



Republic of Zambia

VISION 2030

*“A prosperous Middle-income Nation
By 2030”*

December 2006

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ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CD-ROM	Compact Disk - Read Only Memory
CPI	Consumer Price Index
DOD	Disbursed and Outstanding Debt
FNDP	Fifth National Development Plan
FSP	Fertilizer Support Programme
G8	Group of 8 most industrialized Countries
GBV	Gender Based Violence
GDP	Gross Development Product
GER	Gross Enrolment Ratio
GMAAs	Game Management Areas
GNI	Gross National income
HIPC	Highly Indebted Poor Country
HIV	Human Immuno Virus
ICT	Information and Computer Technology
KJ	Kilo Joules
MFEZ	Multi-Facility Economic Zones
MW	Mega Watts
NER	Net Enrolment Ratio
NGO	Non Governmental Organization
NLTV	National Long Term Vision
NTEs	National Traditional Export
PPG	Public and Publicly Guaranteed
SADC	Southern African Development Committee
TBAAs	Traditional Birth Attendants
TEVET	Technical Education Vocational Entrepreneurship
TOEs	Tons of oil equivalent
U5MR	Under-Five Mortality Rate

FOREWORD

Since independence in 1964, Zambia has prepared and implemented several medium term national development plans. Each of these instruments carried a theme and strategic focus, which primarily aimed to improve the social economic conditions of our people. These plans, however, were not prepared within the context of a long-term perspective, which looked over the horizon of a generation.

The last decade has witnessed an increase in calls, by the general citizenry, for the need to break with the past and prepare a shared and commonly understood dream for the country. For this reason, the Government in 2005 initiated the process of preparing the Vision 2030. This was done through a participatory and consultative process that covered all the 72 districts of the Republic. I am especially pleased at the eagerness and commitment that was exhibited by many of the stakeholders during the consultative process. This clearly demonstrates the desire of the Zambian people to take decisive steps towards creating a firm foundation for a sustainable and prosperous future.

It is, therefore, with great pleasure that I now present the Vision 2030, reflecting the collective understanding, aspirations and determination of the Zambian people to be *a prosperous middle-income nation*. This document sets out the goals and targets to be achieved in the various spheres of our social-economic life over the next generation. In addition, challenges and obstacles that we must overcome in order to realize our aspiration are presented.

The Vision 2030 is founded on seven key basic principles. These principles are: (i) sustainable development; (ii) upholding democratic principles; (iii) respect for human rights; (iv) fostering family values; (v) a positive attitude to work; (vi) peaceful coexistence; and (vii) upholding good traditional values.

Despite the seemingly long time in which the Vision 2030 will be implemented, its realization will depend on the actions and measures that we undertake as Government, private sector cooperating partners, civil society and as individuals through short and medium-term national development plans. These plans will ensure creation of necessary conditions upon which long term objectives and targets can be achieved.

Since the Vision 2030 will serve as the guide for all development efforts, the commitment and dedication of all Zambians to its realization is of paramount importance. Our attitudes and collective mindsets, particularly towards work and participation in national affairs require changing. I, therefore, call upon all Zambians, in all spheres of life, to rise to the occasion and take up this challenge of elevating this nation to a new and flourishing future. God Bless this great and peaceful nation.

LEVY PATRICK MWANAWASA, S.C
PRESIDENT OF THE REPUBLIC OF ZAMBIA

December 2006

EXECUTIVE SUMMARY

The National Long Term Vision 2030 (Vision 2030) is Zambia's first ever written long-term plan, expressing Zambians' aspirations by the year 2030. It articulates possible long-term alternative development policy scenarios at different points which would contribute to the attainment of the desirable social economic indicators by the year 2030. The Vision will be operationalised through the five year development plans starting with the Fifth National Development Plan (2006-2010) and annual budgets. This marks a departure from past practice of preparing and implementing medium-term plans that were not anchored on a national vision.

The Zambian people's vision is to become "***A Prosperous Middle Income Nation by 2030***". By 2030, Zambians, aspire to live in a strong and dynamic middle-income industrial nation that provides opportunities for improving the well being of all, embodying values of socio-economic justice, underpinned by the principles of: (i) gender responsive sustainable development; (ii) democracy; (iii) respect for human rights; (iv) good traditional and family values; (v) positive attitude towards work; (vi) peaceful coexistence and; (vii) private-public partnerships.

Zambians also aspire for a common and shared destiny, united in diversity, equitably integrated and democratic in governance, promoting patriotism and ethnic integration. Further, the nation should have devolved political systems and structures while retaining the roots and positive aspects of their own mould of social, cultural and moral values.

This Vision was a result of a nation-wide consultative process involving various stakeholders who included among others traditional leaders, civil society, government departments, cooperating partners and ordinary citizens.

The Vision highlights three scenarios outlining development options, namely the baseline, the preferred and the optimistic. The socio-economic development objectives enshrined in the Preferred Scenario are: to attain and sustain annual real growth of 6 percent (2006-2010), 8 percent (2011-2015), 9 percent (2016-2020), and 10 percent between 2021 and 2030; to attain and maintain a moderate inflation rate of 5 percent; to reduce national poverty head count to less than 20 percent of the population; to reduce income inequalities measured by a Gini coefficient of less than 40; to provide secure access to safe potable water sources and improved sanitation facilities to 100 percent of the population in both urban and rural areas; to attain education for all; and, to provide equitable access to quality health care to all by 2030.

1.0 INTRODUCTION

1.1 The Vision 2030, Zambia's first ever written long-term plan, expresses the aspirations of the Zambian people to be accomplished by the year 2030. It articulates the appropriate national and sector goals to meet people's aspirations. It is based on policy-oriented research on key national strategic issues and on a process of discussion and dialogue with the private sector, civil society and the general citizenry on the long-term goals and future of Zambia.

1.2 The Vision outlines the desirable long-term paths of the socio-economic indicators to satisfy the people's aspirations, and articulates possible long-term alternative development policy scenarios at different points through the target year 2030. It will, therefore, be the basis for interface by all sectors and will provide direction for short- and medium-term plans. The Vision will be operationalized through the implementation of five national development plans, beginning with the Fifth National Development Plan, covering the period 2006-2010.

1.3 Since 1964, the Zambian Government has prepared and implemented medium-term plans to promote sustainable socio-economic development. However, these plans were never anchored on a National Vision. The lack of a Vision contributed to the fragmented character of development efforts in the past.

1.4 The need for a participatory and consultative process required that the Vision be acceptable and understood by the whole nation. The formulation process, therefore, utilized both top-down and bottom-up approaches, where various stakeholders at both national and regional level were consulted. At the regional level consultations were undertaken at provincial centers and in all the 72 districts. Several stakeholders, including traditional leaders, civil society and ordinary citizens participated in the consultative process. In order to ensure the validity of the submissions made, the Vision was then submitted and later adopted at a national stakeholders' conference in July 2006. Arising from this consultative process, the people of Zambia have expressed a desire to attain middle-income status by the year 2030. To this end, Zambia's vision statement is "*A Prosperous Middle Income Nation by 2030*".

1.5 This document begins with a statement of the Vision, and outlines of the challenges, goals and strategies to achieve the Vision. To provide a concrete foundation for the starting point of these strategies, the document reviews the background to Zambia's development, describes its current economic status, and delineates how policies and efforts of the Zambian people can advance the economy to middle income rank by 2030. Finally, an annex provides specific sector visions and targets to attain the Vision 2030.

2.0 THE VISION

2.1 Zambians, by 2030, aspire to live in a strong and dynamic middle-income industrial nation that provides opportunities for improving the well being of all, embodying values of socio-economic justice, underpinned by the principles of: (i) gender responsive sustainable development; (ii) democracy; (iii) respect for human rights; (iv) good traditional and family values; (v) positive attitude towards work; (vi) peaceful coexistence and; (vii) private-public partnerships.

2.2 The nation should have an economy which is competitive, self-sustaining, dynamic and resilient to any external shocks, supports stability and protection of biological and physical systems and is free from donor dependence. In addition, it should have stable social and cultural systems that support human capital formation. Among other things, the nation Zambians aspire for, should be characterized as follows:

- a. A common and shared destiny, united in diversity, equitably integrated and democratic in governance, promoting patriotism and ethnic integration;
- b. Devolved political systems and structures while retaining the roots and positive aspects of their own mould of social, cultural and moral values;
- c. A continuous path of ever refining, ever advancing and ever consolidating democratic dispensation and progressive adaptation from global best practices;
- d. Economically, socially and politically integrated within the sub-region, Africa and the rest of the world;
- e. Diversified and balanced and strong industrial sector, a modern agricultural sector and an efficient and productive services sector;
- f. Technologically proficient, fully able to adapt, innovate and invest using its human and natural resources;
- g. Strong and cohesive industrial linkages in the primary, secondary and tertiary sectors;
- h. Sustained high and increasing productivity levels with regard to every factor of production;
- i. Well developed and maintained socio-economic infrastructure;
- j. A robust and competitive transport and communications network that services the region;
- k. Strong entrepreneurial capabilities, self-reliant, outward looking and enterprising, where nationals take advantage of potential and available opportunities;
- l. Exemplary work ethics, honesty, high human and ethical values, quality consciousness and the quest for excellence;
- m. A macroeconomic environment conducive for growth;
- n. Development policies consistent with sustainable environment and natural resource management principles;
- o. Access for all to good quality basic human necessities such as shelter, titled land, health and education facilities and clothing;

- p. Diversified education curricula that are responsive to the knowledge, values, attitudes and practical skill needs of individuals and society at large;
- q. Regional centre of excellence in health and education;
- r. Decent work opportunities that ensure respect for fundamental human rights and principles;
- s. Opportunities for all citizens to become resourceful and prosperous nationals;
- t. Decentralized governance systems; and,
- u. Safe and secure social environment.

3.0 CHALLENGES, GOALS, STRATEGIES AND SCENARIOS FOR THE VISION

3.1 CHALLENGES, GOALS, STRATEGIES FOR THE VISION

3.1.1 In order to achieve middle-income status, Zambia faces a number of challenges. Key among these are the following:

- Attaining and sustaining high levels of economic growth;
- Maintaining a macroeconomic environment and investment climate conducive for attracting and retaining high levels of foreign and domestic investment;
- Establishing new infrastructure and refurbishing and maintaining existing ones;
- Encouraging foreign direct investment in productive sectors with a view of entrenching the knowledge and technology among the local peoples;
- Improving access to capital by nationals for investment needs;
- Enhancing enforcement of labour laws and observance of appropriate labour standards by social partners on the labour market;
- Maintaining efficiency, effectiveness, transparency and accountability in the use of public financial resources;
- Achieving efficiency and effectiveness in the local and central administration system thereby enhancing the delivery of services and creating an appropriate institutional environment for attaining and sustaining socio-economic development;
- Sustaining the adequate supply of competent, highly skilled and motivated human resources;
- Investing in people through education and training to ensure job creation and socio-economic transformation;
- Establishing a knowledge-based economy that is fully competitive, dynamic, robust and resilient in an integrated global and liberal environment;
- Establishing a progressive society that is an innovative and forward-looking contributor to the scientific and technological advancement of the future;
- Ensuring corporate social responsibility by the private sector;
- Ensuring equitable distribution of wealth in a society whose members have property rights, access to adequate and affordable housing, safe and clean water and proper sanitation;
- Ensuring a healthy population in which the incidence of major diseases such as tuberculosis and malaria is reduced and the HIV/AIDS pandemic is brought under control with a progressively reduced incidence rate in both urban and rural areas and among both men and women;
- Maintaining a safe, sustainable and secure environment for sustainable economic growth and development;

- Providing an enabling environment for safeguarding and promoting Zambia’s tangible and intangible heritage as well as ensuring the development of its arts and culture; and,
- Streamlining provisions for the needs of the disabled in society.

3.1.2 To achieve middle-income status, Zambia’s socio-economic development objectives are:

- To attain and sustain annual real economic growth rates of between 6 and 10 percent;
- To attain and maintain a moderate inflation rate of 5 percent;
- To decelerate the annual population growth rate from its 2005 rate of 2.9 percent to a rate of less than 1.0 percent over the next 25 years;
- To reduce national poverty head count to less than 20 percent of the population; and,
- To reduce income inequalities measured by a Gini coefficient of less than 40;
- To provide secure access to safe potable water sources and improved sanitation facilities to 100 percent of the population in both urban and rural areas.

3.1.3 Achieving middle income status requires: increasing annual health expenditure per capita to a period average of US\$150, comparable to middle income economies like Botswana, Gabon, Panama and South Africa; increasing the share of industry in GDP from 29 percent in 2006 to 38 percent in 2030; increasing the share of manufactures in GDP from 13 percent in 2006 to 18 percent in 2030; increasing the share of manufactures exports to 80 percent of merchandise exports, comparable to Malaysia; maintaining the share of services in GDP at about half, with both private and government services rising slightly as a share of GDP over the period to 2030. In addition, Zambia should pursue prudent fiscal, financial, monetary and exchange rate policies that are consistent with the nation’s socio-economic development objectives.

3.1.4 To create the environment and investment climate consistent with the socio-economic development objectives, Zambia will:

- Improve access to affordable credit and other financial services as well as the development of capital markets in both rural and urban areas, for both men and women;
- Provide an effective financial framework that guides operations of banks and non-bank financial institutions that will ensure improved market data, accounting and auditing standards;
- Streamline work permit and licence requirements and procedures, improve access to land by both men and women, and improve the performance of key government agencies servicing private investors, as well as improve tax and customs administration procedures;
- Improve regulation, supervision and enforcement of statutory commitments in the mining sector, particularly gem stone mining, to strengthen tracking of potential investors and improve the efficiency of the system of logging, dissemination of information on available plots for mining and recording of commercial mining activities;
- Facilitate the establishment of a private sector led gem exchange to foster the creation of a fair value marketing system and relieve constraints in the supply chain;

- Encourage skills training, technology diffusion and use, in an environmentally friendly manner;
- Develop and maintain productive and social infrastructure and services such as roads; storage facilities, rail network, energy, communications systems, education, training and health facilities, public utilities and other services;
- Improve access to information in order to promote citizenry participation in socio-economic development.

3.1.5 To maintain efficiency, effectiveness, transparency and accountability in private and public financial management, governance institutions will be strengthened. Zambia will ensure adherence to best practices in financial management.

3.1.6 Zambia's long-term goals in public health are to stop the spread of HIV/AIDS, tuberculosis and malaria. In this regard, Zambia will step up the implementation of HIV/AIDS, tuberculosis and malaria prevention, treatment and care interventions, especially for women and children.

3.1.7 Seeking justice along with development, Zambia's long-term goal is to eliminate gender inequalities in social economic development. Thus Zambia will work towards improving educational attainment and eliminate gender gaps at all levels of human and social economic development.

3.2. SCENARIOS FOR THE VISION

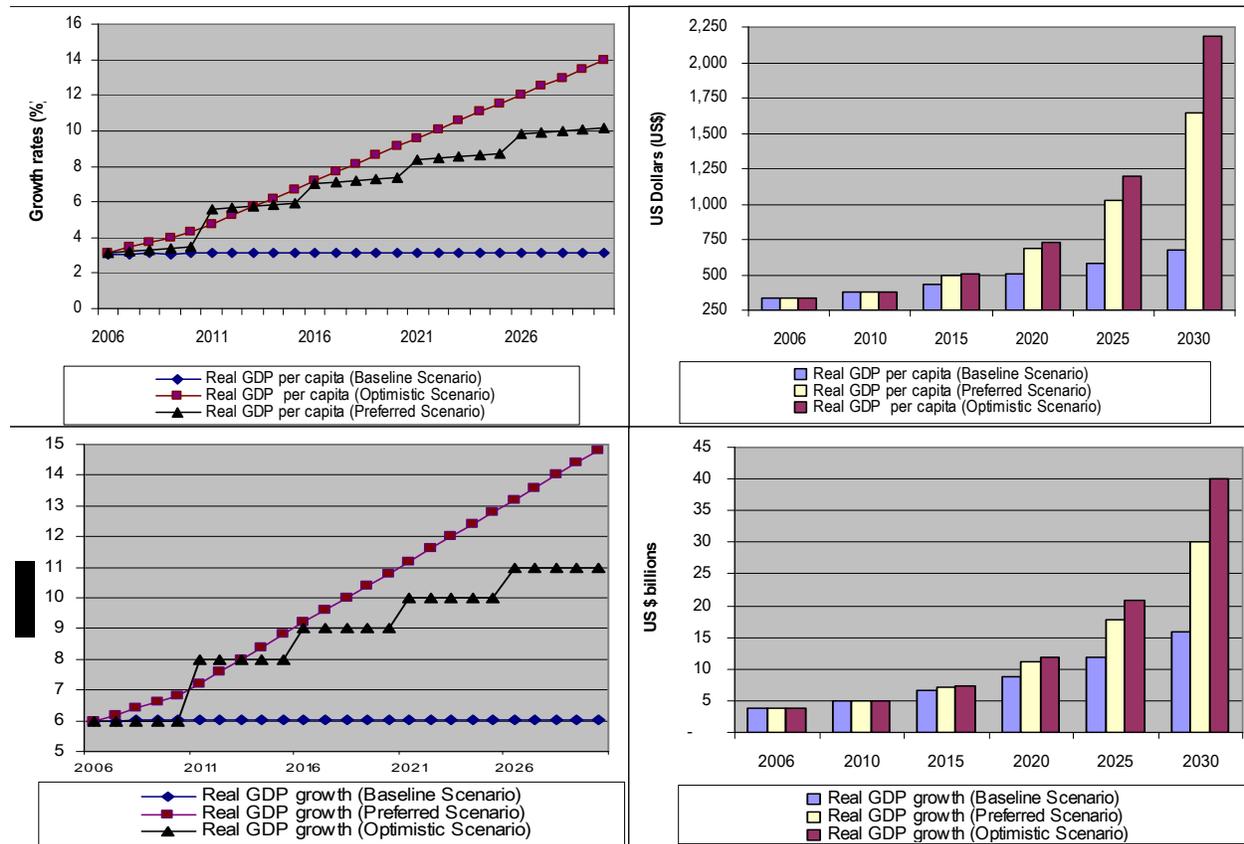
3.2.1 This section describes three scenarios outlining development options for attaining the Vision, namely the baseline, the preferred and the optimistic (Chart 3.2.1). In evaluating the potential for attaining the Vision 2030 objectives, the economic development trends in advanced and middle income countries were considered. The analysis shows that economic development entails a progressive migration of labour from agriculture (primary) into industrial (secondary) and finally into services (tertiary) sectors. A key to this process is the increasing labour productivity, first in agriculture, and subsequently in industry which releases labour to the tertiary sector. The Vision 2030 envisages the gradual transformation of the structure of the economy from an agricultural based (primary) to an industrial based (secondary) economy.

3.2.2 The baseline scenario assumes a constant real growth rate of 6 percent over the period 2006 to 2030. The scenario would be characterized by relatively stable inflation but does not presume any new focus in Zambia's economy. Under this scenario, per capita income is expected to rise to US\$676, which is not sufficient to attain the middle income per capita level given a constant population growth of 2.9 percent per annum over the 25 years.

3.2.3 The preferred scenario for achieving the Vision 2030 objectives assumes 6 percent real growth over 5 years 2006 - 2010 with higher rates in each of the four succeeding 5-year plans—8 percent 2011-2015, 9 percent 2016 - 2020, and 10 percent 2021 – 2030. This assumes that population growth rates will progressively decline from 2.9 percent in 2006 to 0.8 percent in 2030 in accordance with Zambia's Population Policy This is expected to raise per capita income in 2030 to US\$ 1,639. The achievement of such high growth rates will require exemplary work ethics, honesty, values, quality consciousness, the quest for excellence and exceptional performance by all players in the economy. This is premised on the fact that few countries have

achieved and maintained real economic growth rates in excess of 6 percent or more over a quarter century.

Chart 3.2.1: Real GDP and GDP per capita growth Scenarios (2006- 2030)



3.2.4 Recent market development, namely, the tripling of the price of copper, the cancellation of virtually all of Zambia’s external debt and the trend decline in Zambia’s inflation rate presents favourable prospects for attaining the Vision objectives. Sustained high copper prices and investment are expected to directly raise the growth of GDP and increase exports and improve the country’s external balance. The cancellation of Zambia’s debt enables a redirection of domestic government revenues (and grants) to programmes aimed at attaining the objectives of the Vision. Maintaining low inflation rates will minimize erosion of income and ultimately contribute to the attainment of the Vision.

3.2.5 Countering the positive developments highlighted in the preceding paragraph, Zambia will need stabilize the exchange rate, improve the investment climate, reduce the incidence and lessen the impact of HIV and AIDS pandemic, mitigate the impact of high energy costs, including the rising price of oil, and reduce the high population growth rate.

3.2.6 The optimistic scenario assumes 6 percent real growth over 5 years, 2006-2010, then rising progressively to 14 percent by 2030 to raise Zambia’s per capita income to US\$2,185. This translates into a period average growth rate of 10 percent which could propel Zambia to upper middle income status. This scenario assumes that population growth will progressively decline from 2.9 percent in 2006 to 0.8 percent in 2030. Such a high level of sustained economic growth performance over a 25 year period is too ambitious and highly unattainable.

3.2.7 The preferred and optimistic scenarios imply that the economy is benefiting from new sources of accelerated growth such as increased value addition in agriculture, mining, manufacturing, tourism and services. In addition, the economy is benefiting from the expansion of affordable consumer financial products. The economy is also assumed to have low inflation rates and a stable exchange rate.

3.2.8 Greater lending to small business would be enabled as nominal interest rates decline and make small and medium loans to the private sector viable. When the interest rate is high reflecting sustained high inflation, it is generally the case that bank lending is dominated by purchase of government securities; only government securities can offer banks the likelihood of repayment when market interest rates reflect inflation above 10 or 15 percent along with its typical variability. Conversely, as inflation progressively declines under 10 percent, lending to consumers and small business becomes less risky, and government bonds tend to offer less attractive real returns relative to lending to the private sector. Thus, business, housing and consumer durable goods finance become attractive sectors for commercial banks to invest in, either directly or indirectly through finance companies and sellers of consumer durable goods. The increased finance for housing and consumer goods would stimulate the production of these goods and the construction and consumer durable goods sectors would expand. Combined with progress on making Zambia more investor friendly (reduced red tape, enhanced availability of finance, less corruption) would make investment by domestic and foreign firms more attractive.

3.2.9 It should be noted that the tripling in the price of copper is a key element in the presumed acceleration of Zambia's growth. Therefore, a decline in the price of copper would substantially hinder its expansion. Against a background of rising energy costs driven by the rise in the price of oil, a scenario to contemplate would be one in which the price of copper does not hold, and the price of oil continues to rise past the presumed (in the scenarios) \$50 per barrel. Firstly, the decline in copper price would stop some of the mine explorations that would otherwise lead to construction employment and expenditures rising. Secondly, the rising oil price would slow the growth of tourism and hamper the development of transportation requisite for the expansion of commercial agriculture. This combination of price movements would, even with other factors held constant, make the upper two scenarios implausible.

3.2.10 The country has greatly benefited from the cancellation of virtually all of its external debt. This implies that the government's domestic revenues formerly needed to service external debt can be reallocated to domestic expenditures such as infrastructure (roads, bridges, hospitals, rural electrification), improving access to safe potable water, reduction of pupil-teacher ratios, and public health programs such as maternal and infant care, family planning and HIV/AIDS. In 2003, external debt service amounted to more than 3 percent of GDP, while external support, in the form of program and project grants, was about 4.5 percent. In 2004 and 2005, external support was higher at about 7.4 percent and 6.5 percent respectively. If these levels of grant assistance are maintained, roughly half the amount not applied to debt service can now and in future be applied to public expenditure programs of infrastructure and expanded support of public health and education. These programs, part of the Vision 2030, will then be more fully funded without diverting funds from existing allocations.

3.2.11 It should be noted that as the country approaches the middle -income status, the structure of the economy would change from that of a primary commodity dominated to manufacturing. This will be evidenced by the reduction in the contribution of the primary sectors

(Agriculture and Mining to GDP. These structural shifts would be necessitated by the growth in value addition to primary commodities rather than exporting raw materials. Therefore, the contribution of agriculture to GDP is expected to decline from 23.6 percent in 2004 to 10.1 percent in 2030, while mining's contribution is expected to decline from 3.4 in 2004 to 2.4 in 2030 (Table 3.2.1).

Table 3.2.1: Sectoral GDP shares for 2004 and 2030

Sector	Sectoral GDP share		Period structural shift	Annual change in structure	Period average annual growth
	2004	2030			
Agriculture	23.60	10.08	-13.00	-0.52	5.24
Mining	3.39	2.35	-1.00	-0.04	7.27
Manufacturing	12.05	18.29	6.00	0.24	10.54
Other industry	12.63	17.83	5.00	0.20	10.24
Private services	40.24	42.32	2.00	0.08	9.01
Public services	8.09	9.13	1.00	0.04	9.31
GDP	100.00	100.00	0.00	0.00	8.80
	2001	2030			
Trade	64.40	131.00	66.60	2.66	2.47
Exports (goods & services)	27.08	81.01	53.94	2.16	3.85
Manufactures exports (% of Merchandise exports)	13.00	71.00	58.00	2.32	6.03
GDP (US \$ billions)	3.13	29.97	26.84	1.07	
Trade (US \$ billion)	2.02	39.26651	37.25	1.49	8.21
Exports (US \$ billions)	0.85	51.44	50.59	2.02	10.89

Source: Ministry of Finance and National Planning

4.0 ZAMBIA'S TRANSITION TO UNDERDEVELOPED NATION STATUS

4.1 ECONOMIC DEVELOPMENT TRENDS

4.1.1 Zambia covers an area of 752,614 square kilometers, with a terrain which is mostly plateau savanna and a climate which is dry and temperate. The population, which is predominantly Christian, is currently estimated to be about 11.7 million with an annual growth rate of about 2.9 percent. The country is endowed with abundant natural resources, which include copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, water and fertile land. The main industries are mining, transport, construction, manufacturing and agriculture.

4.1.2 At independence in 1964, the Zambian economy was broadly stable but characterized by slow growth. Using the World Bank Atlas¹ method of ranking world economies, Zambia's Gross National Income (GNI) per capita stood then at US\$200 (current US\$). Zambia's per capita GNI remained higher than those of Botswana, Egypt and Thailand, until the late 1970s or early 1980s (Table 4.1.1). Zambia's GDP was also larger than that of Botswana, Gabon and Panama during this period.

4.1.3 The overall budget balance and balance of payments were both in surplus at independence and remained so for the next two years. Foreign reserves were also high, amounting to close to twelve months of import cover while public external debt was virtually non-existent. However, while being in balance, the structure of the economy was designed to service the copper mining sector and the white settler community. As a result, the non-mining economy was underdeveloped and human development for the majority African population remained dismally low.

4.1.4 To develop and diversify the economy, the new Government took over fifty-one percent ownership of the mines and nationalized a substantial part of the manufacturing sector, all public utilities and key elements of the transport and communications sector. The Government also constructed socio-economic infrastructure, including an oil pipeline, rail line, roads, bridges, schools, hospitals and housing units. Consequently, investment into socio-economic infrastructure was high, averaging 30 percent of annual Gross Domestic Product (GDP) between 1965 and 1982.

4.1.5 In the early 1970s, the macroeconomic environment was destabilized by rising transport and petroleum costs and declining copper prices. This resulted in Zambia's budget and balance of payments surpluses shifting to massive deficits on both accounts. Expecting the terms-of-trade shock to be temporary, the Government chose to finance the imbalances through domestic and foreign borrowing, at variable interest rates. Contrary to expectations, during the 1970s and 1980s, Zambia's macroeconomic environment was increasingly destabilized by declining copper prices, rising world interest rates and regional conflicts among its neighbours.

4.1.6 During the period 1965 and 2001, the economy grew at an average annual rate of 1.7 percent, compared to 10.3 percent for Botswana, 6.9 percent for Malaysia, and 5.4 percent and 4.8 percent for Egypt and Gabon respectively (Table 4.1.1). The main growth sector in Zambia, while at much slower rates than in Botswana, Egypt, Malaysia, Panama and South Africa, was industry, which accounted for 0.8 percentage points of the 1.7 percent real GDP growth. The

¹ World economies are divided according to 2005 GNI per capita, calculated using the World Bank Atlas method. The groups are: low-income, US\$875 or less; lower middle income, US\$876 – US\$3,465; upper middle income, US\$3,466 – US\$10,725; and high income, US\$10,726 or more.

rest of Zambia's economic growth was accounted for by the services sector, (0.6 percentage points) and agriculture (0.3 percentage points) (Table 4.1.1).

Table 4.1.1: Selected comparative economic development indicators 1965-2001

Country/Series Name	1965	1975	1985	1995	2000	Prd ave	Ave (1965- 1992)	Ave (1993- 2001)
Botswana								
GDP (=1995 US\$, millions)	204	783	2,243	4,773	6,585			
Industry, va (% of GDP)	20	31	57	47	47	41.4	39.4	47.7
GDP growth (annual %)	6	9	7	4	9	10.3	11.9	5.5
Egypt, Arab Rep.								
GDP (=1995 US\$, millions)	13,398	18,731	41,410	60,159	77,836			
Industry, va (% of GDP)	27	27	29	32	33	30	29	32
GDP growth (annual %)	9	9	7	5	5	5.4	5.5	4.5
Gabon								
GDP (=1995 US\$, millions)	1,304	3,842	4,026	4,958	5,385			
Industry, va (% of GDP)	34	62	67	52	53	50.5	50.8	49.3
GDP growth (annual %)	8	19	-2	7	2	4.8	5.5	2.7
Malaysia								
GDP (=1995 US\$, millions)	11,067	20,988	40,551	88,832	111,617			
Industry, va (% of GDP)	27	34	39	41	51	37.3	35.0	44.5
GDP growth (annual %)	8	1	-1	10	8	6.9	7.0	6.0
Panama								
GDP (=1995 US\$, millions)	2,445	4,431	6,257	7,906	9,370			
Industry, va (% of GDP)	..	..	19	17	16	17.0	18.6	16.7
GDP growth (annual %)	9	2	5	2	2	4.1	4.4	3.1
South Africa								
GDP (=1995 US\$, millions)	68,411	113,107	132,404	151,113	172,074			
Industry, va (% of GDP)	40	41	43	35	31	39.0	40.9	32.9
GDP growth (annual %)	9	1	-4	3	3	2.9	3.0	2.6
Thailand								
GDP (=1995 US\$, millions)	17,345	35,528	67,989	167,896	171,487			
Industry, va (% of GDP)	23	26	32	39	40	30.9	29.6	39.2
GDP growth (annual %)	8	5	5	9	5	6.8	7.8	3.5
Zambia								
GDP (=1995 US\$, millions)	2,718	3,290	3,432	3,471	3,971			
Industry, va (% of GDP)	59	45	47	36	25	46.1	50.6	32.4
GDP growth (annual %)	17	-2	2	-2	4	1.7	1.7	1.6

/World Bank Atlas method

Source: World Development Indicators CD-ROM, 2003

4.1.7 Segmenting the period into pre-market reform (1965-1992) and post-market reform (1993 to 2001) eras, Table 4.1.1 indicates that during the pre-market reform era, Zambia's economy grew at a period average annual rate of 1.7 percent, far slower than Botswana (11.9 percent), Malaysia (7 percent) or Egypt (5.5 percent). The Zambian economy grew at a period average annual rate of 1.6 percent during the post-market reform era, again far slower than the pace in Botswana (5.5 percent), Malaysia (6 percent), or Egypt (4.5 percent) during the same period. The main sources of growth, during the pre-market reform period were industry, which accounted for

0.87 percentage points of the 1.7 percent growth, followed by services, which accounted for 0.58 percentage points of the 1.7 percent and finally agriculture, accounting for 0.27 percentage points of the 1.7 percent. The main sources of growth, during the post-market reform period were services, which accounted for 0.74 percentage points of the 1.6 percent, followed by industry, at 0.52 percentage points of the 1.6 percent and lastly, agriculture accounting for 0.27 percentage points of the 1.6 percent average annual growth rate.

4.1.8 In terms of Zambia's sector growth performance, during the period 1965 to 2001, the fastest growing sector was agriculture, at 3.1 percent period average annual growth rate, with most of the growth occurring during the post-market reform period (9.7 percent between 1992 to 2001 compared to 0.9 percent between 1965 and 1992). The worst performing sector was industry, which grew at a marginal period average annual rate of 0.5 percent, with its weakest performance being recorded during the post-market reform period (average annual decline of 3.2 percent during the period 1993 to 2001 compared to an average annual growth of 1.8 percent during the period 1965 to 1992). The poor sector performance was mainly due to weak or negative growth in the mining and quarrying and manufacturing sub-sectors.

4.1.9 The poor performance of the mining and quarrying sub-sector was due to declining copper production, which contracted at an average annual rate of 3.2 percent a year between 1965 and 2001. The decline was particularly severe in the 1990s, when the sector contracted at average annual rate of 5.1 percent a year. The decline was driven by falling international copper prices, which declined by an average rate of 3.4 percent a year between 1973 and 2002 as well as due to lack of new capital investment.

4.1.10 Manufacturing value added as a share of GDP increased from 7 percent in 1965 to a peak of 37 percent in 1992 (Table 4.1.2). During the period, manufacturing value added grew at an average annual rate of 3.7 percent, compared to 11 percent in Malaysia and 10.3 percent in Thailand. The weak relative performance of Zambia's manufacturing was due largely to the dominance of a stagnant state-owned enterprises sub-sector and the prevalence of state controls. Hence, in 1993, Government commenced the privatization of state-owned enterprises and liberalized external trade. The immediate impact of the reforms was a further deterioration in manufacturing sector performance, due both to restructuring and weak investment: Zambia's gross fixed capital formation declined from a period annual average of 19 percent of GDP between 1971 and 1992 to 14 percent between 1993 and 2001. Average annual value added growth fell to 1.8 percent during the period compared to 7.8 percent for Malaysia and 4.7 percent for Thailand. Average annual manufacturing value added share fell to 11 percent of GDP during the period.

4.1.11 Since 1996, Zambia's manufacturing sector has resumed positive growth, although the recovery has been uneven. The industries that have grown fastest are those that have a growing domestic demand (food, beverages and tobacco) due to population growth and those that have had new entrants with a focus on exports (mainly textiles and leather products). Other industries, including basic metals, non-metallic minerals and fabricated mineral, have remained stagnant or declined.

Table 4.1.2: Manufacturing Performance

	1965	1975	1985	1995	2000	2001	Period av	Ave (1965-1992)	ave (1993-2001)
Manufacturing, value added (% of GDP)									
Botswana	11	7	5	5	5	4	6	6	5
Egypt, Arab Rep.	..	17	14	17	19	19	16	15	18
Gabon	7	4	7	5	4	5	6	6	5
Malaysia	9	18	19	26	33	31	21	18	29
Panama	..	..	12	9	7	7	9	10	8
South Africa	23	23	22	21	19	19	22	23	20
Thailand	14	19	22	28	32	..	22	22	26
Zambia	7	17	25	11	11	11	19	21	14
Manufactures exports (% of merchandise exports)									
Botswana	..	..	..	..	..	..	0	0	0
Egypt, Arab Rep.	21	34	10	40	..	33	27	24	37
Gabon	11	1	..	..	2	..	5	5	2
Malaysia	5	17	27	75	80	80	37	23	77
Panama	2	5	13	20	16	13	20	15	17
South Africa	30	27	..	44	54	59	35	28	51
Thailand	2	15	38	73	76	74	39	26	73
Zambia	0	1	..	7	21	13	7	1	12
Manufacturing, value added annual growth rate									
Malaysia	..	19	8	18	-6	..	10.2	11.0	7.8
Panama	..	..	1	-1	-6	..	1.5	2.9	-0.6
South Africa	7	3	0	1	2	..	3.1	2.5	2.1
Thailand	11	15	10	7	..	..	9.5	10.3	4.7
Zambia	20	6	2	6	4	..	4.3	3.7	1.8
Gross capital formation (% of GDP)									
Botswana	11	46	29	26	27	17	31.2	33	27
Egypt, Arab Rep.	18	33	27	17	18	15	22.2	24	18
Gabon	..	63	42	24	26	31	35.1	38	27
Malaysia	18	23	25	44	27	29	27.4	25	35
Panama	..	..	15	30	29	28	23.0	18	29
South Africa	12	42	23	25	17	22	31.5	33	26
Thailand	20	27	28	42	23	24	29.2	28	32
Zambia	25	41	15	16	19	20	21.2	23	15
Gross fixed capital formation (% of GDP)									
Botswana	..	31	26	26	28	25	28.4	29	26
Egypt, Arab Rep.	16	25	25	16	18	15	20.5	21	17
Gabon	..	56	41	23	26	31	33.5	36	27
Malaysia	16	26	29	44	26	25	27.6	26	34
Panama	..	..	15	26	26	26	20.6	17	26
South Africa	24	29	23	16	15	15	21.6	24	16
Thailand	19	23	27	41	22	23	28.0	27	32
Zambia/1	..	38	10	12	17	19	17.7	19	14

Source: World Development Indicators 2003 CD-ROM.

4.1.12 The share of manufactured goods as a percentage of merchandise exports increased from 1 percent in 1975 to 13 percent in 2001. However, Zambia's share of manufactured goods in merchandise exports is much lower than in Malaysia, South Africa and Thailand where they constitute the majority of merchandise exports. In each of these economies, the rise in the share of manufactured goods in merchandise exports during 1975-2001 was a multiple of the corresponding increase in Zambia.

Table 4.1.3: Comparative GDPs for Middle-Income Economies

	1964	1974	1984	1994	2001	# times larger than 1964
GDP (constant 1995 US\$)						
Botswana	193	719	2,094	4,572	7,000	36.3
Egypt, Arab Rep.	12,266	17,194	38,846	57,478	80,093	6.5
Gabon	1,204	3,223	4,122	4,635	5,520	4.6
Malaysia	10,277	20,821	41,011	80,882	112,057	10.9
Panama	2,240	4,362	5,962	7,770	9,395	4.2
South Africa	62,926	111,701	137,916	146,547	175,901	2.8
Thailand	16,033	33,845	64,970	153,698	174,570	10.9
Zambia	2,330	3,366	3,378	3,559	4,166	1.8
Economy size relative to Zambia's						
Botswana	0.1	0.2	0.6	1.3	1.7	
Egypt, Arab Rep.	5.3	5.1	11.5	16.1	19.2	
Gabon	0.5	1.0	1.2	1.3	1.3	
Malaysia	4.4	6.2	12.1	22.7	26.9	
Panama	1.0	1.3	1.8	2.2	2.3	
South Africa	27.0	33.2	40.8	41.2	42.2	
Thailand	6.9	10.1	19.2	43.2	41.9	
GNI per capita (current US\$)						
Botswana	90	430	1,090	2,950	3100	34.4
Egypt, Arab Rep.	160	300	600	880	1530	9.6
Gabon	350	1,880	4,450	4,140	3160	9.0
Malaysia	310	790	1,980	3,580	3330	10.7
Panama	510	1,060	2,130	2,910	3260	6.4
South Africa	500	1,420	2,490	3,610	2820	5.6
Thailand	130	330	800	2,410	1940	14.9
Zambia	200	580	440	350	320	1.6
GNI per capita relative to Zambia's						
Botswana	0.5	0.7	2.5	8.4	9.7	
Egypt, Arab Rep.	0.8	0.5	1.4	2.5	4.8	
Gabon	1.8	3.2	10.1	11.8	9.9	
Malaysia	1.6	1.4	4.5	10.2	10.4	
Panama	2.6	1.8	4.8	8.3	10.2	
South Africa	2.5	2.4	5.7	10.3	8.8	

Source: World Development Indicators 2003 CD-ROM

4.1.13 Copper, Zambia's major export, accounted for an average of 67 percent of annual total export receipts between 2002 and 2005. This increase was buoyed by an upward trend in copper prices which rose from US\$0.61 per pound in 2002 to US\$1.61 per pound by the end of 2005. Exports of secondary products including sugar, copper wire and electric cables have also been enhanced by the rise in their constituent prices. However, other world commodity prices have been extremely unstable with Zambian export prices other than copper generally exhibiting a downward trend, adversely affecting non-traditional exports (NTEs). NTEs largely comprise primary products such as cotton lint, cotton yarn, flowers, vegetables, gemstones and tobacco. Their price declines have resulted in the share of NTEs in Zambia's total export earnings falling from 39.0 percent in 2002 to 25.7 percent in 2005. As NTEs are becoming an important source of Zambia's foreign exchange as well as employment and incomes for many rural households

who grow export crops, the decline in their prices is a worrisome portent of future incomes in this sector. Moreover, value added in the export sector as a whole remains weak to non-existent.

4.1.14 In 1964 the size of the Zambian economy, measured by its real GDP, was 12 times larger than that of Botswana and twice that of Gabon (Table 4.1.3). From 1964 to 2001, the size of the Zambian economy increased by only a factor of 1.8, compared to 36.3 for Botswana, 10.9 for Thailand and Malaysia, 6.5 for Egypt and 4.6 for Gabon. In per capita terms, in 1964, Zambia's GNI was 2.2 times larger than that of Botswana in 1964, 1.5 times larger than that of Thailand and 1.3 times larger than that of Egypt. By 2001, the GNI per capita for Botswana, Egypt and Thailand were, respectively, 9.7 times, 4.8 times and 6.1 times larger than Zambia's GNI per capita.

4.1.15 Zambia's inflation rate increased from an annual average of 3.1 percent in 1964 to a peak of 197 percent in 1992, and then progressively declined to an annual rate of 17.5 percent in 2004. This improvement has continued with inflation declining to 15.9 percent for the year 2005, and falling to less than 6 percent in the second half of that year. The inflation rate in 2006 continued this encouraging performance, falling to a rate of around 6 percent. The exchange rate between the Kwacha and the US dollar depreciated from K0.71 per US\$1 in 1964 to K4,445 per US\$1 in 2004. However, since 2004, the Kwacha has appreciated by more than one quarter against the dollar, ending 2005 at K3,383 per US\$1. The Kwacha exchange rate is a measure of the market's confidence in Zambia's financial market outlook, and reflects the anticipated inflation over the short and intermediate term. The recent performance of both is quite encouraging.

Table 4.1.4: Comparative Debt Levels

Country	1973	1983	1990	2001
Public and publicly guaranteed debt (DOD, current US\$)				
Egypt, Arab Rep.	1,390,800,000	24,193,000,000	27,438,400,000	25,242,900,000
Gabon	346,200,000	679,900,000	3,150,200,000	3,030,200,000
Malaysia	728,800,000	11,461,800,000	11,592,000,000	24,068,100,000
Panama	457,100,000	3,145,200,000	3,856,400,000	6,331,900,000
Zambia	875,700,000	2,509,400,000	6,769,900,000	7,270,400,000
PPG Debt per capita (DOD, current US\$)				
Egypt, Arab Rep.	40	548	523	387
Gabon	625	898	3,369	2,403
Malaysia	62	772	637	1,011
Panama	280	1,512	1,608	2,186
Zambia	192	398	870	707

Source: World Development Indicators 2003 CD-ROM

4.1.16 At the end of 2004 Zambia's total external debt stood at approximately US\$7.3 billion dollars compared to US \$813.5 million at the end of 1970, a nearly nine-fold increase (Table 4.1.4). In comparison with the other countries in the table above, the increase in external debt is not large. For example, the increase in Gabon's external debt stock was about the same as Zambia's, while Egypt's debt increased by a factor of 18, and that of Malaysia rose by a factor of 33. However, the per capita income in each of these countries also rose (Egypt's by 5 times, Gabon's by 2, and Malaysia by 4 times while Zambia's per capita income fell by nearly half).

Thus, the burden of per capita debt rose in Zambia by a factor of more than 16, much more than in these countries. These developments are even clearer in the burden of debt service shown in Table 4.1.5.

Table 4.1.5: Comparative Debt Service Developments

	1973	1978	1988	1998	2001	1978- 2001	1978- 1987	1988- 1997	1998- 2001
Debt stock (% of GNP)									
Malaysia	9	16	44	27	30	30	35	25	27
Panama	31	75	84	62	66	66	68	65	64
South Africa	0	0	0	8	7	2	0	3	7
Thailand	4	7	22	25	24	17	18	14	25
Zambia	39	55	130	224	208	163	113	191	212
Debt service (% of current tax revenue)									
Malaysia		23	74	28	31	28	25	31	29
Panama		54	3	30	30	30	29	30	33
South Africa		0	0	9	8	2	0	2	6
Thailand		6	31	14	36	18	19	14	29
Zambia/2		40	33	25	20	54	47	74	22
Debt service (% of exports of goods and services)									
Malaysia		10.1	19.3	2.5	3.6	8	10	8	3
Panama		33.0	0.6	5.9	11.2	8	11	6	9
South Africa		0.0	0.0	8.6	6.8	6	0	2	5
Thailand		3.7	13.7	3.5	7.9	8	11	6	6
Zambia/2		25.3	15.2	16.0	13.4	29	27	37	15

1/ Public and Publicly Guaranteed and IMF debt only

2/ Debt service paid.

Source: World Bank Development Indicators 2003 CD-ROM

4.1.17 The ratio of Zambia's debt to GNP increased from 39 percent in 1973 to 224 percent in 1998, and averaged 191 percent between 1988 and 1997. This contrasts sharply with Malaysia and Thailand, whose debt-GNP ratios were 25 percent and 14 percent, respectively. More to the point, the debt service as a share of Zambia's tax revenues were multiples of those of Malaysia and Thailand—particularly given that the ratios shown in Table 4.1.5 for Zambia represent “debt service paid” which was substantially smaller than what was owed. Zambia's accession to the Highly Indebted Poor Countries (HIPC) initiative completion point and the multilateral debt Relief initiative by the G8 in 2005 has virtually wiped out its external debt. Consequently, this debt relief will provide a substantial strengthening of Zambia's financial solvency and increase the application to domestic objectives revenues that were formerly required to service its burdensome external debt.

4.1.18 Zambia is endowed with abundant arable land and water resources. Out of the country's landmass of approximately 752,000 square kilometers, 56 percent is arable land (42 million hectares). In addition about 35 percent of the fresh water resources in the SADC region are in Zambia, which if effectively utilized, could make agriculture a main stay of the economy.

4.1.19 Between 1964 and 1980, the Zambian government implemented a number of policy measures to increase food security and agricultural production. These measures included the

introduction of input price controls and subsidies, formation of co-operatives and establishment of parastatals for the purpose of buying and marketing agricultural produce and also for ensuring availability of enough stock for food security. This resulted into the increase in food production particularly maize. The general increase in production could also be attributed to a rise in the area under cultivation and improved farming technologies.

4.1.20 From 1990, agricultural commodity and input prices were decontrolled while the state-owned marketing companies were privatized. The initial phase of liberalization witnessed a reduction in productivity as well as market failures in the sector, especially for food crops such as maize. To address this deficiency, subsidies such as the Fertilizer Support Programme (FSP) were introduced in 1997. Since 2001 the agricultural sector has shown signs of improvement particularly for cash crop production such as cotton, tobacco and wheat. This was driven by the increased role of the private sector through out-grower schemes.

4.1.21 Agriculture has become an increasingly important contributor to Zambia's economy and exports. Agriculture accounted for an average share of 22 percent of GDP between 1993 and 2001, up from 16 percent between 1965 and 1992. Agriculture exports grew nearly 14 percent over the same period. Sales of agriculture products accounted for 19 percent of total earnings from merchandise exports in 1999, up from just 2 percent in 1990. Agro-processing industries account for about 84 percent of manufacturing output, and are more than five times larger than the next largest group, textiles and leather products (both of which rely on agricultural raw materials).

4.1.22 Peasant farmers, who are scattered through out the country, hold nearly two-thirds of Zambia's agricultural land, and a large share of the national livestock herds, typically on less than five hectares. They grow food staples, including about 60 percent of the country's maize, 90 percent of sorghum, 85 percent of groundnuts and virtually all the cassava and other starchy staples (roots and tubers), primarily for their own consumption. As implied by the relatively small number of tractors per 100 hectares of arable land (Table 4.1.6) in Zambia compared to Malaysia, Panama, South Africa or Thailand, they use mainly hand tools and animal draft power. They also generally lack access to irrigation and machinery and use limited purchased inputs. Consequently, productivity as measured by cereal yield per hectare is low relative to the other countries shown in Table 4.1.6. While Zambian peasant yields average about 50 percent of those realized by commercial farmers, the possibility for improved agricultural exports is clear evident in these higher commercial yields. The small farms occupy mainly land held under traditional tenure systems, managed by local chiefs. Some 60-70 percent of smallholder farmers have not benefited from the liberalization reforms of the 1990s because they live far from markets where inputs can be obtained at reasonable cost and where farm output can be sold at a profit.

4.1.23 Some peasant farmers, who are more commercially oriented than the typical smallholder, grow staple foods and cash crops such as sugarcane and tobacco; they occupy both state land under long-term leases and land under traditional tenure systems. While they use hybrid seed and fertilizer to grow their crops, like other peasant farmers they rely on rain rather than irrigation and use animal-powered plows and machines.

4.1.24 Large commercial farms allocated mainly along major transport routes and near population centers, occupy state land under 99-year leases, using modern technology, machinery, irrigation, fertilizer and pesticides and produce most of the country's agricultural exports and about 80 percent of milk, 75 percent of wheat and 70 percent of soybeans and poultry.

4.1.25 The performance of the agricultural sector in general has been hampered by the poor state of feeder roads and other communication infrastructure, lack of rural electrification, inadequate credit facilities, poor agricultural marketing systems and fluctuations in rainfall patterns. The poor state of infrastructure has imposed serious constraints on the delivery of vital services to farmers, including that of technology, which has affected productivity. There has also been a gradual deterioration of the agricultural resource in some parts of the country due to overgrazing and over application of fertilizers.

Table 4.1.6: Comparative Agricultural Statistics

	1964	1974	1984	1994	1999	Average, 1964-99
Agricultural machinery, tractors per 100 hectares of arable land						
Malaysia	0.26	0.50	0.85	2.14	2.38	1.07
Panama	0.23	0.83	1.15	1.00	1.00	0.90
South Africa	1.10	1.33	1.38	0.86	0.51	1.16
Thailand	0.05	0.05	0.17	0.71	1.50	0.32
Zambia	0.03	0.08	0.10	0.11	0.11	0.09
Fertilizer consumption (100 grams per hectare of arable land)						
Malaysia	966.1	2,355.6	4,633.3	6,351.8	7,957.7	4,083.23
Panama	251.1	640.2	613.0	599.0	680.1	580.92
South Africa	283.0	571.6	780.0	515.1	526.5	584.52
Thailand	28.0	137.6	251.9	800.0	1,190.7	365.90
Zambia	21.8	124.7	109.7	112.3	64.7	107.29
Cereal yield (kg per hectare)						
Malaysia	1,986.5	2,826.6	2,497.9	3,031.9	2,910.3	2,630.3
Panama	954.7	1,266.4	1,515.1	1,969.6	2,354.8	1,506.9
South Africa	914.1	1,876.7	1,084.7	2,595.7	2,195.6	1,649.4
Thailand	1,830.1	1,878.8	2,102.6	2,409.7	2,537.4	2,058.9
Zambia	788.9	967.7	1,646.1	1,398.5	1,390.6	1,370.4

Source: World Development Indicators 2003, CD- ROM

4.1.26 The manufacturing industry is an important sector for the development of Zambian economy though it has continued to be dominated by copper mining. Industries, such as basic metals (engineering products) and metal products were designed to meet the needs of the mining sector. Consequently the decline in copper mining also meant the decline in these industries. This was especially because export diversification was not vigorously pursued. Notably, there has been a strong linkage from manufacturing to mining but very little linkage from the mining to the manufacturing sector. This effectively diluted the role of manufacturing in the economy, particularly in exports. The manufacturing sector continues to be dominated by food, beverages and tobacco, which represented about 60 percent of total value added in 2002; textiles and leather representing 17 percent of value added; wood and wood products, chemicals, rubber and plastic products jointly accounting for another 17 percent of value added. Together the four industries account for 95percent of the total value added in manufacturing.

4.1.27 Total factor productivity² declined at an annual average rate of 2.1 percent between 1965 and 2002. Between 2002 and 2009 productivity declined by 0.8 percent a year, with most of that decline occurring in the period 1991-1998 (1.9 percent a year). The decline in total factor productivity has been attributed to low tertiary education as indicated by the low gross tertiary school enrolment ratio³. The poor management practices associated with state owned enterprises, coupled with absence of domestic innovations and knowledge generation meant that most technological progress had had to come through imports of capital and intermediate goods. However, because of foreign exchange constraints due to declining copper production and copper prices, there was little capital deepening. Limited amounts of machinery and equipment were imported during the period 1978 to 1995, which meant little or no opportunity for investors (mostly the state) to modernize and upgrade productive activities.

4.1.28 In the mining sector of primary production, although Zambia is endowed with precious metals, gemstones, and industrial minerals, this sector has continued to be dominated by copper. During the period from 1965 to 2002, copper production contracted at annual average rate of 3.2 percent while international copper prices fell by an annual 3.4 percent. However, since 2002, the world price of copper has more than doubled. Driven by this price shock, Zambia's production has risen by 78 percent and copper exports, lifted by both rising price and production, have soared by 138 percent. Now new mines are being opened, existing ones are being expanded, and new direct investment, particularly by Chinese firms where much of the increased demand is located, have been aggressively pursuing new production opportunities and smelter capacity.

4.1.29 In the gemstone and nontraditional mining sub sector, an estimated 460 firms hold mining licenses, but most of these lack financial and technical capacity to realize the mines' potential. Consequently, more than 60 percent of these licenses are considered dormant. The sub sector uses environmentally unfriendly costly mining practices which substantially reduce the sales value. In addition, lack of regulation and absence of a fair value marketing system have constrained investment and limited value-added in the sector.

4.1.30 Technology plays a key role in the development of any country since economic progress is realized through innovation and trade. The country thus, needs to intensify the development and application of science and technology in its socio-economic development. According to the science and technology index, the science and technology sector is currently underdeveloped, as manifested in the low ratio of expenditures on science and technology to GDP. (0.02 % of GDP, between 1990 and 2003). The other indicator of low technological level is the level of human resources involved in the development of technology as well as the number of patent application.

4.1.31 Energy is one of the important driving forces behind the development of an economy as it cuts across most economic and social activities. Zambia's sources of energy include petroleum, electric power, solar and nuclear energy. Indigenous energy sources include woodlands and forests for wood fuel, hydropower and coal. Woodlands and forests cover about 66 percent of the total land area and provides about provides about 70 percent of the nations energy needs. As a result of wood harvesting for fuel wood (mainly charcoal) and timber, and clearance for

² Total factor Productivity (TFP) refers to the efficiency with which capital and labour are combined to produce output.

³ This is an indicator of the extent to which the economy produces researchers, scientists and technicians.

agriculture and human settlement, there is a serious long-term economic and environmental health threat due to the tremendous pressure on Zambia's forests.

4.1.32 In 1990, forests covered 39.7 million hectares, 53 percent of total land area. Since then, the forests have been cleared at 850,900 hectares per year. By 2000, the forests area had been reduced to 31.2 million hectares, 42 percent of Zambia's total land area. The pace of forest depletion has accelerated in this century—in 2003, forests covered 29.7 million hectares, 40 percent of the total land area. Trees growing outside coherent forests, mainly as scattered woodlands, covered an additional 3.4 million hectares, bringing the combined forested and wooded area to 33.1 million hectares, or 44.5 percent of Zambia's total land area, representing a decline in the coverage of forests and woodlands.

4.1.33 The hydropower resource potential is estimated at 6,000 MW, while the installed capacity is 1,715.5 MW, contributing about 14 percent to total energy use. Hydroelectric plants represent 92 percent of installed capacity and accounts for 99 percent of electricity production. Proven coal reserves are estimated at 30 million tones with several hundred million tones of probable reserves. In recent years, the contribution of coal to total energy declined to barely 2 percent due to production constraints at mamba collieries. Petroleum is the major energy source that is imported and accounts for about 12 percent of total national energy demand.

4.1.34 Zambia's commercial energy use has risen gradually from 3.9 million tons of oil equivalent (TOE) in 1971 to 4.7 million TOE in 1980 and to 6.2 million TOE in 2000. The commercial energy consumption has decreased from 895 Kilo Joules (KJ) of oil equivalent in 1971 to 822 KJ in 1980 and declined progressively thereafter. In 2000 energy consumption was 619 KJ. However, the percentage of the population using solid fuels has remained high (at 80 percent), while the proportion of the population with access to energy has remained constant at 20 percent. This has implications for the achievement of the health MDGs as use of solid fuels has a negative impact on the health of the population. In addition it has implications for forest degradation as people indiscriminately exploit trees for energy.

4.1.35 In terms of consumption, households mostly consume wood-fuel while commerce and industry (particularly the mines), are the dominant consumers of petroleum, electricity and coal. The major electricity users are the mines, which consume up to 68 percent of total load, industry and commerce 4 percent, households 19 percent, agriculture and forestry 2 percent while the remaining 7 percent is taken up by government services.

4.1.36 The tourism sector provides potential for broad based economic development as evidenced by its recent performance. Real value added in this sector grew at an average annual rate of 5 percent between 1991 and 1998 and 18 percent between 1999 and 2001. Bed occupancy rate increased from 49 percent in 1997 to 51 percent in 2001 while tourist arrivals more than tripled, rising from 141,004 in 1990 to 491,993 in 2001. Annual total tourist expenditure and foreign exchange earnings from tourism also grew. In-country tourist expenditure grew from US\$75 million in 1997 to US\$145 million in 2002, accounting for 4 percent of 2002 real GDP. During the period 1997 to 2001, tourism dominated the exports of non-factor services accounting for over 50 percent of Zambia's total foreign exchange earnings from exports of non-factor services.

4.1.37 The tourism sector's potential has not been fully exploited due to, among others, inadequate marketing of Zambia as a tourism destination and ineffective environmental planning

and policy implementation, as well as ineffective coordination among Government agencies. Investment climate issues such as high cost of capital and poor infrastructure and regulatory and institutional barriers also hamper the growth of the sector. Other factors hampering growth include: lack of good air transport; foreign tourists' concerns about safety and hygiene standards; absence of health facilities near tourist sites; and un-competitiveness of tourism services.

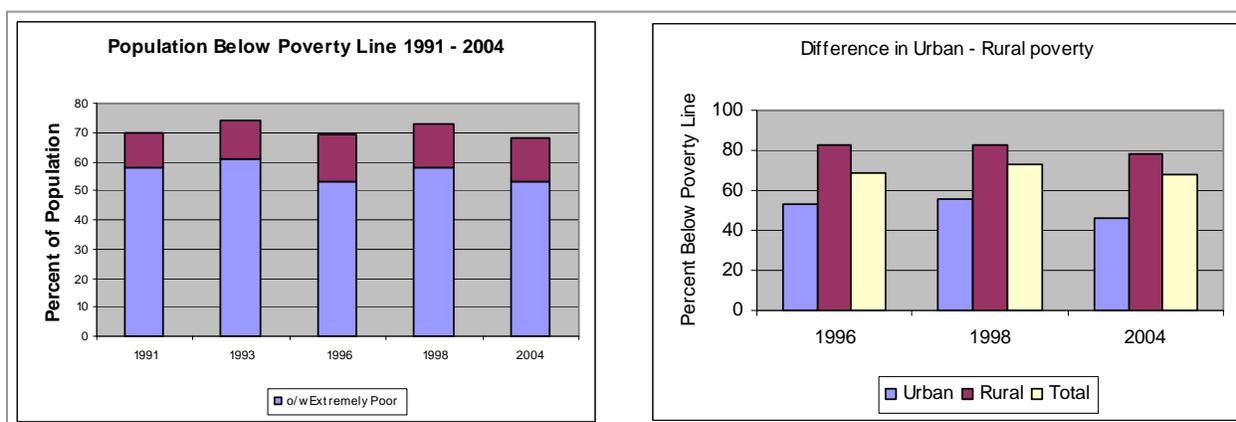
4.1.38 Zambia's bio-diversity is protected in 19 national parks, 35 Game Management Areas (GMAs) and 488 national and local forest reserves, covering 8 percent, 22 percent and 9.6 percent of the country's land area, respectively. However, the state of most of the national parks and forest reserves is of much concern when considering biological diversity. Out of the 180 national forest reserves and 308 local forests, 87 national forest reserves and 167 local forests are at various degrees of encroachment. In addition, 11 of the 19 national parks are either declining or degraded in status due to poaching especially in GMAs.

4.2. SOCIAL DEVELOPMENT TRENDS

4.2.1 Social indicators of development include poverty measures such as income distribution, poverty head count, gender discrimination, health and nutrition, knowledge and vulnerability. The statistics clearly show that poverty has increased not only in income terms but in terms of practically all major non-income dimensions as well.

4.2.2 In 2004, 68 percent of Zambians were poor—below the World-Bank-defined poverty line of U\$1 per day—compared to 73 percent in 1998, 69 percent in 1996, 74 percent in 1993 and 70 percent in 1991. Amongst these, 53 percent, 58 percent, 53 percent, 61 percent and 58 percent were extremely poor in 2004, 1998, 1996, 1993 and 1991 respectively. Extreme poverty was more prevalent among female-headed households than poor male-headed households. Among Zambia’s rural population, the poverty rate has been consistently higher than in the urban population. The overall poverty rate in rural areas was 78 percent in 2004, slightly better than the 83 percent incidence prevailing during 1998 and 1996; in contrast, the poverty rate in urban areas fluctuated at rates at least 25 to 40 percentage points lower than in the rural areas—53 percent, 56 percent and 46 percent over the same periods (Chart 4.2.1).

Chart 4.2.1: Population below Poverty line 1991 – 2004



Source: Ministry of Finance and National Planning

4.2.3 Zambia’s Gini coefficient, standing at 53, indicates a very unequal income distribution. In advanced economies such as Japan, Scandinavian and other European countries Gini coefficient typically range between 25 and 35. Underdeveloped economies typically have higher income inequality than advanced economies, but Zambia’s Gini coefficient is very high compared with middle income economies such as 43 for Thailand, 49 for Panama and Malaysia. However, Zambia income inequalities are less acute than those of South Africa at 59 and those of Botswana at 63.⁴

4.2.4 Security is an integral element in the development of a nation. Zambia has enjoyed peace in even as she supported the liberation struggle in the region. This put pressure on the defense and public safety and order sectors. Yet due in part to economic decline coupled with increasing population, the provision of security and the rule of law has deteriorated. In particular, Gender Based Violence (GBV) is a critical area of concern in the provision of domestic security, particularly in cases related to violation of girls’ rights and its contribution to the spread of HIV/AIDS. The root causes of gender violence lie in the unequal power relationships between

men and women, which result in the subordination of women. However, gender mainstreaming has been problematic due to various factors, which include limited gender analytical skills among implementing agents; gender blindness; lack of appreciation of gender; and limited resources for gender mainstreaming.

4.2.5 Discriminatory practices, in most cases, biases against women re rooted in the dual legal system in Zambia, in which both statutory and customary laws apply. There currently exist two land tenure systems in Zambia: the customary or tribal tenure and leasehold tenure. Both marginalize women in terms of allowing them to access and own land. This is more so in the application of customary laws as these are not written and are subject to arbitrary interpretation by local court justices. Policies and laws relating to land in Zambia are either silent on women's disadvantaged status or are gender-biased against them. In addition, most of the cultural norms and practices in Zambian society rarely support the view that women should acquire and control land in their own right. Although the law provides that statutory law takes precedence over customary law that is discriminatory, it is of great concern because in practice, the majority of the Zambian population utilizes the local courts and, therefore, do not have recourse through statutory law.

4.2.6 Negative cultural beliefs and traditions also undermine the empowerment of women. According to the 2000 Population Census, there are more women than men in the country. However, due to a number of factors, such as the low levels of education, culture, limited access and control over resources, and the division of labour, women's participation in the development process has been impeded. They are comparatively disadvantaged relative to men as participants in decision-making due to their relatively low levels of education. The introduction of free basic education and the return of pregnant pupils to schooling have contributed to the increase in the levels of enrolment of females at the basic level. As a result of the low education status of most women, their participation in the economy has largely been restricted to petty trading, such as street vending and cross-border trading.

4.2.7 Zambia is faced with a critical shortage of housing and an enormous housing backlog dating back to the time before independence, mainly due to lack of an effective system of housing finance, inadequate land titling, rapid population growth and rural-urban migration. Although the housing stock expanded by a third from 1990 to 2000—rising from 1.3 million units to 1.77 million units, of which 598 thousand were in urban areas, compared to 1.3 million in 1990, out of which 487 thousand were urban housing units—the increase was insufficient to meet the rising population's housing needs. This total includes informal housing units comprising squatter as well as traditional housing structures: About 65 percent of Zambian households occupy traditional housing units in 2004—of these, 46 percent occupy traditional huts and 19 percent occupy improved traditional houses. In rural areas, 91 percent occupy traditional housing compared with only 22 percent in urban areas.

⁴Gini coefficient measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini coefficient measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini coefficient of zero represents perfect equality, while an index of 100 implies perfect inequality, World Bank Development Indicators, 2003.

Current estimates are that the total housing units backlog is about one million housing units and that 110,000 dwelling units are required annually to clear the backlog for the next ten years, while to satisfy new demand for houses all over the country, a similar number is required annually to be constructed. Moreover, of the total national housing stock, 80 percent could be classified as informal in nature with poor services provided or none at all.

4.2.8 Central to the problem of inadequate housing is the issue of lack of adequate finance and poor land delivery systems. The majority of Zambians cannot afford to pay the economic rent or price for a decent house in the light of escalating building costs and finance charges by financial institutions. Most people cannot afford to pay property rates on housing as their incomes are too low. The problem has been compounded by lack of Government investment in the housing sector, particularly low cost housing which affect most people. The absence of affordable and accessible housing loans to enable the construction of decent housing and slow land delivery system for housing development have restricted private sector participation. Government has also not played a significant role in mobilizing housing finance.

4.2.9 Another problem that has retarded housing development is lack of infrastructure services such as water supply, sanitation, roads, storm water drainage, electricity and others including public schools. Land that is provided by local authorities is mostly not serviced in order to facilitate housing development. Legal constraints have also contributed to the dismal performance in the housing sector. The restrictive provisions for allocation of land as contained in the Land Act of 1975 and centralized allocation of land make it cumbersome for developers. Zambia's vast water resources include rivers, streams, lakes and ground water. With regard to depth, storage capacity, available yields and exploitation potential, the country has favorable geological conditions for accessing groundwater. However, the country has not succeeded in harnessing this resource to improve access or prevent the pollution of both surface and groundwater.

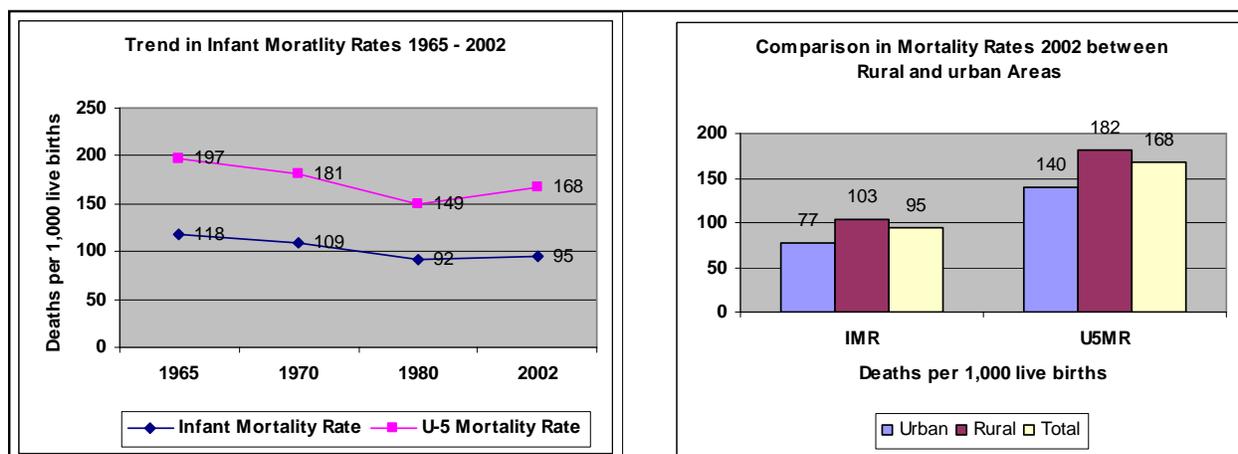
4.2.10 Access to clean and safe water by most Zambians remains a challenge. At the national level about 52 percent of households had access to clean and safe water supply in 1990 while in 2000, the percentage had increased to 64, but it dropped to 57 percent in 2003. Accessibility has been higher in urban areas at 88 percent in 1990 and 2000 compared to 28 percent and 48 percent in rural areas in the respective years. In 2004, access to safe water supplies was estimated at 86 percent of the population in urban areas and 37 percent of the population in rural areas. In the peri-urban areas, where 50-70 percent of the urban-population live, water supply and sanitation services are poor, inadequate and unreliable. By 1990, 63 percent of the population had access to improved sanitation facilities, increasing to 78 percent in 2000. Accessibility has been higher in urban areas at 86 percent and 99 percent, compared to 48 percent and 64 percent in rural areas in 1990 and 2000 respectively.

4.2.11 Another indicator of development is the general health of the population. Zambia's general health indicators, such as life expectancy and maternal mortality, have declined over the past five years. At independence, life expectancy at birth stood at 44 years and steadily increased, reaching 51 years in 1982 and 57 years in 1990. Life expectancy has progressively fallen since then and stood at 37 percent in 2001. This has been largely attributed to the high levels of HIV/AIDS in the country. The estimated adult HIV prevalence rate currently stands at 16 percent among the 15-49 year age group, compared to 20 percent in 2001. Since the mid 1980s when the first cases were diagnosed in Zambia, the prevalence in urban areas has been

consistently higher than in the rural areas—currently the infection rate is over 23 percent in urban areas compared with about 11 percent in rural areas. Similarly, the infection rate is higher among women at about 18 percent than amongst men at about 13 percent. The prevalence of HIV/AIDS exacerbates current levels of poverty and threatens to undermine the prospects for economic growth.

4.2.12 Some health indicators showed a marked decline in service delivery and quality of care between 1965 and 2002, while others registered some improvement. In 1965, infant mortality and under-5 mortality rates, which stood at 118 and 197 per 1,000 live births, respectively, declined to 109 and 181 in 1970 and 92 and 149 respectively in 1980. These deteriorated further from 1982, rising to 95 and 168 per 1,000 live births, respectively, in 2002. The childhood mortality indicators were better in urban than in rural areas. In 2002, Infant Mortality Rate was lower in urban areas at 77 deaths per 1,000 live births compared to 103 deaths per 1,000 live births in rural areas. For the same period, under-five mortality per 1,000 live births was 140 for urban compared with 182 for rural areas. (See Chart 4.2.2)

Chart 4.2.2: Trends in infant Mortality between 1965 and 2002 and comparison between rural and urban for 2002



Source: Living Conditions Monitoring Survey Report 2004

4.2.13 Maternal Mortality declined from 460 deaths per 100,000 in 1970 to 413 in 1980. It declined further to 377 in 1990. However maternal mortality almost doubled to 649 deaths per 100,000 in 1996 and increased further to 729 in 2001. The increasing maternal mortality ratio was attributed to unskilled home deliveries, limited access to facilities, low postnatal care, prenatal complications, and complicated deliveries, postpartum deaths from haemorrhage and infections and post abortion complications. The relatively lower mortality in urban areas indicates that the problem can be addressed by increasing access to health care and facilities. In 2002, 93.4 percent of women received antenatal care from a health professional and 2.3 per cent from a Traditional Birth Attendants (TBAs). The percentage of women receiving antenatal care from a health professional slightly decreased from 96 per cent in 1996 to 93 per cent in 2002. The percentage of births attended by health professionals also declined from 47 percent of total in 1997 to 43 percent in 2002. One contributing factor could be the increase in the number of women delivering at home.

4.2.14 With regard to disease burden, malaria remains a leading cause of mortality and morbidity in Zambia. The incidence rate for malaria stood at 377 per 1,000 in 2002 as compared to 255 per 1,000 in 1990. However, mortality from malaria declined from 48 per 1,000 in 1996 to 42 per 1,000 in 2002. Malaria is endemic throughout the country and continues to be a major public health problem especially among the pregnant women and the children below the age of five. Tuberculosis is yet another disease causing stress on the public health system with a prevalence rate of 512 per 100,000 population in 2000. The rising incidence is in part attributed to the HIV/AIDS pandemic.

Table 4.2.1: selected health Indicators

Country/Indicator	1970	1975	1985	1995	2001
Zambia					
Life expectancy at birth, total (years)	46.5	48.5	50.3	45.4	37.5
Mortality rate, infant (per 1,000 live births)	109.0	100.5	100.0	112.0	112.0
Mortality rate, under-5 (per 1,000 live births)	181.0	165.0	170.5	202.0	202.0
Malaysia					
Life expectancy at birth, total (years)	61.6	64.4	68.9	71.7	72.7
Mortality rate, infant (per 1,000 live births)	46.0	38.5	23.5	11.0	8.0
Mortality rate, under-5 (per 1,000 live births)	63.0	52.5	31.5	15.7	8.0
Botswana					
Life expectancy at birth, total (years)	51.9	55.1	60.2	50	38.5
Mortality rate, infant (per 1,000 live births)	99	80.5	53.5	50	80
Mortality rate, under-5 (per 1,000 live births)	142	113	71	66	110
Egypt					
Life expectancy at birth, total (years)	51.1	53.3	59.3	65.3	68.3
Mortality rate, infant (per 1,000 live births)	157	138	97.5	56	35
Mortality rate, under-5 (per 1,000 live births)	235	205	140	71	41
South Africa					
Life expectancy at birth, total (years)	53.1	55.1	59.4	58.0	47.1
Mortality rate, infant (per 1,000 live births)	80.0	72.5	55.0	50.0	56.0
Mortality rate, under-5 (per 1,000 live births)	115.0	102.5	75.0	65.0	71.0
Thailand					
Life expectancy at birth, total (years)	58.4	60.6	65.8	68.9	69.0
Mortality rate, infant (per 1,000 live births)	74.0	59.5	39.5	29.0	24.0
Mortality rate, under-5 (per 1,000 live births)	102.0	80.0	49.0	34.0	28.0

Source: 2003 World Development Indicators

4.2.15 Major contributing factor to poor health care delivery are inadequate financial and human resources. During the period 1990 to 2001, Zambia's annual per capita health expenditure averaged only US\$18. This level of spending contrasts sharply with that of some lower and

upper middle income economies during the same period such as Malaysia, with US\$88, Thailand, US\$95, Botswana, US\$140, Gabon, US\$148, South Africa, US\$205 and Panama, US\$216. An analysis of the number of physicians working in Zambia's health sector shows the ratio of physicians per 1,000 people increasing from 0.09 in 1965 to 0.14 in 1985 and then progressively decreasing and reaching 0.07 by the end of 1995. During the period 1965 to 1995 Zambia's period annual average was 0.09, substantially lower than that of Egypt at 0.92, Panama at 0.86, South Africa, 0.31 and Malaysia, 0.30. This reflects unsatisfactory medical service delivery.

4.2.16 Education is critical in enhancing a country's social economic development. It builds people's abilities in terms of skills and the ability to receive and process information for livelihood choices. Despite this recognition, Zambia has yet to reach educational standards that are commensurate with sustainable development. An estimated 22 percent of the population has had no formal education. Of the total population, only 25 percent have completed lower primary, 27 percent upper primary, 13 percent junior secondary and 11 percent senior secondary. Only 2 percent of Zambia's population has completed a Bachelor's degree or above. Twenty four percent of females never had any formal education compared to 20 percent for males. Further, more males attained secondary school level or above than the females.

4.2.17 In 1970, the Primary school Gross Enrollment Ratio (GER) stood at 90 percent and increased to 97 percent in 1975, increasing further to 105 in 1985. The GER declined during the period 1990 to 2001—from 99 to 78 by 2000. Gross school attendance rates, nationally, were 106 percent and 50 percent for primary and secondary school levels respectively. The primary school gross attendance rates were 105 percent for rural Zambia and 107 percent for urban Zambia. Gross attendance rates are consistently higher for boys than girls. Net Enrolment Ratio (NER) in primary schools increased from 70 in 1990 to 78 in 2004. By gender, NER for girls increased from 69 in 1990 to 77 in 2004, still lagging behind the increase for boys, which went up from 71 in 1990 to 79 in 2004. The poor performance of girls in the education sector reflects their lower participation rates in formal wage employment across all sectors. As a result, women's participation in decision-making positions also lags far behind that of males in both private and public institutions where serious gender gaps of 70 percent or more exist.

4.2.18 Regarding access to secondary education, both boys and girls have been affected adversely due to neglect of infrastructure development at secondary level of education. This has resulted over the years in high school infrastructure growing at a much slower pace than that of primary school infrastructure. Consequently, competition for secondary school places has put girls at a disadvantage. There are presently not enough school places for pupils as only 25.9 percent of children completing primary school move on to high school.

4.2.19 The provision of educational facilities remains limited and unsatisfactory due to the increasing pressure on education infrastructure, poor maintenance and increase in the school-going population. The poor education infrastructure could be attributed to the limited investment in education infrastructure. The poor investment in education has led to high pupil-teacher ratios of about 80:1 at primary school level, over 10km walking distance to the nearest primary school and textbook-pupil ratio of 1:1.3 at primary school level and 1:7 at high school level in different subjects.

4.2.20 Technical education and vocational training is an important component of the education and skills development sector that contribute significantly to economic development. However,

in the past twenty years, this sub sector has faced a lot of challenges, including lack of investment, lack of a comprehensive and integrated curricula, and poor state of vocational education. Zambia's Technical Education, Vocational Entrepreneurship Training (TEVET) program is designed to address this but the impact has not yet been substantial. Combined with inadequate supply of middle-level management skills to effectively administer the education system, such shortcomings in educational support have led to failure by the system to adequately provide skills to over 20,000 youths who exit from Zambia's school system every year.

Table 4.2.2: School Enrolment indicators between 1970 and 2000 a comparison between Zambia and selected Middle income countries

Indicator/Country	1970	1975	1985	1995	2000
Botswana					
School enrollment, primary (% gross)	63.05	71.09	105.31	108.00	108.28
School enrollment, primary (% net)	45.97	57.16	89.36	81.31	84.26
School enrollment, secondary (% gross)	7.48	15.43	29.02	62.64	93.12
School enrollment, secondary (% net)	..	10.78	22.56	44.46	69.64
School enrollment, tertiary (% gross)	..	0.65	1.82	5.35	4.65
Egypt					
School enrollment, primary (% gross)	67.55	70.03	85.36	99.83	99.61
School enrollment, primary (% net)	62.84	..	..	..	92.62
School enrollment, secondary (% gross)	28.44	40.26	61.38	76.51	85.68
School enrollment, secondary (% net)	23.55	..	..	..	78.59
School enrollment, tertiary (% gross)	6.92	11.74	18.12	20.17	..
Malaysia					
School enrollment, primary (% gross)	88.71	94.46	100.69	103.43	98.74
School enrollment, primary (% net)	88.10	..	..	..	98.48
School enrollment, secondary (% gross)	34.23	45.72	52.95	58.70	70.33
School enrollment, secondary (% net)	33.14	..	..	..	70.15
School enrollment, tertiary (% gross)	..	..	5.89	11.68	28.16
Zambia					
School enrollment, primary (% gross)	89.66	96.61	104.54	88.51	78.15
School enrollment, primary (% net)	..	..	..	74.78	65.53
School enrollment, secondary (% gross)	12.77	15.09	19.47	26.54	23.53
School enrollment, secondary (% net)	..	..	..	..	19.09
School enrollment, tertiary (% gross)	0.39	1.98	2.05	2.51	2.47

Source: 2003 World Development Indicators

4.2.21 At independence in 1964 Zambia only had 108 indigenous university graduates, all trained abroad. The two national public universities have since matriculated more than 25,000 graduates to the national economy. A significant number of these graduates have successfully completed higher degrees abroad, and the national universities currently offer more than 50 graduate degree programmes. Overall, the academic staff of the universities (comprising about 200 persons holding doctoral degrees and 400 with master's degrees) is now more than 80 percent indigenous. These academics constitute a major human resource both for the delivery of higher education and for the generation of new knowledge and technology through research relevant to national development.

4.2.22 During the 1980s and 1990s very little investment was made in the infrastructure of the national universities although enrolment was significantly increasing. Moreover, low levels of operational funding led to extensive dilapidation of existing infrastructure and an exodus of qualified staff. As a result both universities are overcrowded. Therefore, the challenges for university education over the twenty five years of the *Vision 2030* are to rehabilitate existing infrastructure and construct new facilities to support the development of human capital. Staff development and retention of qualified staff will also be a focus in order to improve quality of university education.

4.2.23 Zambia's public spending on education as a share of GDP has declined from 5 percent to 4.7 percent per annum between 1965 and 1986 to an average of 2.3 percent of GDP between 1987 and 2000 (Table 4.2.3). In contrast, middle income Botswana (5.4 percent), Malaysia (5.8 percent), and South Africa (5.4 percent) were devoting more than twice as large a share of their GDP between 1965 and 1986, and their share of public spending on education was even larger during 1985-2000, with Botswana spending an average of 7.4 percent and Malaysia and South Africa about 6 percent of their GDP per annum.

Table 4.2.3: Comparative public education expenditure (percent of GDP)

	1965	1985	1995	2000	Period av	Ave (1965-1986)	ave (1987-2000)
Public spending on education, total (% of GDP)							
Botswana	4.4	5.2	8.1	8.6	6.6	5.4	7.4
Egypt, Arab Rep.	4.7	5.7	4.7	..	4.6	5.3	5.8
Gabon	2.9	4.6	2.5	3.9	3.5	3.6	3.4
Malaysia	4.1	6.0	4.4	6.2	5.4	5.8	5.2
Panama	4.0	4.4	5.0	5.9	5.3	4.5	5.1
South Africa	..	..	5.9	5.5	5.9	5.4	5.9
Thailand	2.4	3.7	4.1	5.4	3.8	3.5	4.0
Zambia	4.8	4.2	2.0	2.3	3.3	4.7	2.3

Source: World Development Indicators 2003 CD-ROM

4.2.24 Information is a resource that plays a key role in the development process. Access to information reduces as one moves geographically from the urban to rural areas. Linguistically, most of the information from the print and electronic media is in English not local languages. As a result, the majority of the population lacks access to information.

4.2.25 Zambia has a number of print media, however, circulation is limited to urban and peri-urban areas. Further, lack of access to modern ICTs has adversely affected timely and effective delivery of information as the current information and communication infrastructure is inadequate to meet the information needs of the whole population. This has led to poor and limited radio and television coverage, thereby denying information to most people living in the rural parts of Zambia. Inaccessible roads in rural areas and non-existence of telecommunication services in other areas have equally affected distribution and outreach of print media products, such as newspapers and magazines. There is, therefore, need to establish communication channels which ensure that every citizen has access to information as a basic human rights

ANNEX 1: SECTOR VISIONS AND TARGETS/GOALS

i) Economic Growth and Wealth Creation

SECTOR	SECTOR VISION	Targets/goals
Agriculture	An efficient, competitive, sustainable and export-led agriculture sector that assures food security and increased income by 2030	<ul style="list-style-type: none"> i. Increase agricultural productivity and land under cultivation by 2030; ii. Increase exports of agricultural and agro-processed products by 2030; iii. Preserve the agricultural resource base by 2030; iv. Increase land under cultivation to 900,000 hectares by 2030; v. Increasing land under irrigation to 400,000 hectares by 2030; vi. Increase agricultural machinery, tractors per 100 hectares to 2 by 2030; vii. Increase livestock population to 6,000,000 by 2030; viii. Increase fish population to 300,000mt by 2030.
Land	Secure, fair and equitable access and control of land for sustainable socio-economic development Zambia by 2030	<ul style="list-style-type: none"> i. Land being productively exploited for socio-economic development by 2030; and ii. Women men and the disabled have equal access to productive land for socio-economic development by 2030.
Tourism	Be a major tourism destination of choice with unique features by 2030	<ul style="list-style-type: none"> i. Develop, rehabilitate and maintain related infrastructure by 2030; ii. Diversify tourism products by 2030; and iii. Increase the participation of locals in the industry.
Manufacturing	Technology based and export focused manufacturing sector, which is dynamic and competitive with effective entities that add value to the locally abundant natural resources by 2030.	<ul style="list-style-type: none"> i. Develop a fully integrated rural based agro-based and light-manufacturing by 2030; ii. Increase the share of general manufacturing contribution to GDP to 36.12 by 2030; and iii. Increase Manufactures exports as a share of merchandise exports to 71 percent by 2030.
Mining	Well organized private sector led mineral resource exploration and exploitation that contribute to sustainable social economic development by 2030	<ul style="list-style-type: none"> i. Increase the share of mineral out used in industrial production to 30 percent by 2030. ii. Geo-map Zambia's surface area by 2030; and iii. Reduce environmental degradation from mining activities by 75 percent by 2030.
Infrastructure	A well developed and maintained socio-economic infrastructure by 2030	<ul style="list-style-type: none"> i. Develop and implement public private-partnerships; ii. Achieve affordable and efficient connectivity; iii. Increase GDP contribution; and iv. Promote investment in the creation of subsidiary infrastructure.
Energy	Universal access to clean, reliable and affordable energy at the lowest total economic, financial, social and environmental cost consistent with national development goals by 2030.	<ul style="list-style-type: none"> i. Abundant and reliable supply of affordable energy to both urban and rural areas; ii. Increased renewable alternative sources of energy; iii. Export led energy industry; and iv. Reduce the share of wood fuel to 40 percent by 2030. v.
Science and technology	A nation in which science, technology and innovations are the driving forces in national development and competes globally by 2030.	<ul style="list-style-type: none"> i. Acquire and upgrade infrastructure required for training in science and technology and R & D academic institutions by 2030; ii. Build and sustain human resource capacities and capabilities by 2030;

		<ul style="list-style-type: none"> iii. Promote development of enterprise using outputs from science and technology and R & D activities by 2030; iv. Strengthen linkages between productive sectors and research institutions in the economy by 2030; and v. Establish and strengthen practical application of science and technology in all areas.
Information Communication Technology (ICT)	An information and knowledge-based society by 2030.	<ul style="list-style-type: none"> i. Increase connectivity to fibre optic (telecommunication infrastructure rollout) and other high capacity transmission technologies (networks) from 7 to 72 districts by 2010; ii. Increase the access to phones per 100 people (tele-density) from 0.9 to 8 by 2015 and to 50 by 2030; and iii. Increase access to ICT services such as Internet users from 35,000 in 2005 to 100,000 by 2015 and to 1,000,000 by 2030.
Employment and Labour	Sustained full Employment by 2030	<ul style="list-style-type: none"> i. Maintain unemployment rate to below 10 per cent of the total labour force by 2030; ii. The proportion of the labour force operating in an environment in which labour laws are respected and safeguarded to reach 90 per cent by 2030; iii. Have an efficient and effective Labor Market Information System in place by 2015; and iv. Ensure that the minimum wage is commensurate with the prevailing living wage.

ii) Social Investment and Human Development

SECTOR	SECTOR VISION	Targets/goals
Education and Skills Development	Innovative and productive lifelong education and training for all by 2030. Regional centre of excellence in health and education;	<ul style="list-style-type: none"> i. Put in place a comprehensive and diversified curricula that is responsive to the social and economic needs of the individual and the community by 2030; ii. Increase the literacy rates to 80 percent by 2015 and work towards eliminating illiteracy by 2030; iii. Increase Net Enrolment Rates to 96 percent by 2010 and to 99 percent by 2030 at basic school level (Grade 1-9); iv. Improve pupil/teacher ratio to 40:1 at basic school and 25:1 at High school by 2030; v. Improve the pupil/text book ratio at basic school to 1:1 in all subjects by 2030 and 1:3 in all subjects at High School by 2030; vi. Reduce the average distance to basic schools to 5 km radius to 75 percent of the potential learners by 2030; and vii. Increase university and skills training output by 2 percent per annum, and increase equity of access while maintaining internationally recognised and locally validated standards of quality.
Health	Equitable access to quality health care by all by 2030	<ul style="list-style-type: none"> i. Reduce the under-five mortality rate from the current 168 to 50 per 1000 live births by 2030; ii. Reduce the maternal mortality ratio from the current 729 to 180 per 100,000 live births by 2030; iii. Increase the proportion of rural households living within 5km of the nearest health facility from the current 50 to 80 percent by 2030; iv. Reduce the population/Doctor ratio from the current 17,589 to 5,000 by 2030; and v. Reduce the population/Nurse ratio from the current 1,864 to 700 by 2030.
Food and nutrition	A well nourished and healthy population by 2030	<ul style="list-style-type: none"> i. Develop and/or advocate policies and programmes that will ensure food and nutrition security, food quality and safety at individual household, community and national level; ii. Prevent and control specific macro and micronutrient deficiencies and promote appropriate diets and lifestyles throughout all stages of human life; iii. Strengthen nutrition care practices for vulnerable groups, including young children, adolescents, women in the reproductive age, and HIV/AIDS infected, and those affected by non communicable diseases like diabetes, hypertension, coronary hear diseases, and

		<p>cancer;</p> <p>iv. Develop and sustain human resource capacity in the nutrition sector to meet the growing nutrition demands; and</p> <p>v. Establish and maintain an efficient institutional arrangement and strong nutritional networks.</p>
Housing and Settlements	Planned resettlement with adequate, affordable and quality housing by 2030	<p>i. Increase the number of people accessing planned urban and rural settlement to 50 percent of the population by 2015 and 75 percent by 2030;</p> <p>ii. Develop an appropriate, affordable and accessible mortgage system by 2015; and</p> <p>iii. Put in place efficient and transparent procedures for securing little deeds by 2015.</p>
Water and sanitation	Clean and safe water supply and sanitation for all by 2030	<p>i. Improve access to appropriate, environmental friendly sanitation by all Zambians;</p> <p>ii. Attainment of 80 percent access to clean water supply to all by 2015 and 100 percent by 2030;</p> <p>iii. Attainment of 68 percent access to sanitation to all by 2015 and 90 percent by 2030; and</p> <p>iv. Fully integrated and sustainable water resource management.</p>
Social protection	A nation that promotes and provides sustainable security against deprivation and extreme vulnerability by 2030.	<p>i. Contribute to the security of all vulnerable Zambians by ensuring that incapacitated and low capacity households have sufficient livelihood security to meet basic needs, and are protected from the worst impacts of risks and shocks;</p> <p>ii. The sector aims at reducing a total number of 2000 households from vulnerability including 1,000 incapacitated and low capacity households and refugees as well as 1,000 households with children without adult caregivers by 2030; and</p> <p>iii. Attain a labour market free of child labour by 2030.</p>
Arts and Culture	A thriving folk culture, arts and cultural industry by 2030	<p>i. Ensuring the preservation of folklore and intangible heritage by setting up provincial repositories in all provinces;</p> <p>ii. Ensuring the production and marketing of high quality cultural goods and services for both local and international market;</p> <p>iii. Ensuring the integration of art programmes in the education curriculum by 2010 and creation of a school of creative and fine arts by 2030;</p> <p>iv. Completion of construction of appropriate venues for artistic expression and marketing in all provinces by 2010 and districts by 2030; and</p> <p>v. Attainment of 75 percent participation in regional and international arts and cultural programmes by 2010.</p>

iii) **Creating and enabling Environment for sustainable social economic development**

SECTOR/ISSUES	SECTOR VISION	Targets/goals
Macro-economy	A stable and dynamic middle-income economy by 2030	<ul style="list-style-type: none"> i. Attaining period annual average real GDP growth of at least 10 percent through-out the Vision period; ii. Maintain single digit annual inflation through-out the Vision period; and iii. Building up gross international reserves to at least 12 months of import cover by 2030.
Governance systems	Total adherence to principles of good governance by 2030	<ul style="list-style-type: none"> i. Continue and enhance conduct of elections; ii. Improve access to justice by improving case disposal rate; iii. Enhance human rights awareness and reduce violations through effective enforcement mechanisms; iv. Achieve and sustain efficiency and effectiveness in the delivery of Public Services; and v. Attract and retain quality technical, professional and managerial staff in the Public Service.
Foreign relations	"Well articulated national and international interests by 2030 "	<ul style="list-style-type: none"> i. Realign Zambia's foreign policy in line with regional and international trends; ii. Establishment of a Foreign Service professional body; iii. Restructuring of Missions abroad; and iv. Continuously develop personnel with diplomatic skills.
Information services	A well informed citizenry, that fully participates in national development by 2030.	<ul style="list-style-type: none"> i. Attaining Computerization and Networking in all sectors of the economy; ii. Ensuring Journalists Training and retention; iii. Providing a conducive, policy, legal and institutional framework for the development of the media and increased outreach; iv. Over-dependence on donor funding puts the future of most community radio stations in doubt once the benefactors finally pull out. There is need for a more permanent source of funding to facilitate new entries into this sub-sector and ensure sustainability of those already in operation; and v. A satellite uplink would make ZNBC-TV signals available for direct reception and re-broadcasting throughout Zambia using terrestrial transmitters located in the districts.
Public safety	A Safer and more Secure Zambia by 2030	<ul style="list-style-type: none"> i. Low levels of criminal activities in the country; ii. High quality forensic based investigation; iii. Speedy disposal of court cases; iv. Professional and skilled cadre; and v. Continued peace and tranquility.

Population	Maintain population trends which are commensurate with sustainable socio- economic development by 2030.	<ul style="list-style-type: none"> i. To achieve sustainable development ; ii. Government will promote reproductive health services in order to achieve small and manageable family sizes especially in the rural areas; iii. Improve conditions of service to avert the migration of skilled manpower to other countries; and iv. Proper pattern of settlements so as to have equitable distribution of socio-economic resources and services.
HIV/AIDS	A nation free from the threat of HIV/AIDS by 2030	<ul style="list-style-type: none"> i. To reduce new infection rates; ii. Promote care for the infected and affected; iii. Promote Safe Sex Practices; and iv. Reduce Mother to Child Transmission of HIV/AIDS.
Gender	Gender equity and equality in the socio-economic development process by 2030	<ul style="list-style-type: none"> i. Reduce and ultimately eliminate gender imbalances and inadequacies associated with the provision of education, training and development; ii. Harness the types of knowledge, skills, values and competencies necessary for economic development; iii. Facilitate special consideration/affirmative action to adequate allocation of funds to the Health sector in support of programmes affecting women and children; iv. Facilitate and ensure appropriate health services to, and protection of women during pregnancy, confinement and post natal period as well as adequate nutrition; v. Implement measures that combat the adverse effects of HIV/AIDS, particularly on women and children; vi. Prevent and combat the existing Gender Based Violence scourge, particularly against women and girl children; vii. Economically empower women through acquisition and ownership of titled land; viii. Enact and enforce a law that will facilitate the allocation of at least 30 percent of available land to women as an affirmative action by the year 2030; and ix. Facilitate and provide economic support to institutions that offer credit facilities to women for land development, etc.
Environment and natural resources	A productive environment and well conserved natural resources for sustainable socio-economic development by 2030	<ul style="list-style-type: none"> i. Rehabilitation, re-construction of sewage treatment facilities in all major towns and cities; ii. 80 percent of waste collected and transported; iii. Develop Integrated Licensing System; iv. 90 percent polluting industrial facilities comply with environmental legislation; and v. 80 percent of unplanned settlements upgraded and the residents have access to clean drinking water and sanitation facilities.

