incomes of poor people, expanding opportunities and choices in a number of ways. Zambia also needs to overcome the embedded structural constraints on the supply side of the economy in order to boost levels of production. To facilitate this, developed countries need to work on a corresponding level—opening up their markets through removal of subsidies and tariff barriers to enhance the volume of exports from Zambia and many other low-income countries that are trapped in a poverty spiral.

Zambia needs to improve its organizational and institutional capacities to implement the PRSP because good plans on paper do not necessarily mean success unless they are implemented in a coherent, logical and robust manner.

The pro-poor programmes in the PRSP should be linked to policy reforms that promote empowerment of the disadvantaged and economically marginalized groups in society. If this PRSP programme is to succeed then it must pay particular attention to three things:

1. The contextual framework i.e. it is taking place in the social and economic environment where a large number of Zambians (about 73%) are extremely poor and hence they must be the focus of the programme;
2. Pro-poor centred activities—the programme must at all times continue to involve the poor in decision-making processes;
3. Sound content—the programmes and activities must be well tailored to tackle the immediate causes of poverty rather than focusing on distant poverty reducing goals.

More importantly, the success of the PRSP lies predominantly with our leaders who must exhibit political will and commitment in ensuring that the document is used as a practical tool for reducing poverty in Zambia. As well, there is a need to have effective monitoring and implementation strategies that can adequately ensure that the nation is on track in eradicating poverty.

## 7.0 RECOMMENDATIONS

### 7.1 Remediating the PRSPs

Many stakeholders have perceived the connection of the PRSP to the HIPC initiative as a hiccup in the bid to reduce poverty. Since PRSPs are one of the conditionalities attached to the HIPC Initiative, countries may be forced to prepare these papers in haste so as to quickly reach the Decision Point for interim debt relief. To avoid this potential danger this paper proposes that PRSPs be delinked from the HIPC initiative. The PRSP can contribute to significant poverty reduction if the HIPC funds and other resources are utilised to implementing poverty reducing programmes and also to stimulate the economy in those growth points that have significant potential for poverty reduction, like agriculture and tourism (N. Ngwira, 2002). The real constraints to using the PRSP to reduce poverty may be the lack of political will and commitment on the part of the government, and the unpredictable donors who may change the 'goal posts' of funding the programme.

The PRSP in its quest to cure poverty problems in poor countries has omitted one important aspect important in addressing poverty. By focusing on internal causes only the process has missed the influence of unfair terms of trade at the global markets as well as lack of donor commitments on funding toward development programmes. Apart from Ireland most bilateral governments have not yet fulfilled their pledges of 0.7% of their Gross National Product (GNP) to go towards aid to developing countries.

There should be total cancellation of all external debts if Zambia is to mobilize enough resources for investments in poverty related programmes as contained in the PRSP. HIPCs have no spare resources available that could be used for debt servicing. In fact even if Zambia is to be granted 100% debt cancellation the country would still need increased financial support in the form of grants to meet their international development goals such as the MDGs.

The PRSP is an integral part of the HIPC process, focusing mainly on poverty alleviation, subject to a relatively hard government budget constraint, starting in the financial year 2000/01. However, there are three keys issues that we need to pay particular attention to:

- First, substantial efforts toward poverty reduction by international partners are still being implemented outside the framework of the government budget. To ensure maximum progress toward poverty reduction and improved predictability of budgets, these efforts would need to be rationalized and realigned progressively, to reflect the PRSP priorities;
- Second, a large amount of international resources are being channelled through specific donor driven projects, sometimes duplicating other efforts;

- Third, a key step in the area of public sector reform, notably the Medium Term Expenditure Framework (MTEF) exercise for the financial year 2000/01 preceded the formulation of the PRSP. The priority objectives of the latter will, therefore, need to be reflected more fully in the MTEF for 2001/02 and the subsequent years (Saasa, 2002).

Directly connected to the three points above is the important aspect where government needs to be fiscally disciplined to avoid macro-economic instability which is not conducive to smooth implementation of the PRSP programme. PRSPs can be a chance for new and meaningful development policy if: they are well funded; they are owned and managed by home governments; their priority sectors/areas are well managed; donors/development partners meet their obligation timely.

### **7.2 Alternatives to PRSPs**

While PRSPs do not necessarily have a monopoly on other strategies for reducing poverty in poor countries, there are other alternatives e.g. the United Nations' (UN) initiatives like the MDGs and NEPAD, and indeed Zambia's own 2025 Vision. However, these should not be seen or taken in isolation from each other if the current high poverty levels are to be significantly reversed.

### **7.3 CSOs on pro-poor development policy**

Civil society using its rich network should continue to lobby and advocate for pro-poor policies that put the plight of the poor at the centre stage of national planning and budgetary processes so that more action and financial resources are channelled into the well being of the vulnerable groups in society.

There is need to establish a reliable capacity building institute with a strong in-country base for civil society especially in the area of macroeconomic analysis. Capacity building needs of civil society need to focus on: fiscal transparency, gender specific monitoring, and civic education. Parliaments have to be assisted to build capacity for monitoring and analysis of PRSP implementation. Training of whatever nature should be based on reliable know-how that leads to improved local capacity. Universities should play a significant role in capacity building.

### **7.4 Inter-governmental organizations**

UN agencies like the UNDP and others with their vast international experience on poverty and related issues should throw their weight behind government in implementing pro-poor policies that the PRSP document has been able to identify. They should assist civil society in training needs in acquiring relevant skills of monitoring and evaluating the PRSP for effective outcomes.

### **7.5 International Financial Institutions**

The success of the PRSP in terms of funding lies predominantly with the decisive support of the international financial institutions since most debtor governments have serious budget constraints. The IFIs using their muscle of influence in the global economy should ensure that they provide increased development assistance on very appropriate terms, lobby the industrial economies to open up markets for poor countries, assist with building capacities, and providing well-targeted debt relief for poverty reduction. Their policy advice to implementing governments should not in any way override the goal of achieving poverty reduction in the most humane way.

### **7.6 African Governments**

African governments should show serious political will and commitment on the implementation of the PRSP. They should not hijack the process by leaving out other stakeholders in the implementation and monitoring stages of the process. Other than wholly relying on donor funding, African governments should try to generate sufficient domestic resources for the implementation of the programmes. Governments' efforts should focus on implementing national poverty reducing and growth strategies which in essence means creating delivery capacities for social policy, better expenditure management systems and incorporating elements of economic, social, political and institutional reforms. The PRSP should not only be seen as a document for soliciting funds from the donor community or as a mere tool for HIPC relief because if taken in this way, Zambia and other countries will see themselves back in the grip and turmoil of the structural adjustment paradigm as the PRSP will stand as a conditionality set by the multilateral institutions (CSPR presentation at the pre-budget forum, 2002). Should this turn out to be the case, then the PRSP will fail to achieve desired results of poverty reduction in Zambia. Zambia and a host of other countries have not yet recovered from the shock therapy of the SAPs!

Endnotes

<sup>1</sup> Debt Mechanism is a legal arrangement that proposes a tripartite management of debt relief resources among government, credible civil society organizations and parliament to ensure that resources are handled in an open, transparent and accountable manner for the benefit of the poor people in Zambia. This is an idea mooted by Jubilee-Zambia an anti-Debt Campaign movement.

<sup>2</sup> Foreword to ‘Halving world poverty by 2015: economic growth, equity and security’ DFID 2001.

<sup>3</sup> This is a point at which a HIPC country completes its three-year track record of good performance under adjustment programmes supported by the IMF and the World Bank, and when based on debt sustainability analysis, a country’s eligibility for assistance under the HIPC initiative is determined. Zambia reached its Decision Point in December 2000

<sup>4</sup> This is a point at which a HIPC country receives a stock of debt relief and the bulk of the assistance under the HIPC initiative without any further policy conditions. This occurs when the country concerned has implemented the full PRSP for at least one year. Zambia is poised to reach the HIPC Completion Point in December 2003.

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## Appendices

### A: Timeline

<b>Activity</b>	<b>Time frame</b>
MCDSS appointed as focal point for poverty-related programmes in the country	1997
NPRSF document prepared	May 1998
NPRSF presented at the CG meeting in Paris, France	1998
Zambian PRSP process officially launched	June 28-30, 2000
Jubilee-Zambia launches provincial meetings to sensitise people about the PRSP process	June-September 2000
CG 2000 meeting held in Zambia	16-18 July 2000
Zambia acquires interim PRSP status	July 2000
Zambia reaches the Decision Point of the HIPC Initiative	6 December 2000
National Forum for civil society's input into the PRSP.	March 2001
CSPR launches its version of the PRSP document which later formed the basis for input into the Government PRSP document	June 2001
CSPR organises a national forum for civil society as a response to the draft PRSP	October 2001
National Summit on Poverty Reduction; First Draft of the Government PRSP document discussed	16-18 October 2001
Second Draft of the PRSP approved by Cabinet and later on by the joint Boards of the IMF and the World Bank	May 2002
CG meeting held in Zambia	July 7-11 2002
Zambia's final PRSP document officially launched by government. This followed endorsement by the IMF and the World Bank Boards	July 2002

Zambia embarks on the PRSP  
implementation programme

Budget 2002

Zambia scheduled to reach the  
HIPC Completion Point

December 2003

## Appendix B: Actors Involved in the PRSP

### Government Ministries and Institutions

- Ministry of Finance and National Planning
- Ministry of Local Government and Housing
- Ministry of Education
- Ministry of Health
- Ministry of Community Development and Social Services

### Donors and donor institutions

- CSOs
- Bank of Zambia
- IMF, World Bank,
- GTZ
- UNICEF, UNDP
- DFID and bilateral governments

### Professional bodies

- AMIZ-Association for Micro-Financing of Zambia
- CSUZ/ZCTU –Civil Servants Union of Zambia/Zambia Congress of Trade Unions
- EAZ-Economic Association of Zambia
- ZACCI- Zambia Association of Chambers of Commerce and Industry

### NGOs (advocacy and civic education)

These stated here for the CSPR Steering Committee—involving about 80 CSOs from around the country

- **Human rights**
- **AFRONET**:-Inter-African Network for Human Rights and Development
- **SAHRINGON**- Southern African Human Rights NGO Network (Regional)
- **ZLA**- Zambia Land Alliance
- **Church based**
- **CCJP**-Catholic Commission for Justice and Peace
- **JCTR**-Jesuit Centre for Theological Reflection
- **Youth**
- **OYV**-Operation Young Vote
- **YALON**-Youth Advocacy and

Lobby Organizations

- **Gender**
- **WFC**- Women for Change
- **ZAW** – Zambia Alliance of Women
- **ZARD**-Zambia Association for Research and Development
- **FAWEZA**- Forum for African Women Educationalists
- **NGO coordination**
- **NGOCC**-Non-Government Organization Coordinating Committee

NGOs (advocacy, civil education and service delivery)

- **HIV/AIDS**
- **Kara Counselling**
- **Steadfast Action**
- **Malnutrition and Food Security**
- **PAM**-Programme Against Malnutrition
- **Others**
- **OXFAM-ZAMBIA** (this is an international development NGO)
- **ZCSD**-Zambia Council for Social Development

See also Mewing 2002

**Appendix C: Sector Shares of the PRSP Budget**

<b>SECTOR</b>	<b>COST (\$)</b>	<b>SHARE OF TOTAL BUDGET (%)</b>
ROADS	229, 000, 000	19.1
HEALTH	200, 150, 000	16.7
AGRICULTURE	173, 000, 000	14.4
EDUCATION	147, 500, 000	12.3
ENERGY	114, 000, 000	9.5
HIV/AIDS	94, 600, 000	7.9
TOURISM	58, 700, 000	4.9
WATER AND SANITATION	42, 400, 000	3.5
MACROEC REFORMS/INSTUTIONS	38, 200, 000	3.2
GOVERNANCE	27, 000, 000	2.3
MINING	26, 600, 000	2.2
TRANSPORT	22, 000, 000	1.8
INDUSTRY	12, 500, 000	1.0
SOCIAL SAFETY NET	9, 000, 000	0.8
ENVIRONMENT	3, 000, 000	0.25
MONITORING AND EVALU	1, 500, 000	0.12
GENDER	976, 000	0.1
<b>TOTAL</b>	<b>1, 200, 126, 000</b>	<b>100</b>

SOURCE: Zambia PRSP - 2002 - 2004