Aid and Poverty Reduction in Zambia

Mission Unaccomplished

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with

Jerker Carlsson

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In Memory of
Jerker Carlsson
Whose Dream of a Poverty-Free Africa
Acquired Him Lasting Friendship Among the Continent's Scholars

Contents

Acronyms	7
Acknowledgements	9
Preface	11
1. POVERTY REDUCTION AND DONORS	
DEFINITIONAL AND STRATEGIC CONCERNS	15
1.1 Introduction	15
1.2 Definitional Issues	16
1.3 Aid and Poverty Reduction	19
1.3.1 Donor Re-prioritisation	19
1.3.2 Aid Management	20
2. THE FACE OF POVERTY IN ZAMBIA	24
2.1 Macroeconomic Background	24
2.2 The Debt Menace	26
2.3 The Poverty Profile in Zambia	27
2.3.1 Macro Picture	27
2.3.2 Health	31
2.3.2.1 General Aspects	31
2.3.2.2 Malnutrition	32
2.3.2.3 HIV/AIDS	34
2.3.3 Education	36
2.4 Conclusion	38
3. POLICY RESPONSE TO POVERTY	39
3.1 Introduction	39
3.2 The Pre-1991 Period	39
3.3 SAP and Beyond	41
3.4 Renewed Vision and Strategy	45
3.5 Policy Performance	46
3.5.1 Pro-Poor Resource Allocation	47
3.5.2 Agriculture	49
3.5.3 Education	55
3.5.4 Health	58
3.6 Government Policy and External Influence	59
3.6.1 The World Bank and IMF	59
3.6.2 Bilateral Donors	63
3.7 Conclusions	64
4. AID FLOW TO ZAMBIA	66
4.1 Introduction	66
4.2 Aid Flow and Composition	67
4.3 Conclusion	71
5. EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS	72
5.1 Introduction	72
5.2 The Micro Projects Programme–The European Union	72
5.3 Conservation and Agroforestry Extension Programme–Sida	75
5.4 The Push II Project–DFID	76

5.5 The Lake Kariba Small-Scale Fisheries Development Project–Germany .	78
5.6 The Zambezi Teak Forest Project–Germany	79
5.7 Women Finance Trust of Zambia–The Royal Netherlands Government .	80
5.8 The Luapula Livelihood and Food Security Programme–FINNIDA	81
5.9 Primary Health Care Programme in Western Province–The Netherlands	83
5.10 The Integrated Health Sector Support Programme–DANIDA.	84
5.11 Cross-Cutting Analysis of Findings.	86
5.11.1 Project Identification, Design, and Appraisal	86
5.11.2 Conditionalities	88
5.11.3 Implementation and Output	89
5.11.4 Impact	90
5.12 Overall Conclusions	92
 6. HOUSEHOLD POVERTY AND AID	
SMALL-SCALE FARMERS IN LUAPULA PROVINCE	93
6.1 Introduction	93
6.2 Project Context.	94
6.3 Methodology	94
6.4 The Faces of Poverty–Local Concepts and Perceptions	95
6.4.1 What Is a Good Life?.	95
6.4.2 Perception of Being Poor	95
6.5 Change and Adjustment over Five Years.	97
6.5.1 Farming.	97
6.5.2 Food Security.	98
6.5.3 Health and Education Status	99
6.6 LLFSP Relevance and Impact	100
6.7 Conclusions	101
 7. HOUSEHOLD POVERTY AND AID	
LOW INCOME SETTLEMENTS OF LUSAKA	102
7.1 Introduction	102
7.2 Perceptions of Poverty by the Study Community	103
7.3 Changes in Living Conditions.	105
7.4 Concluding Overview	109
 8. POVERTY REDUCTION THROUGH DECENTRALISATION.	113
8.1 Introduction	113
8.2 Historical Background	114
8.2.1 Inherited System	114
8.2.2 The Current Situation	117
8.2.3 The Donors’ Response.	121
8.3 The Case of Municipalities	123
8.4 Conclusion	124
 9. AID AND POVERTY REDUCTION	
THE WAY FORWARD	126
9.1 Main Conclusions of the Study.	126
9.2 Main Lessons from the Study	130
 Bibliography	136

Acronyms

ACP	African, Caribbean and Pacific (of the Lome Convention)
AERC	African Economic Research Consortium
ASIP	Agricultural Sector Investment Programme
BESSIP	Basic Education Sub-Sector Investment Programme
BoP	Balance of Payment
CAER	Consulting Assistance on Economic Reform
CBO	Community-Based Organisation
CCF	Country Co-operation Framework
CDPF	Community District Partnership Fund
CG	Consultative Group (Meeting), the 'Paris Club'
CHW	Community Health Worker
CIDA	Canadian International Development Agency
CSO	Central Statistical Office
DANIDA	Danish International Development Agency
DDCC	District Development Co-ordination Committee
DDP-SP	District Development Programme in Southern Province
DFID	Department of International Development (Britain)
DHMT	District Health Management Team
DOF	Department of Fisheries
ECC	European Economic Commission
ESAF	Enhanced Structural Adjustment Facility
ESAP	Enhanced Structural Adjustment Programme
ESAC	Economic and Social Recovery Credit
ESIP	Educational Sector Investment Programme
EU	European Union
FAMS	Financial and Administration Monitoring System
FAO	Food and Agricultural Organisation
FEMAC	Foreign Exchange Management Committee
FINNIDA	Finnish International Development Agency
GDI	Gender-Related Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measurement
GRZ	Government of the Republic of Zambia
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (Germany)
HDI	Human Development Index
HDR	Human Development Report
HIID	Harvard Institute of International Development
HIPC	Heavily Indebted Poor Countries
HMIS	Health Management Information System
HPI	Human Poverty Index
HRIT	Health reforms Implementation Team
HSSP	Health Sector Support Programme
ICRAF	International Centre for Research in Agroforestry
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INESOR	Institute of Economic and Social Research
I-PRSP	Interim Poverty Reduction Strategy Papers
IRDP	Integrated Rural Development Programme
JICA	Japan International Co-operation Agency
LIVE/ADP	Livestock and Animal Draught Power
LKSFD	Lake Kariba Small-Scale Fisheries Development Project
LLFSP	Luapula Livelihood and Food Security Programme
MAFF	Ministry of Agriculture, Food and Fisheries
MMD	Movement for Multiparty Democracy
MPP	Micro Projects Programme
MoFED	Ministry of Finance and Economic Development

MPU	Micro Projects Unit
NAO	National Authorising Officer
NCDP	National Commission for Development Planning
NDCC	National Development Co-ordination Committee
NERP	New Economic Recovery Programme
NFNC	National Food and Nutrition Commission
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for International Development
NPRAP	National Poverty Rights Accumulation Programme
NPRSF	National Poverty Reduction Strategic Framework
ODA	Overseas Development Assistance
ODI	Overseas Development Institute
PANA	Participatory Appraisal and Needs Assessment
PDCC	Provincial Development Co-ordination Committee
PEAR	Participatory Extension and Research
PEM	Protein Energy Malnutrition
PFP	Policy Framework Paper
PHC/WP	Primary Health Care, Western Province
PHMT	Provincial Health Management Team
PPP	Purchasing Power Parity
PPU	Provincial Planning Unit
PRA	Participatory Rural Appraisal
PRGF	Poverty Reduction and Growth Facility
PSRP	Public Service Reform Programme
PROSPECT	Programme of Support for Poverty Elimination and Community Transformation
PRSP	Poverty Reduction Strategy Paper
PUSH	Project Urban Self Help
PWAS	Public Welfare Assistance Schemes
RAP	Rights Accumulation Programme
RDC	Resident Development Committee
RHC	Rural Health Centre
SADC	Southern African Development Community
SAF	Structural Adjustment Facility
SAP	Structural Adjustment Programme
SCAFE	Soil Conservation and Agroforestry Extension Programme
SDR	Special Drawing Rights (of the IMF)
Sida	Swedish International Development Cooperation Agency
SMP	Seed Multiplication
SOFI	Soil Fertility Improvement
SRP	Social Recovery Project
STD	Sexually Transmitted Diseases
SSA	Sub-Saharan Africa
SWAp	Sector-Wide Approach
TA	Technical Assistance (Personnel)
TBA	Traditional Birth Attendant
TESSIP	Technical Education Sub-Sector Investment Programme
UNCHS	United Nations Centre for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIP	United National Independence Party
USAID	United States Agency for International Development
WFP	World Food Programme
WFTZ	Women Finance Trust of Zambia
ZCCM	Zambia Consolidated Copper Mines Limited
ZEMP	Zambia Educational Materials Project
ZNOC	Zambia National Oil Company
ZTPF	Zambezi Teak Forest Project

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1. Carlsson, J., P. Chibbamulilo, C. Orjuela, and O. Saasa, 2000.

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Oliver S. Saasa
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Preface

Poverty is pervasive in most countries in Sub-Saharan Africa (SSA) where approximately 50 per cent of an estimated population of 270 million is currently below the poverty line. The Food and Agricultural Organisation estimated in 1996 that as many as 43 per cent of SSA's population is chronically undernourished.² Asia, Latin America, and Africa have recorded between 30 per cent and 50 per cent of their populations as unable to afford a minimum standard of living.³ For SSA, recent studies have revealed that during the 1980s, an additional 4 per cent of the region's total population had graduated into the already large proportion of the population that is below the international poverty line of US\$ 30 per capita expenditure per month.⁴ Human development indicators have also revealed a worsening trend in SSA. Out of the 20 countries classified by the UNDP as possessing the lowest human development index, 19 are in Africa.

The worsening poverty levels in Africa are explained partly by poor economic performance and rapidly growing populations. However, it has been established that economic growth alone is not sufficient to bring about, in a sustainable way, the needed poverty reduction. What is particularly worth observing is that SSA countries possess extremely low growth elasticities of poverty reduction.⁵ According to UNDP, elasticities in the developing economies of Asia are, on average, much higher than those that obtain in SSA.⁶ What this means is that while economic growth in Asia has tended to result in some degree of poverty reduction, this is rarely the case in SSA. In fact, for a good number of countries in Africa, the reverse is the case: GDP growth has been greeted with worsening social indicators. This means that there may be certain regional specificities that are uniquely African in character that ought to be taken into account in the definition of poverty and in considering interventions that target the poor. Results of a series of recent studies conducted by the Harvard Institute for International Development reveal that large income inequalities play an important role in explaining variations in policy responsiveness.⁷

In the light of the above, the reduction of poverty is once again at the centre stage in the international development community's agenda for both multilateral and bilateral donors. The resurfacing of this focus is no surprise and ought to be understood in the context of the on-going serious reflections over the results, short and long-term, of the world's two decades of preoccupation with adjustment and stabilisation. Despite the revival of economic growth in several developing countries that undertook major structural reforms under the umbrella and counsel of the IMF and

2. FAO, 1996, p. 9.

3. Ali, A.G., 1996.

4. Chen, S., G. Datt and M. Ravallion, 1994.

5. These elasticities measure the degree to which GDP growth reduces poverty levels.

6. UNDP, 1997, p. 74.

7. Roemer, M. and M.K. Gugerty, 1997; Gallup, J., S. Radelet and A. Warner, 1997 and Gugerty, M.K. and C.P. Timmer, 1999.

the World Bank, poverty has remained pervasive and, in a good number of these countries, worsened.

The level of desperation is reinforced by the fact that in spite of aid and the structural reform prescriptions, these economies have become poorer and poorer. Indeed, the effectiveness of aid, on the one hand, and the composition, speed and sequencing of structural reforms, on the other, have increasingly been questioned in both the North and South and a feeling of 'aid fatigue' (on the part of the donors) and 'external prescriptions fatigue' (among the poor recipients) has set in. What, really, has gone wrong?

The question above generated the interest for carrying out the study whose findings are recorded in this book. Out of the disappointments with aid and major structural reforms in developing countries arise key questions: What is amiss with aid? Isn't aid supposed to result in economic and social prosperity? What is the missing link between aid and positive change? Is the problem mainly that the volume of aid is not sufficient and, as is often heard, more of it would make a difference? Are the ground rules under which aid changes hands supportive of positive responses? Could it be that what Africa should strive for is the reverse: to reduce aid dependence?⁸ Are the systems and structures that receive, apply, manage, and monitor aid appropriate? Is the aid relationship between donors and recipients enabling enough to realise the often lofty ideals of external assistance? Does local ownership matter and is it really necessary to involve the poor themselves in defining *who* they are, *what* they expect to get out of poverty-reducing interventions, and *how* to realise desired goals? Is the sluggish social and economic progress in SSA appropriately diagnosed and correct remedies and strategies prescribed?

To address these and related theoretical and empirical challenges a number of Europe-based research institutions, in collaboration with others in Africa, co-operated in commissioning a series of studies in several developing countries in Africa and elsewhere that looked at the performance of a representative number of projects/programmes that are funded by European countries.⁹ It was in this context that the Nordic Africa Institute collaborated with the Institute of Economic and Social Research at the University of Zambia to undertake a study, the findings of which partially are reflected in this book. The main aim of the initiative was to establish the degree to which European-funded projects that aspire to be poverty-focused have realised their missions. The results discussed in this book relate to the Zambian component of this larger project. The case studies that form the basis of part of the analysis in this book are all located in Zambia, one of the African countries that has continued to receive European aid but where there appears to be little correlation between the magnitude of external resource flows and poverty reduction.

The European donor countries that were included in the Zambian component of the analysis are Sweden, Denmark, Germany, the United Kingdom, the Netherlands, and Finland. In addition to the more country-specific case studies, one project that is funded by the EU itself was included in the analysis. Nine projects have been examined and are as follows:

- Micro Projects Programme (EU)
- Health Sector Support Programme (Denmark)
- Luapula Livelihood and Food Security Programme (Finland)

8. The African Economic Research Consortium (AERC), for example, commissioned multi-country studies in 1998 focusing on this option. For the Zambian input, see Saasa, O.S. and I. Mwanawina, 1999.

9. The consolidated results of these country studies have since been published in Cox, A. and J. Healey, 2000.

PREFACE

- Zambezi Teak Forest Project (Germany)
- Lake Kariba Small-Scale Fisheries Development Project (Germany)
- Primary Health Care (PHC) / Western Province (Netherlands)
- The Women Finance Trust of Zambia (Netherlands)
- Soil Conservation and Agroforestry Extension Programme (Sweden)
- CARE-Zambia Project Urban Self Help (United Kingdom)

To the extent that the aim of the Zambian study is to draw lessons that could be generalised in the current national and international efforts to understand poverty better and how to confront its multidimensional challenges, one ought to sound the in-built limitations posed by the restriction¹⁰ in the choice of projects. Firstly, the countries that were chosen as case studies excluded non-European ones. To the extent that European projects are not typical of other interventions by other donors, this does restrict the degree to which lessons from elsewhere influenced the study results. Secondly and in a similar vein, the fact that almost all the studied projects/programmes are bilateral in character denied the analysis the interesting discourse of comparing bilateral with multilateral funding. To complement these shortcomings, however, the book benefited from findings of earlier studies in Africa and elsewhere and the broad conclusions arrived at have been influenced by these other works.

The Zambian study was conducted in three phases. The first phase that began in mid-1997 and continued throughout much of 1998 focused on (a) a critical review of the poverty situation in the country; (b) policies, strategies for, and attitudes towards, poverty reduction in the country; (c) local perceptions of poverty reduction as a government priority; and (d) policies and practices of EU donors in Zambia, covering the nine case studies and drawing cross-cutting lessons from them. The second phase, which was covered during 1999 and which was primary data-based, zeroed in on household-level perceptions of poverty and poverty reduction and how this phenomenon ought to be addressed. Two of the nine case studies above (Luapula Livelihood and Food Security Programme and CARE-Zambia Project Urban Self Help) formed the basis of the household level primary data collection. The phase focused on the views, priorities, and perceptions of the direct recipients of aid at the grassroots level.

The third and last phase of the study, covering much of 2000 and the first half of 2001, was the examination of the definitional issues regarding poverty reduction and donors; and updating of earlier data and critical analysis of the face of poverty in Zambia. Also covered during this phase were the re-examination of government and donor policy responses to poverty in Zambia up to early 2001; the magnitude and composition of aid flow to Zambia; and the examination of how decentralisation could improve the involvement of people in poverty-reducing interventions. Finally, in the context of the findings from the nine case studies and two household level fieldwork results, this last phase charted out the way forward regarding how the effectiveness of aid could be improved.

Against the above background, the audience of this book is expected to be donors that have come to the assistance of Africa; the government policy makers in African bureaucracies who are expected to provide the policy framework within which aid is received, applied and evaluated; and, lastly, the academia that attempts,

10. The broader study initiative was funded mainly by the EU countries and focused only on European-funded projects.

quite often with disappointing results, to understand and influence aid policy on the continent.

The book begins with Chapter 1 that makes a critical review of current literature regarding the definition and strategic concerns of poverty reduction and the role of donors. This is followed by Chapter 2 that looks at the face of poverty in Zambia, covering, *inter alia*, the magnitude and complexity of the problem in one of Africa's poorest countries. Chapter 3 turns to the Zambian government's policy response to poverty, covering the 1964 to 2001 period. The role of donors in policy choices is also critically examined in this chapter. Chapter 4 looks at aid flow to Zambia, its volume, intensity, composition, and end use.

Chapter 5 presents the results of the investigations of the nine European-funded projects, focusing on each project in turn at the level of its poverty orientation in the context of the stated objectives; how it was identified, appraised, designed, and implemented; and an assessment of its outputs and impact. The chapter ends with a synthesis of the nine case studies in an effort to identify similarities and cross-cutting issues. Chapters 6 and 7 look at the household poverty and project aid, focusing, firstly, on the case study of Finland-supported small-scale farmers in a rural province of Luapula and, secondly, the case study of two urban-based low-income unplanned settlements in Lusaka that benefit from the DFID-supported PUSH II project being implemented by an NGO, CARE-Zambia. These two chapters aim to demonstrate the poor people's own perception of poverty.

To the extent that the involvement of the poor in poverty reduction has come out very strongly as one way of making aid effective, efficient and sustainable, the issue of how the developmental process could be decentralised to the levels where poverty prevalence is highest (rural areas) becomes important. How donors are allowed to go below central ministries to the province and districts in their interventions, thus, becomes important in efforts to reduce poverty. It is in this regard that Chapter 8 addresses the issue of decentralisation and poverty reduction. Lastly, Chapter 9 draws some conclusions from the study.

1

Poverty Reduction and Donors Definitional and Strategic Concerns

1.1 Introduction

The definition of poverty is often as elusive as the phenomenon itself for it is seen differently from different disciplines (e.g. economics, political science, sociology); different perspectives (e.g. donors governments, recipient governments, project staff, beneficiary communities at the grassroots, etc.); and different country circumstances (e.g. extremely poor countries, moderately poor countries, fairly well-off countries, etc.). How poverty is perceived is also often influenced by the *reason* for defining it (e.g. if it is for merely understanding it or for actual direct intervention). This failure to appreciate this reality partially explains why some disciplines claim to have a better understanding of poverty and the needed interventions, to the exclusion of others.

Similarly, for a long time, development 'experts' have tended to predominate the definition of poverty and prescription of remedies without the involvement of the poor themselves at the household and family levels. Furthermore, little attention has so far been given to the *aid relationships* between the various actors with a view to establishing how far the existing patterns, institutions and structures under which donors and recipients interface may not only complicate the definition of this phenomenon but, perhaps more importantly, explain the poor record of performance so far of poverty interventions. There is often little appreciation of the fact that the causes of poverty are as multiple, interactive, multi-sectoral and cross-cutting as development itself.

Existing literature clearly reveals the diversity in both definitions of poverty and where emphasis is being placed. Poverty has, for many years, been perceived as largely an economic condition that can be solved using primarily economic solutions. Improvement in national income levels, for example, has tended to characterise the contemporary analysis of poverty. A number of multilateral institutions that tried over the years to address poverty by perceiving it primarily through economic spectacles have often been disappointed by the emerging realisation that while economic growth is very important for poverty reduction, it is never sufficient. Zambia is evidently a victim of this rather belated discovery after many years of experimentation by those institutions that, only recently, have come to realise that their quick fix diagnosis and prescribed remedies have been part of the problem rather than the solution to the deepening poverty levels in the country. The post-1998 major swing in the current thinking among many development specialists, governments and multilateral institutions on how to address poverty has been more a product of the realisation that, rather than placing more blame on the poor themselves, they too are to blame for the policy transgressions of the past.

Against the above background, this chapter attempts to highlight the varying definitions of poverty that are currently being used in the effort to understand and address poverty in developing countries. It starts with definitional issues. This is followed by a broad examination of the issues of aid and poverty reduction at two levels, namely, problem identification and prioritisation and, finally, aid management.

1.2 Definitional Issues

Poverty is defined in *Encyclopaedia Britannica* as “the state of one who lacks a usual or socially acceptable amount of money or material possessions.” Welfare economists have defined poverty as consumption per household member or per adult equivalent below a certain acceptable level, often referred to as the poverty line. Per capita incomes or expenditure of a given household have been used in the quantification process. In defining poverty, the household’s level of income, for it to be above the poverty line, should meet the requirements of food and other basic items of housing, water, sanitation, health and education. Under this conceptualisation, consumption (expenditure plus the imputed value of home production) is generally taken as a proxy for “income”.

In Zambia’s quantification of poverty, the Central Statistics Office (CSO) determines the poverty line as the amount of monthly income required to purchase basic food to meet the minimum caloric requirement for a family of six. In 1991, while using this quantification tool, the percentage of the population below the established poverty line stood at 69.7 per cent, which later soared to 73.8 per cent by 1993. One, however, ought to be careful on how much value is placed on this form of quantification for, quite often, the full picture is not captured. In the Zambian case, the situation is, in reality, worse since the ‘food basket’ used to arrive at the poverty line is very modest and based on a predominantly minimal caloric requirement that is vegetarian and excludes meat, chicken, and fish. If these were added in the determination of Zambia’s poverty levels, the cost would increase by a large margin. It is also worth observing that the measurement of poverty in Zambia has not fully factored in such basic needs of the people as shelter, education, health care, lighting, clothing, footwear and transport. Human freedoms are also remotely linked to the current definition of poverty.

The above realities call for caution in statistical quantification of phenomena as complex as poverty. There is always the danger that, in one’s quest to be scientific and technical, one tries to reduce to quantifiable indicators matters such as ‘poverty’ that are so deeply human that they cannot be translated into mere numbers. This recognition does not question the value of quantification and the importance of economic growth indicators in getting a clear picture of the magnitude and severity of poverty. Indeed, economic growth can be a powerful means to eradicate poverty and positive GDP growth rates are important in this regard. Growth does raise the poor people’s productivity and incomes and it expands their opportunities and choices in a number of important ways. Sustained national GDP growth, combined with rising wages and productivity, largely explained the unprecedented leap from poverty in the now industrial countries. It is also the main explanatory variable for the major positive changes in such countries as China, Indonesia and Malaysia that are far more advanced in their fight towards reduced poverty in income and other important dimensions.

CHAPTER 1: POVERTY REDUCTION AND DONORS

However, lessons from other countries ought to be applied with extreme caution for countries' or regions' specificity matters. The successes in the countries above contrast significantly with the realities in most of Sub-Saharan Africa. In most African countries, growth has been unable to register a significant impression on poverty, either because it is insufficient or too slow or, perhaps more importantly, it has been insufficiently pro-poor in both its *quality* and *structure*. This has led to the reality that while economic growth is important for poverty reduction in Sub-Saharan Africa, it is definitely *not* sufficient. Although many analysts agree that there is a strong link between economic growth and poverty reduction, a significant part of the variance in poverty among and within countries in Africa and elsewhere is evidently not explained by that link. In Zambia, in particular, growth in consumption has not spread to initially poorer places, groups, or households, or the poorer among the poor. Granted, some disadvantaged groups have evidently benefited from some of the poverty reduction initiatives, but they have generally not achieved commensurate improvements in capabilities (such as higher literacy, reduced infant mortality, and greater gender equalisation).

The above reality reveals the fact that in many countries, economic growth has contributed to poverty reduction, but there are still losers from the adjustments that growth requires. If the majority of the people in a country fall under the category of losers, then serious reflection is called for. It is increasingly becoming clear that while economic growth may explain a significant proportion of poverty reduction, the rest depends on good policy to harness the growth for poverty reduction. There is mounting evidence that economic growth contributes most to poverty reduction only when it expands the productivity, employment, and wages of poor people.

Another important condition is initial equality. There is emerging evidence that confirms that income poverty is reduced faster where equality is greater. Since 1997 and under the sponsorship of USAID, a project at the Harvard Institute for International Development addressing the relationship between economic growth and poverty alleviation has revealed a number of interesting findings. The results of the initial paper in this series¹¹ showed that, on average, economic growth has tended to benefit the poor. It was established that the poorest 20 per cent of the population experienced a nearly 1 per cent increase in their incomes for every 1 per cent of overall per capita GDP growth. This suggested that, on average, economic growth will as much benefit the poorest 20 per cent of the population as it will the richest 20 per cent. Subsequent work by Gallup, Radelet, and Warner¹² confirmed a similar trait. The third paper by Timmer examined these same questions but employed a different analytic model.¹³ In this paper, Timmer established that although the poor do indeed participate in the growth of many economies, such participation is much lower in unequal countries.

In a more recent release, Gugerty and Timmer concluded that although, on average, the poor do benefit from growth, this average hides a considerable level of variation and, more importantly, the poor are more disadvantaged in unequal countries.¹⁴ From the results of these studies, the most important lesson here for countries that experience high poverty prevalence levels regards the role of policy and economic structure. Economic structure (particularly the initial level of inequality) does affect the patterns of future growth but, perhaps more importantly, the sectoral

11. Roemer, M. and M.K. Gugerty, 1997, p. 42.

12. Gallup, J., S. Radelet and A. Warner, 1997.

13. Timmer, C.P., 1997.

14. Gugerty M.K. and C.P. Timmer, 1999.

composition of growth does possess major implications for poverty reduction and alleviation. Thus, in countries with highly uneven income and asset distribution, the poor are significantly disadvantaged in the growth process. Similarly, in countries where the poor are predominantly in the agricultural sector, national growth that excludes this sector would rarely improve the welfare of the disadvantaged population that depends on it. This suggests that in countries like Zambia where the majority of the poor depend on agriculture for their survival, the recorded poor growth of this sector remains as one of the major factors that explain the worsening poverty conditions.

In the light of some of the above realisations, more refinements in the conceptualisations of poverty have been made. Three categories seem to emerge in the definition of who is poor: (a) *absolute* shortfall below what is considered to be an acceptable standard of living; (b) shortfall *relative* to some norm such as the standard of living one previously enjoyed or of the average for one's country; and (c) *subjective* as defined by oneself. In all the three definitions of poverty under this characterisation, "...the 'living standard' can be so defined that a person is in *narrow poverty* if and only if his/her *consumption* (absolute, relative or subjective) falls below some poverty line; or in *broad poverty* if and only if an indicator of broad *well-being*, usually including health and literacy as well as consumption, falls below a poverty line."¹⁵

In the human resource development field, the recognition of the weaknesses of 'economic' variables in explaining poverty led to the development of broader conceptualisation of poverty. At this level, poverty is defined by the Human Development Index (HDI) that is based on such aspects as life expectancy, infant mortality, nutrition, literacy, school enrolment, and access to safe drinking water. These human dimensions are expressed, for the purposes of measurement, by a number of variables that include the index of life expectancy at birth; the educational index;¹⁶ and standard of living, as measured by real per capita. In short, the HDI is a composite of three basic components of human development, namely, longevity,¹⁷ knowledge¹⁸ and standard of living.¹⁹

Since the concept of human development is much broader than what the HDI shows, the UNDP *Human Development Reports* have, over the years, been constructing more specific and disaggregated indices. Among these are the Gender-related Development Index (GDI), the Gender Empowerment Measure (GEM), and the Human Poverty Index (HPI). The latter includes, in a composite measure, a number of deprivation attributes so as to attain an overall judgement regarding the degree of poverty in a given locality. It concentrates on deprivation as used in HDI, namely, longevity or survival (i.e. vulnerability to death at a relatively early age); knowledge (exclusion from the world of reading and communication); and decent living standard (in terms of overall economic provisioning).

Does policy matter in all the above? The key elements of a pro-poor intervention largely depend on government policy. An important first step in any country is to

15. For an exposition of the pros and cons of these definitions in different circumstances, and of measurement theory and practice, see Lipton, M. and M. Ravallion, 1995.

16. This is measured by a combination of adult literacy and the rate of school attendance at all levels of the education cycle.

17. *Longevity* is measured by life expectancy.

18. *Knowledge* is measured by a combination of adult literacy (two thirds weight) and mean years of schooling (one third weight).

19. *Standard of living* is measured by purchasing power, based on real GDP per capita adjusted for the local cost of living (purchasing power parity).

make poverty reduction a priority objective of the national development policy and strategy. Consumption-based approaches, for example, are important in that they allow for improvements in access to such necessities as basic health, education and welfare. But to meaningfully target poverty, *livelihood-based approaches* are more effective. Livelihood-based approaches focus less on consumption *per se* and more on interventions that strive to increase the poor people's income and assets. Livelihood systems, thus, entail a combination of activities that households undertake to earn a decent living and to ensure the availability of their basic needs and requirements. In this regard, livelihood systems encompass productive activity that members of the household undertake to sustain themselves. They include household assets accumulation; income security; and food security.

The reduction of the poor's vulnerability to crop failure in countries like Zambia where the poor are predominantly agrarian, for example, becomes an important consideration that ought to be addressed by national policies that advance livelihood-based approaches. The enhancement of the household's capacity to cope with fluctuations in the market prices of their main economic activity constitutes another important consideration; as is the need to guarantee the provision for children's future (their health and education, for example). In this regard, a policy that focuses on the enhancement of a livelihood system would guarantee, *inter alia*, food security and sustainable acquisition and safeguarding of household assets. Under such conditions, household vulnerability to economic shocks would be minimised and the distress disposal of household assets significantly curtailed. A livelihood-based poverty alleviation approach, thus, targets the poor themselves in a manner that improves the household resilience in the face of major threats to their welfare.

1.3 Aid and Poverty Reduction

1.3.1 Donor Re-prioritisation

Poverty reduction has emerged as one of the main objectives of bilateral and multi-lateral aid agencies. Poverty reduction is presently the declared strategic goal for the World Bank, the EU, UNDP, Sweden, Denmark, Finland, Belgium, Canada, and the Netherlands. Although the USA, Germany, Japan, and the UK view poverty reduction as one priority area in their aid interventions, this is still competing with several other top priorities. France is yet to explicitly identify poverty reduction as a priority in its assistance to developing countries. Are donor interventions structured in a manner that assures their anti-poverty effectiveness in the light of shifting priorities? This is fundamentally the question this book attempts to answer, drawing lessons from the experiences of European aid in Zambia. For the moment, an examination is made, first, of the nature of current global initiatives and, second, the modalities used.

The World Bank is presently leading the global poverty reduction initiatives. In 1997 alone, as much as US\$ 4.1 billion of the organisation's resources, equivalent to 29 per cent of its investment lending, was directed at projects that specifically targeted the poor. This support is coming as an integral part of a combination of new strategies that attempt to improve the effectiveness of its global poverty reduction programmes in the light of past oversights and evident failures. By mid-2001, a number of Sub-Saharan African countries had already developed Poverty Reduction Strategic Papers (PRSPs) that, with the support of the World Bank and the IMF, aim to better plan poverty reduction interventions (see below). Presently, the Bank em-

plays a three-pronged approach to poverty reduction, i.e. (a) growth-oriented policies, (b) the provision to the poor of basic social services, and (c) support to alleviation strategies through the provision of safety nets that are directed at the heavily risk-prone poor communities that, during the transition, are unable to immediately benefit from the adjustments growth requires.

Most donors subscribe to the World Bank's pro-poor approach to poverty reduction. Variations are, however, evident at the level of emphasis, targeting, and sequencing. For many bilateral donors, poverty is increasingly being perceived as a multi-dimensional phenomenon that requires both livelihood approaches (see above) and the minimisation of their exclusion from effective participation in national life. This new perception of poverty has important implications not only for *who* should be targeted²⁰ but *how* this should be done. The 'how' aspect calls for strengthened institutional capacity at all levels of the aid relationships, namely within the donor camp, at the recipient government level, at the project level, and, perhaps more important, at the community level. Participatory and empowerment considerations are increasingly being recognised by bilateral donors and, more recently, multilateral donors (including the World Bank) as ingredients for aid effectiveness in the area of poverty reduction.

The major shifts in orientation regarding how poverty is perceived have resulted in a number of initiatives among donors during the latter part of the 1990s. Firstly, a considerable number of internal reviews of donors' prioritisation and operationalisation of their support towards poverty have emerged, emphasising *partnership* in the aid relationship as the guiding principle, particularly by Nordic aid agencies (Sida, DANIDA, FINNIDA, and NORAD). Secondly, the reemphasis of poverty reduction as the strategic goal has been characteristic of DFID and CIDA. Lastly, many EU donors have rejuvenated their support of the 20:20 principle.²¹

1.3.2 Aid Management

In spite of the above positive developments, a number of difficulties still persist that provide additional challenges for poverty reduction. Perhaps the greatest challenge once poverty has been identified as the strategic priority is how to go about realising this. The first conceptual hurdle is to define who the poor are and, consequently, how to target them. Proper targeting of the poor has generally proved to be elusive for both donors and recipients and it is one area where more work is still required. Lipton and Sinha summarised this aptly:

Most donors distinguish between 'direct targeting' of the poor [and] 'indirect poverty reduction'. While the indirect category in practice is the vaguest operationally, the instrument of 'direct targeting' is also not interpreted identically by donors. They include those which only identify the poor groups (e.g. the EU), those where the benefits largely go to the poor people (DFID) and where also (for Germany at least), 60 per cent are women, those which involve working with the poor (CIDA) and those which assist poor groups to participate more in society (Denmark). It is important to distinguish (i) targeting so that bits of hardware or software ... reach the poor, from (ii) targeting so that the poor get a high proportion of benefits, and (iii) targeting so poor get a high amount of benefit relative to cost. Donors often over-stress (i) relative to (ii) and (iii).²²

20. See Besley, T. and R. Kanbur, 1993.

21. Although Belgium and Italy are revealing interest in increasing their commitment to poverty reduction, no such signs are emerging from France and Spain. (See Cox, A. and J. Healey, 1998.)

22. Lipton, L. and S. Sinha, 1998.

CHAPTER 1: POVERTY REDUCTION AND DONORS

Almost all donors have given prominence to the reduction of gender imbalance in their poverty reduction interventions, focusing principally at the level of access to resources within communities and households as well as access to services, particularly education, health, and knowledge, generally.

The next challenge regards how best to ensure that there is local ownership of the externally supported interventions. This consideration brings to the fore the issues of participation and ownership. One of the lessons from the past failures of aid in Africa is the importance of avoiding a 'top down' approach to project design and implementation as this invariably results in aid ineffectiveness. In many past donor interventions, beneficiaries have almost never been involved in project identification, a phenomenon that can compromise the intended poverty focus. Few projects involve beneficiaries in design either, with the result that interventions often concentrate on non-critical issues from the point of view of the poor themselves. By offering 'solutions' before the problem is properly identified, a patronising scenario often emerges in the donor-recipient relationship whereby an *answer* is prescribed by the donor and the poor recipients are condemned to the torture of having to re-orient their problems to fit the given solutions. The "This is the solution, now what is your problem?" state of affairs has not been uncommon in the donor-recipient interface.

The World Bank has in the past tried to involve the beneficiary communities or stakeholders in the projects that it supported. Yet, the actual level of integration of the beneficiaries in those projects in which they were involved was less appealing. The World Bank reported that beneficiaries were involved directly in 84 out of 208 projects that it approved in 1995. This was equivalent to 40 per cent of the total projects.²³ The weak involvement of recipients in donor-supported projects was also revealed in a number of studies in Zambia²⁴ that showed that donors tended to marginalize the government and local communities at the project design, implementation, monitoring and evaluation stages. This raises serious questions regarding ownership.

Ownership by the recipient government is one issue: more challenging is to go beyond and ensure a real sense of belonging and ownership by local communities and the ultimate clients—the poor themselves. In other words, to guarantee local ownership, initiatives towards poverty reduction must not be supply-driven but determined by client demand. But for recipient governments and local level beneficiaries to meaningfully participate in programmes that aim to reduce poverty, their capacities need to be strengthened. In many cases, recipient governments are ill equipped to provide the requisite policy and implementation guidance to the donors so that the latter operate within, and in accordance with, the stipulated national goals and priorities. The strengthening of recipient governments' capacity in aid management and co-ordination would widen their ownership of donor-supported programmes. If this is done prudently, it would have an important value-added dimension in terms of sound implementation, enhanced impact and improved donor-recipient relationship towards sustainable results.

Another emerging consideration among donors is their general response to the general failure of the project approach to aid management. Many donors today subscribe to the Sector-Wide Approach (SWAp) to external assistance as a possible

23. World Bank, 1996a.

24. These were the FINNIDA-supported Zambia Educational Materials Project (ZEMP); NORAD-supported Western Province Water Supply and Sanitation Programme; Food Aid during the 1992 Swedish and World Food Programme support to drought relief in Zambia; and JICA-supported Groundwater Development Project in Southern Province. The results of these studies are in Saasa, O.S. and J. Carlsson, 1996.

means of improving aid management effectiveness and efficiency. In particular, Sida, DFID and DANIDA have made explicit and detailed guidelines on the conceptualisation and integration of SWAp in their respective operational modes of assistance. One important lesson from past donor interventions is that any aid programme that fails to recognise institutional capacity considerations necessary to facilitate the creation of an enabling policy environment runs the risk of being unsuccessful and unsustainable. In this regard, it is increasingly being recognised that the efficacy and effectiveness of external assistance are better enhanced if all co-operating partners that operate in a given sector jointly work towards the development and improvement of the local implementation institutions. Thus, rather than individually targeting their assistance to their respective projects, a better and more sustainable mode of assistance would be to work towards the capacity strengthening of indigenous implementing institutions to effectively plan, manage, implement, monitor, and evaluate their programmes/projects themselves. External input is, thus, seen as complementary rather than an alternative to local effort.

Another lesson carrying equal weight regards the adverse effects of the proliferation of externally-supported projects that usually place a significant and, quite often, overwhelming functional strain on the generally ill-equipped recipient governments' bureaucracies. The sheer number of donors in the average recipient country; the multiplicity of their projects; and their uncoordinated different planning, reporting, accounting, administrative and legal requirements have all resulted in *aid fragmentation* and a threat to local ownership, in general, and reduced opportunities for programme sustainability, in particular. For countries that have received too many donor-supported projects with little absorptive capacity (metaphorically referred to as '*project bombardment*'), this problem has actually remained real. A 1999 report by DFID summarised these problems clearly:

On the whole, funding agency-attributed projects undermine government leadership, contribute to policy fragmentation, duplicate approaches, distort spending priorities and insufficiently address institutional development and sustainability issues. The tradition of stand-alone programme implementation units drains capacity of government's own management systems, creates managerial overload fielding separate funding agency missions and distorts salary scales and other incentives.²⁵

From the developing country's standpoint, the orthodox donor-by-donor and project-by-project approach has significantly contributed to the worsening absorptive capacity of the recipient of what is being provided as aid. In the light of this experience, many donors and recipient countries have concluded that the project approach is neither effective nor desirable. The new shift to a sector-wide approach (SWAp) has to be seen in this context. An important aspect of this approach is that policy reforms at the sector level as well as institutional capacity strengthening are an integral part of the assistance. Co-ordination among co-operating partners is also enhanced. Thus, as the Sida Sector Programme Support stipulates:

The change ... to sector programme support seeks to combine the advantages of the traditional forms as regards planning stability and flexibility of resource utilisation with harmonisation of the support with other donors, aiming at improving the overall conditions for effective and efficient use of external resources. In this process it follows logically that Swedish resources are not entirely ear-marked to specified activities in the sector, but that financial resources can also be used as budget support to non-specified activities in the sector (provided that important policy conditions for sector programme support are to be met).²⁶

25. Ratcliffe, M. and M. Macrae, 1999.

26. Sida, 1995.

CHAPTER 1: POVERTY REDUCTION AND DONORS

Many funding agencies have now recognised that effective partnerships are strategic in their external support efforts, incorporating broad-based stakeholders *beyond* governments. SWApS in general have twin goals, first to ensure that policies, resources and institutional arrangements can lead to the attainment of sectoral goals, and secondly, to create conditions conducive to different forms of interaction between governments and other stakeholders. This implies that, under SWAp, donors are expected to give up the right to select projects for funding. Rather, they participate, *as partners*, in negotiations on how resources are spent and undertake joint reviews with recipients.

2

The Face of Poverty in Zambia

2.1 Macroeconomic Background

From 1964 when Zambia attained political independence to the early 1970s, the country registered gains in economic growth and social welfare. The good price of copper on the world market principally explained this. The post-1974 period tells a different story. Zambia's failure to diversify its economy beyond copper mining further weakened its economic base. The liberation struggle in Southern Africa and the degree of Zambia's involvement spelt further doom for the generally healthy economic climate of the country.

From the middle of the 1970s onwards, Zambia registered a declining economic performance and most social indicators continued to fall. Between 1974 and 1988, for example, the country's external receipts from metal declined by 23 per cent. The economic effect of this decline was serious especially when combined with external shocks (mainly the post-1974 rise in oil prices and decline in copper prices). Although a modest GDP growth was registered during the first ten years of independence, largely as a product of the sizeable expansion of import substitution, the period after that witnessed stagnation in GDP growth. The economy continued to suffer from high inflation, huge budget deficits, and a distorted price structure. By 1992, the annual inflation growth rate reached a record 190 per cent. The situation deteriorated to such an extent that in 1985, the World Bank re-classified Zambia from a low-middle income to a low-income country. By the early 1990s, Zambia had reached a level where the UN General Assembly included it on the list of least developed countries. Table 2.1 gives Zambia's GDP by sector over the 1994–98 period.

In 1995, real GDP growth (at constant prices) declined by 2.3 per cent. Although some modest improvements have been recorded since then, real GDP growth has persistently been declining. Other economic parameters tell a similar story. The balance of payment position registered an all-time low in 1998 at US\$ -282 million. Exports declined in 1999 although not as dramatically as the previous year. The balance of payments record for 1999 had, nevertheless, improved considerably due to a sharp decline in imports, a major decline in the deficit for invisibles, and improvement in donor disbursements. Inflation declined from 30.6 per cent at the end of 1998 to 20.6 per cent at the end of 1999. A reverse trend was registered in 2000 when inflation went up to 30.1 per cent. Figure 2.1 illustrates the problem clearly.

Another major contributing factor to the poor balance of payments position over the years has been the decline in donor support to the country, particularly during 1998. The mood at the May, 1998 Consultative Group Meeting in Paris between Zambia and its major donors underscored the latter's concerns regarding the slow progress in the privatisation of Zambia Consolidated Copper Mines Limited (ZCCM), the major mining conglomerate, as well as the poor governance record of the government. The total pledges made by donors were US\$ 531 million (for both-

CHAPTER 2: THE FACE OF POVERTY IN ZAMBIA

projects and balance of payments support) against a requested amount of US\$ 610 million in total assistance. Even more desperate, because of the failure by the government to reach agreement with private buyers of ZCCM, as well as continued concerns over the governance record of the country, the US\$ 237 million in balance of payments support that donors pledged was actually not disbursed.

Table 2.1. Zambia's gross domestic product by sector (at 1994 constant prices, million kwacha)

	1994	1995	1996	1997	1998	Growth 98/97 (%)
Mining	109,033	204,920	203,200	189,700	172,000	-9.3
Agriculture	302,182	402,964	400,400	379,900	356,800	-6.1
Manufacturing	219,846	218,996	231,147	248,128	255,700	3.1
Food	134,613	140,807	144,297	143,779	151,600	5.4
Others	85,233	78,189	86,850	104,349	104,100	-0.2
Utilities	72,191	71,056	67,075	69,900	67,900	-2.9
Construction	111,530	107,750	94,407	126,281	121,200	-4.0
Services	1,425,896	1,184,113	1,337,858	1,398,273	1,391,000	-0.5
GDP	2,240,678	2,189,799	2,334,087	2,412,182	2,364,600	2.0
Growth (per cent)		-2.3	6.6	3.3	-2.0	

Source: Ministry of Finance and Economic Development, *Economic Report 1996 and 1998*.

Figure 2.1. Zambia's economic trends, 1996–1999

Source: Based on figures from the Bank of Zambia.

Following the pressure exerted by Zambia's main donors, the pace of the privatisation process was enhanced and, on the governance side, Cabinet constituted a Technical Committee that developed the country's medium-term programme on capacity building for good governance.²⁷ ZCCM has since been privatised and the government has released its *National Capacity Building Programme for Good Governance* policy document. The subsequent two CG meetings, including the one in July 2000 that was held in Lusaka for the first time, witnessed increased donor pledges to the country. In the meantime, though, the deterioration in the balance of payments position over the years has resulted in running down the country's foreign exchange reserves, a development that has had far reaching consequences for the wider economy. Moreover, a serious depreciation of the Kwacha has been recorded, standing

27. The author of this book was appointed by the Cabinet Office as chairman of the Technical Committee that produced the *Good Governance* report.

at K 3,700 per US dollar as of March 2001. Following the central bank interventions that re-introduced some foreign exchange controls, the Zambian currency appreciated, standing at around K 3,100 per US dollar in May 2001.

2.2 The Debt Menace

Zambia's level of indebtedness is another consideration that seems to threaten serious internal efforts towards economic stabilisation, in general, and poverty reduction, in particular. High levels of indebtedness do set limits on the degree to which a country could manoeuvre with respect to policy choices in its external relations. Zambia is presently one of the world's most heavily indebted low-income countries. The country's external debt stock has progressively been increasing in recent years, reaching US\$ 3.7 billion in 1992, US\$ 4.2 billion in 1994 and US\$ 7,143 million in December, 1997. The increase in the debt stock over the period is largely on account of increased borrowing from the multilateral soft window. Under these conditions, Zambia has been classified as one of the severely indebted low-income countries along with such countries as Mali, Mozambique and Uganda.

The country's current debt crisis originates from the 1970s with the debt overhang emerging in the 1980s when economic performance started to deteriorate rapidly and the balance of payments position continued to worsen (see above). The debt situation was exacerbated by the government's cancellation of the International Monetary Fund (IMF) Stabilisation Programme in May 1987 that resulted in the suspension of external financing by donors. During that period, the country accumulated external payments of over US\$ 2 billion. Consequently, debt to GDP ratio rose to over 200 per cent while the debt service ratio increased to over 50 per cent in the early 1990s.

It can be assumed from above that the debt burden is crippling Zambia's growth prospects. There is the existence of debt overhang, i.e. investment is constrained by high levels of debt. A highly indebted country like Zambia possesses limited access to private international capital markets. This makes the country find it difficult to obtain credit for investments since its creditworthiness is compromised. Besides this, repayment obligations act as a tax on present and future income. Therefore, reducing the debt burden can be expected to have a stimulating effect on investments.

Zambia has been unable to service its debt from its own resources. Consequently, the country's debt is being serviced by cancellation and forgiveness; rescheduling (Paris Club Debt); further borrowings from the soft window (IMF and the World Bank); and grants (multilateral and bilateral donors). As of 2000, about 60 per cent of Zambia's debt was owed to the World Bank and IMF (58 per cent) and short term creditors (5.1 per cent). This meant that 60 per cent of the country's debt could not be rescheduled and Zambia could not default on it. It is, therefore, clear that donors are critical to Zambia because of the crippling debt that Zambia owes. Under this scenario, donor assistance is expected to continue to play an important role in the country's development effort.

It is noteworthy that in 1996, the IMF and the World Bank launched the Heavily Indebted Poor Countries (HIPC) Initiative on debt under which the 41 most indebted poor countries' external debt to multilateral institutions could be given some relief. This has now become another window (apart from the Paris Club and the London Club) at which international financial institutions negotiate with the debtor country the terms under which its debt service payments that are due are rescheduled over an agreed period. It is, however, becoming clear that despite the relief that

CHAPTER 2: THE FACE OF POVERTY IN ZAMBIA

Zambia may get under the HIPC Initiative, estimated at between US\$ 2.5 billion to US\$ 3.2 billion, its debt stock will still remain very high.

One challenge is imperative given the present capacity limitations of the Zambian government *vis-à-vis* that of its donors and lenders: in order for the country to be able to take advantage of the opportunities that are emerging on the global scene with regard to debt reduction, institutional and human resource capacities must be built as a matter of urgency. Zambia needs to train—and retain—qualified negotiators that possess the ability and determination to look at alternative options available in the best interest of the country. This also calls for structures that would allow for frequent consultations with the country's development partners in a manner that is transparent and credible to all stakeholders. In short, prudent economic governance matters but it is in serious short supply in Zambia presently.

2.3 The Poverty Profile in Zambia

2.3.1 Macro Picture

The macroeconomic background above clearly shows that despite some recent positive trends in the area of stabilisation, Zambia's economic decline is among the worst in Sub-Saharan Africa. The decline in per capita GDP has been accompanied by real wages decline; rising unemployment; and a noticeable reduction in transfers from the state to the average household. The prevalence of high poverty levels, thus, constitutes one of the main problems in Zambia today. A closer look at *the face of poverty* in Zambia would illustrate more vividly the worrisome trend. The majority of the people in Zambia suffer from weak purchasing power, homelessness, and insufficient access to basic social services and necessities such as education, health, food and clean water.

The Zambian government has defined poverty as "lack of access to income, employment opportunities, normal internal entitlements by the citizens to such things as freely determined consumption of goods and services, shelter and other basic needs of life that include education."²⁸ The conditions under which unsupported children and women; the disabled; women-headed households; lactating mothers; widows, and the unemployed currently live, put together, constitute a proxy for poverty in Zambia today.

Real income levels also serve as an important yardstick to poverty in Zambia. Prior to fully-fledged SAP over the 1983 to 1991 period, workers' real national weighted average annual basic pay (at 1983 constant prices) fell by 58.3 per cent. Zambia's Structural Adjustment Programme (SAP) austerity measures revealed a lot at this level of analysis. Firstly, wage restraint in Zambia constituted one of the inflation-fighting policy tools. Related to this was the government's decision to abruptly remove subsidies. By mid-1992, the government eliminated maize meal subsidies and the price of this staple foodstuff was decontrolled, sparking its sharp rise within a short period. For example, between October 1991 and October 1992, the price of the more refined maize flour (commonly referred to as 'breakfast' mealie meal) went up by 700 per cent and that of the less refined 'roller meal' by 175 per cent over a nine month period between January and October 1992. During the same period, on the other hand, nominal wages for the low and medium income groups (constituting the vulnerable category) increased only by about 100 per cent.

28. See GRZ, 1998b.

Existing statistics further reveal that the low-income group continue to shoulder the heaviest burden of the price increases since the inflation rate for this group has, on average, tended to increase at a much higher level than that for the high income category. Closely related to the decline in the average income level is the question of diminishing employment opportunities in Zambia. Overall, formal employment as a percentage of the total labour force in Zambia has continued to decline over the years. A significant decline in employment (of 47,900) was registered between 1992 and 1994. The decline in formal employment opportunities at a time when the labour force is on the increase has important implications for any serious initiatives that address poverty reduction. The formal sector now employs as little as around half a million people, or 13 per cent of the four million-strong labour force.

Statistics on growth and employment in many countries, including Zambia, suggest that the two need not be strongly correlated. Work by the UNDP shows that employment growth the world over has consistently lagged behind output growth since 1975 and it is expected that this gap will widen during the 1990s. During the SAP period in Zambia, one observes that 1993 was one of the years when the country had a positive growth rate of 7.5 per cent. And in that very year, employment fell by 25,000, which was nearly 5 per cent. This shows that policies and conditions that stimulate growth need not necessarily increase employment. A country, therefore, needs to design policies aimed at directly creating productive employment. The current lack of a clear-cut policy on employment promotion in Zambia is one of the main drawbacks of the present policy regime.

But whereas economic growth and employment may not necessarily go hand in hand, poverty and unemployment are strongly correlated. A population, a significant proportion of which is unemployed or under-employed as is the case in Zambia today, has a telling effect on the productive capacity of the economy. To the extent that unemployment, especially if prevalent among the youth, is positively correlated to the crime rate, it reduces the capacity for effective governance. Because it mars the enabling environment for investment or forces the channelling of higher levels of resources towards containment of crime, unemployment reduces the country's capacity for sustained economic growth. Indeed, to the extent that tensions in society due to social and political instability can seriously compromise poverty reduction initiatives, this aspect requires an important consideration in any meaningful debate on poverty reduction. It is worth observing that the reverse also holds true: that much as civil strife is inimical to poverty reduction, poverty itself is a good catalyst for civil tensions. In recent cross-country studies on growth in developing countries, strong associations have been confirmed between high incidence of poverty and inequality on the one hand, and civil and political instability, on the other. It is perhaps in this very reality that Zambia should take seriously the current concerns regarding the importance of poverty reduction and twin this ideal to the question of good governance. The demands for 'good governance' at the recent Consultative Group (CG) Meeting in Paris in May, 1998 did include the issue of poverty reduction and the need to strengthen the law enforcement arms of the state through, *inter alia*, adequate funding.

Current statistics suggest considerable increase in vulnerability in Zambia. The majority of the country's households are below the average national monthly expenditure (for both food and non-food items). Vulnerability is worsened in rural areas by dependence on a single main crop (maize) that is not drought-resistant in a drought-prone country. There are noticeable variations in the degree of depth, prevalence, and severity of poverty in Zambia. Statistics show significant geographical

CHAPTER 2: THE FACE OF POVERTY IN ZAMBIA

variation with rural areas exhibiting worse conditions (worst in the remote districts of remote provinces) than in the urban centres. The nearest (usually unsafe) water source is located more than 1km away for approximately 22 per cent of households in rural Zambia. Additionally, the rural poor's productivity is compromised by the absence of productive assets such as farm implements and storage facilities in the average household. The situation is not very different for the urban poor who mostly live in unplanned 'illegal' settlements in or around main urban towns (see Chapters 7 and 8 in this book for case studies of rural and urban poverty, respectively, and how it ravages the typical household). Most of the urban poor are absorbed by the informal sector, mainly engaging in street vending and rudimentary processing of consumer goods.

The data in the 1993 *Priority Household Survey* show that the poverty situation had worsened over the 1991 figures in spite of some registered positive macro-economic performance. It is, thus, becoming obvious that growth alone will not be sufficient to reduce poverty levels in any significant way in Zambia. The country is yet to ensure that growth increases the returns on the poor's assets (mainly labour and land).

The most recent statistics on poverty in Zambia were released by the Central Statistical Office (CSO) in December 1999 and were entitled *Living conditions in Zambia, 1998*. Principally, it revealed, *inter alia*, the major changes in the incidence of poverty over the 1996 to 1998 period. The following image of poverty in the country is unfolding:

- The percentage of poor persons increased by more than 3 percentage points from about 69 per cent in 1996 to almost 73 per cent in 1998. This overall change is attributable to the 10 per cent rise in urban poverty during the three-year period from 46 per cent in 1996 to 56 per cent in 1998 while that in rural areas remained about the same. This picture shows that the urban areas are fast catching up with rural areas. It also points in the opposite direction to the government's declared effort to reduce poverty to 50 per cent in the next five years.
- Poverty levels in rural areas are higher than in urban areas. Western Province has the highest incidence of poverty followed by Northern and Eastern Provinces.
- Lusaka Province has the lowest incidence of poverty followed by Copperbelt in both years. However, Lusaka Province had the highest increase in poverty over the 1996 to 1998 period (by 14 per cent). This means that Lusaka is fast catching up with the rest of the country.
- Extreme (abject) poverty had increased from 53 per cent in 1996 to almost 58 per cent in 1998. This may be attributed to the increase in extreme poverty in urban areas.
- There was a significant increase in the extremely poor persons in urban areas from about 27 per cent in 1996 to 36 per cent in 1998. On the other hand, extreme poverty in rural areas only increased by about 3 percentage points from about 68 per cent in 1996 to approximately 71 per cent in 1998.
- The incidence of poverty remained about the same for small scale farmers between 1996 and 1998. On the other hand, the incidence of poverty increased for the medium scale farmers, rural non-agricultural households, urban low cost areas, urban medium cost areas and urban high cost areas. One implication is that the medium scale farmers are fast graduating into deeper poverty and will soon become poor small-scale farmers.

AID AND POVERTY REDUCTION IN ZAMBIA

- Poverty increased in Central, Copperbelt, Luapula, Lusaka and Western Provinces but was reduced in Eastern, Northern, North-Western and Southern Provinces.
- North-Western Province had the highest reduction in poverty of 4.5 per cent.

Table 2.2. Incidence of poverty in 1996 and 1998 by rural/urban, and province

	Incidence of poverty All poor		Incidence of extreme poverty		Incidence of moderate poverty		Per cent Non poor	
	1998	1996	1998	1996	1998	1996	1998	1996
All Zambia	72.9	69.2	57.9	53.2	15.0	16.0	27.1	30.8
Rural/Urban								
Rural	83.1	82.8	70.9	68.4	12.2	14.4	16.9	17.2
Urban	56.0	46.0	36.2	27.3	19.8	18.7	44.0	54.0
Stratum								
Small scale farmers	84.0	84.4	72.1	70.5	12.0	13.9	16.0	15.6
Medium scale farmers	71.9	65.1	56.4	49.7	15.5	15.4	28.1	34.9
Large scale farmers	15.6	34.9	13.3	15.0	2.3	19.9	84.4	65.1
Non-agricultural households	79.3	72.0	66.6	52.1	12.7	19.9	20.7	27.9
Low cost areas	61.2	51.1	40.8	31.4	20.4	19.7	38.8	48.9
Medium cost areas	49.4	32.4	27.7	15.7	21.8	16.8	50.6	67.6
High cost areas	33.5	23.8	19.4	10.8	74.2	13.0	66.5	76.2
Province								
Central	76.8	73.8	63.2	58.6	13.6	15.2	23.2	26.4
Copperbelt	65.0	55.6	46.8	33.3	18.2	22.3	35.0	44.4
Eastern	80.3	82.0	66.5	69.9	13.8	12.1	19.7	18.0
Luapula	80.9	78.8	69.2	63.9	11.7	14.8	19.1	21.2
Lusaka	52.0	38.0	34.1	22.0	17.8	16.0	48.0	62.1
Northern	81.1	83.9	66.8	69.4	14.3	14.5	18.9	16.1
North-Western	758	80.3	63.2	64.8	12.6	15.5	24.2	19.7
Southern	75.8	75.9	60.3	58.6	5.5	17.3	24.2	24.1
Western	89.2	84.3	78.0	73.6	11.1	10.7	10.8	15.7

Source: CSO, *Living Conditions in Zambia*, 1998, Lusaka, CSO, December 1999.

Table 2.3. Provincial values of HDI components for Zambia, 1990 and 1996

Province	Life expectancy at birth (years)		Adult literacy rates (per cent)		Real income per capita (US\$)	
	1990	1996	1990	1996	1990	1996
Central	50.6	49.1	67.1	58.7	465	186
Copperbelt	49.9	48.4	82.1	81.	596	329
Eastern	42.0	40.7	47.5	79.1	267	168
Luapula	40.0	38.8	39.0	96.8	414	213
Lusaka	50.4	48.5	81.0	95.5	914	472
Northern	44.2	42.9	60.0	70.7	242	148
North West	51.1	49.6	49.8	64.6	249	143
Southern	52.5	50.9	68.8	56.6	374	210
Western	43.4	42.2	54.8	46.0	244	141
ZAMBIA	52.4	45.7	61.2	72.1	418	223

Source: UNDP, *Human Development Report for Zambia 1997*, Lusaka.

Table 2.2 gives a summary of the changing face of poverty in Zambia over the 1996 to 1998 period while Table 2.3 reveals the Human Development Index (HDI) for Zambia. The latest available HDI figure for the country is 0,378 and is from 1997.

A closer look at the major social sectors in Zambia, namely, health and education, is taken below to further reveal the magnitude and severity of poverty conditions in Zambia.

2.3.2 Health

2.3.2.1 General Aspects

Although Zambia has admittedly developed over the years a fairly good health service infrastructure and sizeable cadre of health service personnel, the average Zambian's health is currently unsatisfactory. At the macro level, the declining ability of the Zambian economy to provide and sustain basic health facilities has had a serious effect on the health status of the average Zambian. Although the Zambian government, following the 1978 Alma Ata Declaration, adopted the Primary Health Care approach as a vehicle for attaining *Health for All* by the year 2000, the low level of investment (both financial and human) in health has made it impossible to realise this goal. The status of primary health in Zambia could be gauged using such social indicators as infant morbidity and mortality rates; birth weight; access to safe water and to sanitation; immunisation coverage; maternal health; and nutritional status and all these indicators show a worsening trend.

Overall, the country's health indicators initially improved during the earlier years of independence. Indeed, expanded health services contributed to an improvement in health standards. For instance, during the 1963 to 1990 period, crude birth rates declined from 51.0 to 49.5; crude death rate fell from 19.6 to 11.7; and infant mortality rate declined from 259 in 1950 to 97 in 1980. Between 1960 and 1982, infant mortality fell from 125 to 80 per 1,000, and under-five mortality fell from 220 to 152 per 1,000.²⁹ Equally significant, the country's life expectancy at birth for both women and men jumped to 50.1 in 1990 from 43.4 in 1963. Moreover, there was substantial improvement in health service delivery: between 1964 and 1981, the number of beds in hospitals and health centres doubled while as many as 75 per cent of the population were within a 12 km radius from a health facility.

The achievements above have tended to conceal the more recent negative trends whereby a good number of health indicators have fallen along with economic indicators. Among the negative trends that deserve highlighting are the following:

- the percentage of children born underweight (less than 2,500g) has risen;
- infant mortality has increased;
- under-five mortality has gone up;
- access to safe water and sanitation has declined for the urban population; and
- child immunisation coverage has declined.

The declining access to safe water and sanitation, largely a product of low levels of provision, maintenance and investment within the water supply and sanitation sub-sector, has facilitated the spread of preventable diseases such as cholera, dysentery and diarrhoea. All these diseases continue to claim lives in Zambia today, particularly among the poor communities in both rural and urban areas. Cholera, for instance, has continued to take its toll every rain season in the major urban settlements. As a consequence of these and other factors, one of the most distressing trends in Zambia is the drop in life expectancy at birth from 54 years in the mid-eighties to an estimated 37 years in 1998, thus, placing Zambia as having one of the worst figures in the world in this regard. Furthermore, despite a trend of high and increasing vaccination coverage among infants and a high use of antenatal services, infant mortality rates continue to worsen. Infant mortality in 1996 was 109 per

29. World Bank, 1994b.

1,000 live births compared to 90 per 1,000 live births in 1990. Similar trends are also evident in child mortality rates. A closer look at some of the above health indicators would further elucidate the face of poverty in Zambia.

2.3.2.2 Malnutrition

A person's nutritional status is a function of a number of factors of which access to adequate food is only one. Such other factors as health and sanitation; food prices; seasonality of food availability; stability of sources of income; the general education of mothers—especially regarding knowledge of nutrition information; child feeding and weaning practices; and cultural consumption preferences—all influence a person's nutritional status. Poverty itself is the major explanatory variable for the presence of most of these factors. Notwithstanding this reality, it is equally a truism that while poverty could worsen malnutrition, it need not malnourish. Existing statistics actually reveal that although malnutrition is common among children living in low-income households, it cannot be principally explained by poverty. Countries that are much less wealthy such as Zimbabwe, Côte d'Ivoire, Mali, and Kenya have reduced malnutrition to levels that are lower than better endowed ones such as Mauritius and Morocco. Governments in developing countries are increasingly using malnutrition, instead of low income, in their definition of household poverty.

Other principal causes of malnutrition relate to the high prevalence of infectious diseases, including HIV/AIDS; insufficient care for the vulnerable, especially children; and poor environmental, economic and social conditions. Poor weaning practices and infrequent and inappropriate feeding (themselves being more prevalent among mothers with little or no formal education), also contribute to malnutrition. The deteriorating economic situation in the aftermath of radical economic reforms in several African countries has worsened the rising number of cases of malnutrition. In children, malnutrition does compromise their cognitive development, immunity, and physical growth.

Malnutrition in Zambia is currently one of the major causes of morbidity. Malnutrition is traditionally measured using such indices as stunting (height-for-age), wasting (weight-for-age) and underweight (weight-for-height). Malnutrition is currently being used in Zambia as an important index for establishing the gravity of poverty in a community. As of 1996, the face of malnutrition was as follows:

- For the under-five children, 31 per cent in Lusaka Province to 57 per cent in Northern Province were malnourished;
- Malnutrition accounted for approximately 20–30 per cent of under-five hospital admissions;
- severe clinical protein energy malnutrition was responsible for high levels of morbidity and mortality among the one to three year old children; and
- 31.3 per cent of deaths among one to 14 year old children were caused by malnutrition.

The most common form of malnutrition in Zambia is Protein Energy Malnutrition (PEM), the type that is closely linked to inadequate food access, itself a product of high poverty levels. In so far as PEM is closely associated with inadequate dietary intake, its causes are closely associated with declining income levels under Zambia's high poverty levels as families, in both rural and urban areas, are faced with reduced capacities to access nutritionally adequate food to sustain health. The rural-urban

CHAPTER 2: THE FACE OF POVERTY IN ZAMBIA

distribution of malnutrition shows that the prevalence levels are higher in rural areas.

It is noteworthy also that in urban areas, there exists a strong correlation between household expenditure levels and stunting prevalence. For instance, a child from a poor household like those in the two compounds covered in this book (see Chapter 6) possesses a one third higher probability to be stunted than his/her counterpart from a non-poor household. But the prevalence of malnutrition is so high that it also affects those in the non-poor category in Zambia. Statistics for 1992, for example, revealed that as many as 35 per cent of the children from non-poor households in the country were recorded as being stunted, a phenomenon that should have worsened with increased poverty levels in the urban centres. In fact, as Table 2.4 that presents the country's nutritional status by province reveals, the incidence of wasting is quite similar for both rural and urban areas.

Table 2.4. Nutrition indicators in Zambia among children under 5 years by province, 1992/1996 (per cent)

	Stunted		Underweight		Wasted	
	1992	1996	1992	1996	1992	1996
Northern	57	57	36	32	7	5
Luapula	56	57	40	33	6	7
Eastern	48	48	25	26	3	3
North Western	42	47	26	27	4	2
Western	42	45	26	32	4	5
Central	39	38	22	20	4	6
Southern	35	40	22	21	3	4
Copperbelt	34	31	22	17	5	4
Lusaka	32	30	23	16	5	5
Rural	46	49	23	17	5	5
Urban	33	33	29	28	5	3

Source: CSO, various years.

From Table 2.4 and other current statistics, the following picture emerges:

- Stunting is more prevalent among rural than urban children;
- Northern and Luapula Provinces have the highest percentage of stunted children, followed by Eastern and North-Western Provinces, and it is lowest in Lusaka and the Copperbelt;
- One fifth of the children in Eastern Province and more than 25 per cent of those in Luapula and Northern Provinces are severely stunted;
- Stunting is closely related to the mother's educational level, ranging from close to half of children whose mothers are uneducated to only 9 per cent of children whose mothers have benefited from secondary education.

The reduction in health sector spending (itself a clear expression of a combination of wrong strategic policy choices), on the one hand, and increased prevalence of malnutrition, on the other, seems to explain the above depressing state of affairs. Table 2.5 shows the Human Poverty Index³⁰ of Zambia, by province, in 1990 and 1996. It focuses mainly on health indicators and reveals a depressing picture.

30. *The Human Poverty Index* (HPI) was introduced in the 1997 Human Development Report (HDR) and includes, in a composite measure, several characteristics of deprivation in order to reach an overall judgement about the extent of poverty in any given community. It concentrates on deprivation in three essential areas of human life, already reflected in the HDI, namely, longevity; knowledge; and decent living standard (in terms of overall economic provisioning). In the 1998 HDR, the HPI was sub-divided into two indices: *HPI-1*: used to measure poverty in developing countries; and *HPI-2*: used to measure poverty in developed countries.

AID AND POVERTY REDUCTION IN ZAMBIA

Table 2.5. Human poverty index of Zambia by province, 1990 and 1996

Province	Under-five mortality rate per 100 live births		Adult illiteracy rate		(1) Population without access to safe water %		(2) People without access to health services %		(3) Moderately and severely underweight under-five children %		Simple average of (1), (2), & (3)		Human Poverty Index	
	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996
Central	12.9	16.5	21	16.3	52.7	51.9	18	10.0	21	24.7	30.4	28.9	23.6	22.2
Copperbelt	13.2	17.5	11	9.0	13.5	18.9	- 3.2	21	20.2	11.5	13.7	12.0	14.2	
Eastern	20.6	23.5	38	29.6	67.4	66.6	10	13.4	23	26.7	33.5	35.6	32.3	30.1
Luapula	19.9	25.5	16	12.4	60.4	60.2	6	3.4	28	25.8	31.5	29.8	24.3	24.7
Lusaka	12.9	17.4	11	9.0	19.1	18.9	2	2.1	19	20.2	13.4	13.7	12.5	14.2
North West	12.6	15.3	28	21.8	60.4	60.7	14	12.0	17	25.9	30.5	32.9	25.9	25.5
Northern	16.9	20.0	22	17.1	64.6	62.9	28	12.7	33	26.3	41.9	34.0	31.0	24.6
Southern	11.8	14.8	18	14.0	63.2	55.4	17	10.8	18	25.2	32.7	30.5	24.2	21.9
Western	17.5	20.1	37	28.8	65.3	61.3	28	12.2	21	26.0	38.1	33.2	33.4	28.4
ZAMBIA	15.4	19.0	22	17.6	51.8	50.8	15	8.9	22	24.6	29.3	28.0	24.4	22.9

Source: UNDP, 1997, *Human Development Report for Zambia*, UNDP, Lusaka; CSO, 1997, *Zambia Demographic and Health Survey 1996*, CSO, Lusaka (Preliminary Report); CSO, *Living Conditions Monitoring Survey, 1996*, CSO, Lusaka (Preliminary Report).

2.3.2.3 HIV/AIDS

The challenges of HIV/AIDS on the public and private sectors are obvious. Principally, AIDS threatens Zambia's capacity building effort: unlike most other communicable diseases, the disease strikes the educated and skilled as well as the uneducated. Consequently, it reverses and impedes the continent's capacity by shortening human productivity and life expectancy. The long periods of illness of the skilled personnel in employment result in considerable loss to the employer in lost person-hours. Consequently, AIDS must be seen as a capacity building challenge.

The complex relationship between economic growth and HIV/AIDS is increasingly being recognised: the epidemic is as likely to affect economic growth as it is affected by it. In Zambia, the economic shock of AIDS on the labour market has translated into severe loss in economic productivity. Given that HIV/AIDS will disproportionately affect the working age population, the quantity and quality of the labour force will be affected. The cost of overall production is likely to increase. An indirect effect on all sectors is the drop in consumer spending as the economic effects of HIV/AIDS spread throughout society. Correspondingly, a reduced access to income leads to adverse welfare impact on the household as resources for food and other basic necessities dwindle.

While more attention has been placed on the impact of HIV/AIDS at the macro/national levels, it is often forgotten that the epidemic is taking an equally debilitating toll at the household level especially under ill-conceived home-based care systems. This is particularly so in countries like Zambia where most people are poor and are, thus, ill equipped to shoulder the added expenses of caring for the sick. At the household or family level, the impact of HIV/AIDS varies by geographic areas (rural/urban); by socio-economic status and size of the family; by the number and ages of independent children; and by the number of people suffering from AIDS. The majority of those who die of AIDS are in their most productive years and often the sole breadwinners in the household through the loss of income, change in patterns of household expenditure, access to medical and other social services, and dissolu-

CHAPTER 2: THE FACE OF POVERTY IN ZAMBIA

tion of normal social relationships within the family. Given the slow progression of AIDS, many families exhaust their entire savings long before their infected members die, a phenomenon that has a serious adverse effect on the nutritional welfare of the household. The illness and death of the economically active prime-age adults result not only in higher medical expenses and lower incomes for family members, but also in survivors, especially women and children, having to lose access to land, housing, livestock and other assets. This is because they have no protected rights to inherit property from their husbands or fathers. Most children and women possess limited capacity or means for legal recourse to recover their husbands' or fathers' property wilfully removed from them.

The HIV/AIDS epidemic has also compelled many households and extended families in Zambia to absorb orphaned children and to care for the chronically ill patients. In 1996, a UNICEF-supported survey of 1,000 households in Zambia reported that 72 per cent of households cared for at least one orphan, up from 37 per cent reported by a similar survey in 1993.

Businesses in Zambia are already experiencing increases in mortality and morbidity among their workforce due to the pandemic. This has affected productivity, recruitment, and, in particular, loss of trained personnel. The number of hours lost to illness and funerals continue to increase, thus, posing a serious threat to increased productivity. At one company in Zambia (Indeni Petroleum Limited) where a study was conducted to determine the economic impact of the pandemic, the cost of medical care, salary compensation for the families of deceased employees and funeral grants more than doubled between 1991 and 1993, and had exceeded profits by 1996. Medical expenses and training costs increased while person hours were reduced.

As the epidemic persists, the private sector will be adversely affected in a number of ways. The workforce will not decline but will change in structure by becoming younger, inexperienced and less well trained. A disproportionately high number of skilled personnel will be lost, contributing to reduced productivity. Agriculture, too, is increasingly being adversely affected by HIV/AIDS-related illnesses as the predominantly agriculture-based communities in Zambia continue to be depleted as able-bodied persons join the escalating number of the infected and dying. Of particular concern is that the agriculture sector employs a large share of the labour force and accounts for a major portion of the gross domestic product and export earnings in the country. The effects of HIV/AIDS on this sector are, therefore, likely to reverberate throughout the national economy. The significant loss of productive labour force due to an increase in AIDS-associated mortality is already having the following consequences in the agricultural sector:

- reduction of land under cultivation as people are physically unable to work in the field;
- reduction in crop yields, due to delays in carrying out certain agricultural interventions such as changes in cropping pattern;
- changes in cropping patterns as some families have been known to switch to less labour-intensive crops;
- decline in the range of crops per household as AIDS-afflicted families reduce the number of crops under cultivation to one staple crop;
- reduction in the ability to control pests through thorough weeding and other inter-cultivation measures due to shortage of labour;

- loss of agricultural knowledge and farm management skills due to the loss of one or both parents to AIDS; and
- decline in livestock production as the urgent need for cash usually forces families to sell their animals.

The toll on the educational sector is equally worrying. In Zambia in 1998, for example, the Ministry of Education reported that 1,331 teachers died as a result of AIDS. A recent study noted that any capacity building within the Ministry of Education “must take into account the likelihood that some 20 per cent of Ministry of Education personnel are HIV positive, that the death rate will rise from 2.2–2.5 per cent in 2000 to 4.2 per cent in 2005, and that hours lost to sickness and funeral attendance will increase dramatically”. The same report estimates that by 2005, annual teachers’ deaths will amount to between 1,850 and 2,200; that is five or six teachers will die each day and that this loss is larger than the current total output from all primary teacher training colleges. This magnitude of impact is, of course, not confined to the education sector alone but can be expected to be similarly reflected throughout all ministries and partner institutions, including the private sector.

For the health sector, the impact of the epidemic is causing similar dents in the capacity of this vital social sector to deliver an acceptable level and quality of care. The story is similar:

- increased need for financial resources to handle escalating demand for hospitalisation. Bed occupancy in hospitals is on the increase in Zambia. This means that the expensive treatment of opportunistic infections from AIDS, most of which require admission, continues to place an unprecedented burden on the already crippled health service’s delivery system;
- increased need for human resources to handle rising demand for care; and
- AIDS-related morbidity and mortality among hospital personnel that, in turn, affects the quality of service delivery.

Box 2.1 summarises some of the major challenges that have emerged from, or are related to, the HIV/AIDS epidemic in Zambia.

2.3.3 Education

Another indicator of poverty prevalence is the level of illiteracy in the country. The Zambian education system shows serious problems. More than half a million children of school age (one third of them all) do not attend school in the appropriate grade. Non-attendance varies from 45 per cent among the core poor in rural areas to 20 per cent among the non-poor in urban areas. Zambia built up impressive school attendance and literacy rates in the seventies. These have dropped significantly in the 1980s and 1990s.

Education of the household head has a strong correlation to household expenditures in Zambia. Studies have revealed that a 42 per cent increase in per capita family expenditures is associated with a head of a household who possesses some primary school education while more than 6 years of education by the household head is associated with a 113 per cent increase of per capita family expenditure. Studies further reveal that the economic returns on secondary education are high in terms of the reduction in poverty in both rural and urban areas.

Box 2.1. The impact of HIV/AIDS in Zambia

Zambia is sustaining a devastating impact from the HIV/AIDS epidemic, as exemplified below:

- Life expectancy has plunged from 54 years in the mid-1980s to an estimated 37 years.
- In 1999, Zambia had an estimated 520,000 orphans, defined as having lost one or both parents, usually due to AIDS. This number is expected to reach almost one million by the year 2014. In 1996 seventy-two per cent of households were caring for at least one orphan.
- Infant and child mortality rates after decades of steady improvement are now worsening. About 32,000 new-borns are born with HIV infection each year, leading to a worsening of the infant mortality rate from 90 per thousand live births in 1990 to 109 in 1996.
- Tuberculosis cases have increased five-fold since the beginning of the epidemic, with more than 40,000 cases occurring in 1996. By the year 2014 the number of new cases each year attributable to HIV infection alone will exceed 41,500.
- Households are severely impacted due to the costs of medical care, time lost from work and funeral costs. Children may lose their parents and the opportunity to attend school. Families are impoverished and may experience dissolution of social relationships. Women are disproportionately impacted by AIDS. In some cases a surviving widow may have to resort to offering sexual favours in order to support the children. In many cases, elderly grandparents are left with the burden of raising large families of young children.
- People living with HIV/AIDS suffer stigmatisation, income loss, poverty, and often discrimination and abandonment.

What the above findings suggest is that there is a strong relationship between the level of education and poverty reduction. And yet the Zambian experience with educational services delivery indicates that very little attention has been given to this aspect in the national initiatives that address poverty reduction. Presently, the situation of the child, particularly the girl child, in this area raises fundamental concerns. Existing statistics reveal the following state of affairs at both the pre-school and primary school levels:

- more than a quarter of a million 7–17 year old children do not attend school;
- more than one million adults, two thirds of them being female, are illiterate;
- each year, more than 10,000 girls are unable to complete the primary school programme; and
- due to the existence of many rural schools with grade 4 as a terminal point, more than 15,000 eleven to twelve year olds are unable to proceed to higher grades within the primary school programme.

Despite the above gloomy picture, the primary school enrolment levels increased four-fold over the 1964–1991 period, registering a 5.5 per cent annual growth rate. At the secondary school level, even more impressive figures (twelve-fold increase) over the first 25 years following independence in Zambia were registered. In terms of actual space at the primary school level, there was room for nine out of every ten school-going age children. However, the government has failed to maintain the above levels since 1985. For example, whereas over the 1980–85 period, primary school enrolment grew by almost 30 per cent, it increased by only 10 per cent over the 1985–90 period. Grade one enrolment was worst hit for whereas a 35 per cent

growth was recorded in 1980–85, this declined to a mere 4 per cent in 1985–90, thus, showing an annual growth rate during the latter period of less than 1 per cent.

The falling educational standards at the primary level have been largely due to a variety of reasons chief among which being (a) the declining *real* public expenditure on education over the years and (b) the disproportionate amount earmarked for the primary level within the educational sector budget (see Chapter 3 on policy response).

Opportunities for education among disadvantaged children have declined significantly over the years. Factors responsible for the decline in this category of beneficiaries of the educational system include cost-sharing and cost shifting measures in education in the midst of declining real incomes for families in the country. Cost sharing measures have also created major opportunity costs to children from low-income families. The costs of education to households rose significantly in the early 1990s. In 1991, education expenditures accounted for 7 per cent of non-food expenditures, on average, across the country. This rose to 16 per cent in 1993, and was accompanied by variations between rural and urban rates of spending increase. This was largely the result of a substantial increase in food expenditures in rural areas. A characteristic response to a harsh economic environment is to withdraw children from school. Instead of sending their children to school, such families engage them in income generating ventures like street vending and farming to supplement family incomes.

Particularly noteworthy, a long-standing problem in Zambia's educational system is low educational opportunities for girls at secondary and tertiary levels. In the primary education sector, girls' participation rate has since the eighties remained at 47 per cent. The rate of access in grade 8 for girls has stagnated at 38 per cent since the eighties. At the secondary level as a whole, the participation rate of girls has since the eighties remained at an average of 37 per cent. Opportunities for tertiary education among girls are even lower. Girls in rural areas are more disadvantaged educationally than those in urban areas.

2.4 Conclusion

This chapter has revealed that the magnitude and severity of poverty in Zambia should be a matter of concern to both the government and donors. All the social indicators in the country are declining and there is evidence that, despite aid and domestically generated resources being diverted to the social sector, poverty is worsening. The next chapter examines what the government, with help from its traditional donors, is doing to address the situation.

3

Policy Response to Poverty

3.1 Introduction

The Zambian government's policy response to the country's poverty levels analysed in Chapter 2 has been multifaceted and touches on a number of factors both internal and external to the country. One noteworthy aspect of Zambia's current plight in the face of escalating poverty levels is the role of external factors in conditioning and, to a considerable extent, directing policy choices and responses. The analysis in this chapter, thus, takes a long look at how the policy environment evolved from the time of Kaunda to May 2001 and makes an assessment of the factors behind the country's policy-making behaviour towards social and economic welfare.

3.2 The Pre-1991 Period

It is important to re-state at the outset that at the time of political independence in 1964, Zambia was among the wealthiest countries in Sub-Saharan Africa. Chapter 1 demonstrated how this had changed over the years. Faced with decreased foreign exchange availability and the reluctance to permit a decline in consumption, the government erected a control regime and borrowed heavily from abroad under the impression that the crisis was only a passing phase before a sustainable economic improvement materialised. Since at that time, the country was in the category of medium income group, access to such multilateral institutions as the World Bank and the IMF at non-concessional terms was easy and government borrowed heavily to maintain its public consumption. Consequently, despite the severe revenue decline, the government expenditure increased from 27 per cent of GDP in 1974 to over 30 per cent during much of the period prior to 1985 when the initial phase of SAP was in place. It was external borrowing that financed both the fiscal and current account deficit that stood at almost 10 per cent of GDP during this period. This was how, by 1984, Zambia became the most indebted country in the world relative to its GDP.

The increased public expenditure on consumption adversely affected domestic savings that, in turn, reduced domestic investment considerably. Thus, although Zambia's capital formation during the 1971–76 period averaged 13 per cent of GDP, this had declined to 10 per cent of GDP at the time SAP was introduced in 1985. The foreign investment sector revealed a similar picture. Although the overall policy of the Zambian government during the pre-SAP period was to support foreign direct investment,³¹ a number of policies adversely compromised the country's attractiveness. The policy of import substitution; state sector dominance in the productive sector; and the protection of domestic industries from foreign competition all combined to present an inhospitable climate for foreign direct investment.

31. See Saasa, O.S., 1987b.

Other pre-SAP government policies further compromised the development of a sustainable economic base. The government decision to expropriate foreign assets through its policy of nationalisation constituted the worst hindrance to foreign investment inflow. The aim of this policy was to limit what was perceived as foreign domination of the economy and, in the process, check foreign investors' repatriation of unacceptable volumes of profits and dividends. Consequently, there emerged in Zambia a proliferation of state-owned enterprises (parastatals) that operated under a sheltered market and, thus, enjoyed a wide range of preferences, including privileged access to state subsidies and foreign exchange; subsidised credit; guaranteed market; preferential tax concessions; and special treatment in access to import licenses. The other aspect of preference concerns protection from external competition. In the pre-SAP controlled regime in Zambia, fairly high nominal tariff rates were set for consumer goods. At the same time, low tariff rates were set for industrial inputs. Consequently, a very high rate of effective protection emerged for the sectors that were involved in the production of consumer goods.

It can be seen from above that the Zambian government during the pre-SAP period created a policy environment in which competition was limited and industry grew as an import-substituting activity behind very high tariff walls. The high degree of protection and the resultant absence of competition, later reinforced by decreasing capacity utilisation, had led to decreased efficiency and evidently escalated costs. In the parastatal sector, this poor picture was reinforced by weak management and conflicting objectives of profitability, on the one hand, and employment creation and the promotion of low consumer prices, on the other. Overall, an industrial sector emerged in Zambia that was largely composed of firms that were internationally uncompetitive.

Moreover, after 1975 and mainly due to foreign exchange shortfalls, the government placed quantitative restrictions on imports and put in place an elaborate system of import licensing and administrative allocation of foreign exchange. The quantitative restrictions imposed by the import-licensing and foreign exchange allocation systems, in fact, took over the function of protecting domestic industry and, thus, made redundant the role of tariffs in this regard. Similarly, the policy of price control was particularly damaging to enterprise performance and profitability. In so far as price control had a high propensity to reduce corporate profitability, this inhibited both new investments and the ability (and willingness) to finance plant maintenance. From the point of view of the manufacturing sector, price control in Zambia and the resultant enterprise inefficiency had tended to place supply at a much lower level than effective demand.

One aspect that made the pre-SAP economic crisis unbearable both politically and socially was that despite the government's efforts to cushion the consumers against reductions in consumption, the people's standard of living actually declined considerably, thus signalling the beginning of high poverty levels. Per capita consumption levels in urban areas (that constituted the ruling party's power base) declined by as much as 30 per cent in medium density townships and by 22 per cent in squatter settlements. Moreover, public consumption over the 1975–84 period declined more than private consumption, at 40 per cent per capita. By 1985, the political leadership became convinced that the economic system thus far had become moribund and that a major policy shift towards liberalisation had to be effected. The move towards a more comprehensive structural adjustment was, thus, made on 4 October, 1985.

3.3 SAP and Beyond

In order to cope with the above difficulties, the Zambian government attempted in various ways to stabilise the economy. The input of the IMF in influencing policy at this stage was significant. The country's relationship with the World Bank dates back to a much earlier period.³² It was in the 1983–85 period when a more comprehensive IMF/World Bank Structural Adjustment Programme was undertaken. It covered a much wider range of structural policies and involved two stand-by facilities of Special Drawing Rights (SDR) 211.5 million and SDR 225 million for the 1983–84 and 1984–85 periods, respectively. These facilities were also complemented by the World Bank Structural Adjustment lending whose components included the following:

- export diversification through an active foreign exchange policy. In this regard, a multi-currency crawling system was adopted and a 20 per cent devaluation of the Kwacha was effected in 1983;
- the replacement of the crawling exchange rate system with the auction system in October 1985;
- the abolishing of quantitative import restrictions resulting in the liberalisation of the import licensing system by allowing businessmen to import any type of goods;
- decontrol of prices in order to allow more market-determined prices as well as reduction of the budgetary burden of price subsidies;
- interest rates liberalisation aimed at stimulating domestic savings;
- a wage freeze; and
- restriction on government expenditure in order to reduce government budget deficit.

The introduction of the auction system was perhaps the best known—and most felt—of the IMF/World Bank-supported structural adjustment measures. Under this system, the price of the Kwacha was determined by the market-clearing bid that exhausted the supply of foreign exchange allocated weekly by the Bank of Zambia. Overall, the October 1985 reform programme aimed at allowing market forces to play a vital role in influencing economic decisions. In this regard, all prices were decontrolled save for that of the staple meal (maize meal).

Initially, the liberalisation policy seemed to operate well. As expected, immediately the auction system was introduced, the Kwacha value depreciated from K 2.21 to the dollar to K 5.00. A much higher rate of depreciation followed thereafter. The government felt that the depreciation of the Kwacha was happening too fast too soon and it started to intervene.³³ The government over-auctioned lavishly such that

32. The first stabilisation package agreed upon between Zambia and the IMF consisted of the 1973/74 stand-by agreement which was aimed at halting the country's declining external reserves as well as arresting the budget deficit due to the decline in copper prices. Conditionality included a call for a reduction in public spending; borrowing restrictions, and a wage freeze. The second IMF stand-by Programme was effected in 1976/77 and involved a financial injection into the Zambian economy of SDR 19 million. The conditionality again focused on demand management. The third and longer IMF Programme, also demand management-focused, was the 1978 to 1980 SDR 250 million stand-by facility. The Programme performance criteria included limit in domestic credit expansion and a 10 per cent devaluation of the Kwacha's nominal value. The fourth arrangement with the IMF was the SDR 800 million Extended Programme which covered a three-year period from 1981–83. It was meant to serve as a cushion to the food and transport problems. This fourth programme focused primarily on the supply side policies for the promotion of agriculture, mining and manufacturing. The government failed to meet the IMF conditionalities and it was terminated prematurely.
33. The government tried various measures to minimise the decline of the Kwacha. For example, it tried to prop up the Kwacha exchange rate by demanding documentary evidence of how the previous auction funds allocation was utilised; by introducing tax payments; and by raising the weekly allocation of the dollar. The government also decided to demand a 30 per cent excess deposit with bids. As one desperate effort, the government introduced the Dutch auction system in which payment is according to the bid.

by October 1986, there was a bottle-neck of several weeks' successful bids awaiting foreign exchange allocation. Speculative demand for foreign exchange worsened the instability created and in early October 1986, the Kwacha depreciated to its lowest level at K 21.00 to the US dollar. At the same time, the money supply accelerated which, in turn, fuelled inflation.

On reflection, it would seem that the auction system proponents did not pay particular attention to the risks and costs associated with this component of SAP. It appears that too many adjustments were attempted at once without proper care being taken in complimenting the system with tight fiscal and monetary policies aimed at controlling inflation. Besides this, the promised foreign exchange support from donors that was required to sustain the auction system was erratic. As Edward Jaycox, the World Bank Vice-President in charge of the African region noted:

Zambia's was a terribly under-funded Programme. We overestimated copper revenue, overestimated aid flows, and did everything we could to paint a picture of an internally consistent financing plan based on the resources that we and others could bring to bear. If the case had been looked at more closely or more sceptically, the plan's lack of realism would have become apparent. A great number of shocks took place as the adjustment process went along: copper prices went down or stayed at the same level when they were expected to go up; aid that was expected did not arrive; deals with the Paris Club that were normative were made less liberal when the aid was increased... In sum, the Zambian Programme was administered in a very chaotic way, and the chaos resulted in part from the inadequacy of financing and unrealistic financing projections.³⁴

While acknowledging the importance of inadequate donor financing under the country's auction system, it is important not to place undue weight on the degree to which reduced aid flow crippled the system. A good case can be made to the effect that the Kwacha depreciation during the auction system was more a function of increased demand for foreign exchange than reduced foreign aid supply from the donor community.³⁵

A number of developments during the 1985–87 period suggested that the economy was not recovering. Because the introduction of liberalisation measures and the foreign exchange allocation; the upswing in inflation growth; the Kwacha depreciation; and the attendant fiscal deficit all happened simultaneously, the relationship between these phenomena was assumed to be strong. Pressure on the government to abandon structural adjustment, in general, and the auction system, in particular, was, thus, mounted especially by organised labour under the leadership of Friedrich Chiluba, who was later to become the Republican President.

Under pressure from both civil society and from within the state system itself, the argument against the auction system won the day. The government then sided with the opponents of the IMF/World Bank package of reform measures by arguing that SAP led to declining productive capacity; loss of industrial output; depressed employment opportunity; a fall in real wages; and that it fuelled rising poverty levels.³⁶ Consequently, the government unilaterally abandoned the structural adjustment programme on May 1, 1987, and replaced it with its own 'New Economic Recovery Programme' (NERP) that ran over the July 1987 to December 1988 period. The implementation of the new programme included the re-activation of import controls; the decision to limit debt service payments to only 10 per cent of the net export earnings after the foreign exchange required by named strategic sectors had been deduct-

34. Jaycox, E., 1991.

35. See Bates, R. and P. Collier, 1992.

36. GRZ, 1987.

CHAPTER 3: POLICY RESPONSE TO POVERTY

ed; re-introduction of price controls; a return to the system of interest rates of commercial banks being fixed by the government; and the re-appearance of the administrative allocation of foreign exchange through the Foreign Exchange Management Committee (FEMAC). The key slogan for the new approach was 'growth from our own resources'. Upon the abandonment of a liberalised exchange rate, the Zambian Kwacha was re-valued and pegged at the rate of K 8 to the US dollar.

Although the government maintained that its policies were working, several developments are worth appreciating. Firstly, inflation rate during the Programme remained at a crippling 60 per cent. Secondly, consumer prices for the low-income group continued to rise, for instance, by 56 per cent from May 1987 to May 1988. Money supply during the same period had also risen by 43 per cent. Thirdly, the country's balance of trade picture that was recovering became negative during 1987 and 1988. Lastly, with the government decision in May 1987 to restrict debt service to only 10 per cent of Zambia's export earnings, the debt position worsened while almost all the multilateral agencies and donor countries decided to starve the country of the much sought after external assistance. Following Zambia's breakaway from the IMF and the accumulation of overdue financial obligations to the IMF, Zambia was declared ineligible to use IMF financial resources in September 1987. By July 1992, Zambia's arrears to the IMF totalled SDR 920.7 million (about US\$ 1,369 million). The disruptions that all these developments introduced were evidently not in the best interest of Zambia's social sectors and, thus, poverty levels worsened.

In the latter half of 1988, the government recognised that economic realities dictated that Zambia had to progressively move towards the re-establishment of its relationship with the IMF, World Bank, and bilateral donors. Hence, in November 1988, the Kwacha was devalued by 25 per cent and the multi-currency pegging of the Zambian Kwacha to the Special Drawing Rights (SDR) was effected. An upward adjustment of interest rates followed this with a commitment to their periodic reviews. Furthermore, in order to reduce the huge subsidy burden on maize meal, the government introduced in January 1989 a selective coupon system targeted only to the poor urban households. Ironically, the rural poor who were in the majority and worst hit were excluded from the coupon system, a phenomenon that suggested that the measures were intended to appease the trade unions and their 'politically disruptive' urban workers.

Further measures were adopted by the government. In June 1989, for example, a comprehensive list of decontrol measures was put in place, evidently to prepare ground for the smooth return of the IMF. The measures included the removal of all price controls except for maize meal (the country's staple food). Effectively, another era of SAP set in and in August 1989, an economic and financial Policy Framework Paper (PFP) covering the 1989-93 period was prepared by the government together with the IMF and the World Bank. The PFP's main thrust was that of moving quickly and decisively towards specific targets particularly in the areas of market-clearing exchange rate; positive real interest rates; and economic pricing of goods and services. In line with the policy of liberalisation, a government commitment was made to enhance a competitive environment; foreign investment promotion; private sector development; trade liberalisation etc. The donors were back.

Generally, the IMF and the World Bank as well as most of the Western bilateral and multilateral donors that had earlier suspended their assistance to Zambia seemed satisfied with the government's policy reversal. However, the political winds of change that increasingly worked against a one party system swept out Kaunda's

AID AND POVERTY REDUCTION IN ZAMBIA

government and the new president, until then the leader of the militant Zambia trade union movement, took over the reins of power after multi-party elections on 31 October, 1991. Nevertheless, in view of the country's Economic Recovery Programme, the IMF endorsed for Zambia a Rights Accumulation Programme (RAP) in July 1992. The RAP was a special arrangement designed for member countries that were perceived to be serious about economic adjustment but were ineligible to use IMF's financial resources because of outstanding debt service arrears. Under the RAP that was monitored up to the end March 1995, Zambia accumulated rights for up to a maximum amount equivalent to SDR 836.9 million. The accumulation was contingent upon Zambia fulfilling certain monetary benchmarks set by the IMF every quarter. The country completed the programme in December 1995 (although the original target date of completion was the end March 1995). As a result, the IMF lifted Zambia's ineligibility to use IMF's financial resources and approved loans for Zambia totalling SDR 830.2 million, which was facilitated by bridging finance provided by several donors. Of the total loan, SDR 701.7 million was provided under a three-year Enhanced Structural Adjustment Facility (ESAF) and a further SDR 181.7 million under a one year Structural Adjustment Facility (SAF) in support of the government's economic and financial reform programme for the period 1995/96–1997/98.³⁷

In summary, when the new government took up the reins of power in 1991, it stated that it sought to undertake 'an unbreakable integrated package' of economic reforms. It fully embraced a free market economy through the World Bank and IMF-supported structural adjustment programme (SAP). The reforms' thrust was summarised in the country's 1992–1994 *Economic and Financial Policy Framework* whose main components included (a) economic stabilisation that focused on fiscal and monetary restraint; (b) structural adjustment that entailed the removal of price controls and subsidies; (c) the liberalisation of the exchange and interest rates; (d) the freeing of external trade through the removal and/or reduction of tariffs and non-tariff restrictions; (e) the privatisation of state-owned companies; and (f) civil service reforms. The government is also presently implementing its *Medium-Term Strategy of Economic Development* for the 1999–2001 period that also ran concurrently with the IMF's three year Enhanced Structural Adjustment Programme (ESAP). Figure 3.1 presents Zambia's main macro-economic policies, their objectives, and instruments.

In the context of the above framework, the government aspired to achieve sustained economic growth and, until recently when a better focus seems to have emerged, poverty reduction was expected to trickle out of economic growth spill-overs. Little linkage seems to have been conceptualised by the IMF, World Bank, or the state itself on how best to translate the growth dividends into actual poverty reducing achievements. Indeed, the political clout of social sector ministries such as the Ministry of Community Development and Social Services and Ministry of Youth, Sport and Child Development remained low while poverty reduction was, and still largely is, the preserve of 'experts' in the Ministry of Finance and Economic Development.

37. The ESAF and SAF are concessional IMF facilities for assisting eligible members to strengthen their balance of payments and improve their growth prospects. ESAF and SAF loans carry an interest rate of 0.5 per cent, and are repayable over ten years, with a five-and-a-half-year grace period.

CHAPTER 3: POLICY RESPONSE TO POVERTY

Figure 3.1. Current macroeconomic policies and policy instruments

Policy	Objectives	Instruments
Monetary policy	Reduce inflation Prudential supervision and monitoring of financial institutions	Liquidity requirements Open market operations Banking and Financial Services Act
Fiscal policy	Reduce government spending Stimulate supply response and competitiveness of domestic industries Improve performance of civil service Enhance private sector development Promote growth and poverty reduction	Expenditure reform (cut non-essential activities, wage restraint, etc.) Reduction of excise duty, customs tariffs on selected items Public Sector Reform Increased social sector spending Increased capital spending Seek enhanced HIPC and poverty reduction growth facility
Exchange rate policy	Stabilisation of exchange rate	Upper cap on cash transactions in banks and bureaux Increased BoP support Increased FDI (due to liberalisation and privatisation)
Trade policy	COMESA free trade area SADC trade protocol	Zero tariff rates on eligible goods on reciprocal basis
Foreign debt policy	Reduce external debt burden	Seek enhanced HIPC by which debt stock is cancelled

3.4 Renewed Vision and Strategy

In Zambia, the government's development strategy is increasingly expected to be pro-poor. As the Minister of Finance stated in the 1998 Budget Speech, "... the ultimate objective of our *economic and financial policies* is to reduce poverty in the country and to raise the living standards of all our people"(emphasis added). One still observes, though, that poverty reduction is still looked at principally through 'economic and financial' spectacles and often falls short of recognising the multidimensional character of poverty. The government's articulated three-year economic policy strategy covering the 1998–2000 period included the reduction in the incidence of poverty³⁸ although the strategy, in operational terms, for realising this was generally unclear save for stating the strategies in the National Poverty Reduction Strategic Framework(NPRSF) as follows:

- Achieving broad-based economic growth through agriculture and rural development;
- Providing public physical infrastructure;
- Increasing productivity of the urban micro-enterprises and the informal sector;
- Developing human resources, and;
- Co-ordinating, monitoring and evaluating poverty reduction programmes and activities.

An attempt to operationalise this Framework was made later in 1998 in the National Poverty Reduction Action Plan (see Box 3.1). *The Interim Poverty Reduction Strategy Paper* (released in July 2000) was similarly insufficiently clear on how the government intended to proceed. "The strategy to achieving these NPRAP's targets," it stated, "is to formulate and implement, on incremental basis, comprehensive poverty reduction plans that address both the causes and the manifestations of poverty".³⁹

38. The others are (a) a further reduction in inflation; (b) promotion of economic growth; and (c) a movement towards a sustainable balance of payments position.

39. GRZ, 2000.

Box 3.1. Poverty Reduction Action Plan, 1999–2004

1. Agriculture and Rural Development
 - Increase agricultural production and food security
 - Improve quality of agricultural research and extension system
 - Improve access to agricultural credit, particularly for small-scale farmers
2. Improve livestock production and disease control
3. Promote rural electrification and use of alternative energy sources
4. Public physical infrastructure
 - Promote construction, rehabilitation of rural roads, bridges etc, by using labour-based methods and alternative technology
 - Support construction of local markets, storage and clean water facilities
 - Support the development of transport and communication systems, as well as schools and health centres
 - Promote the construction of irrigation systems, boreholes, dams and wells
 - Ensure community participation in the development and maintenance of physical infrastructure
 - Provide physical infrastructure for the disabled
5. Urban Micro-Enterprises and the Informal Sector
 - Provide financial, social and market intermediation in the informal sector
6. Development of Human Resources
 - Achieve universal primary education, increase access to basic education and improve supply of text books
 - Increase access to skills development and vocational training
7. Co-ordinating, Monitoring and Evaluating (CME) Poverty Reduction Programmes and Activities
 - Enhance the capacity of the Ministry of Community Development and Social Services for effective CME

As a consequence of the obvious conceptual and substantive shift in ‘the world view’ of what really should constitute a meaningful poverty reduction strategy, the Poverty Reduction and Growth Facility (PRGF) replaced the World Bank-supported ESAP in 1999. Under the PRGF, Zambia is currently (May 2001) developing a *Poverty Reduction Strategy Paper* (PRSP) that would clearly spell out priorities for actions in the area of poverty reduction (see below).

3.5 Policy Performance

The assessment of government policy performance is quite selective but covers those areas that, from the earlier analysis, are considered to hold much promise for poverty reduction. In this respect, the next sub-section makes a general overview of resource allocations to the social sectors. This is followed by the analysis of policies in agriculture, education, and health, the three prominent sectors that possess a direct bearing on the welfare of the poor. The chapter, finally, examines the role of donors in poverty policy formulation and poverty reduction. General conclusions are then drawn from the analysis.

3.5.1 Pro-Poor Resource Allocation

From the developing countries' experience in the past decade or so, it is evident that while economic growth is important, it is not sufficient for poverty reduction. Although sustained growth is imperative for poverty reduction, increasing inequality has serious adverse effects that dampen the efficacy of growth in realising the desired goal of poverty reduction. This realisation does question the once long-held stylised wisdom that redistributive considerations often conflict with growth considerations. On the contrary, it is increasingly becoming apparent that redistributive policies do matter for reducing poverty and that growth and equity are not necessarily conflictual. UNCTAD's report, the 1997 *Trade and Development Report* also warns of the adverse consequences of unchecked inequality. This growing realisation challenges *both* the wisdom of the 1970s that placed a high premium on redistributive measures at the expense of growth considerations *and* the major swing of the 1980s that focused on growth while relegating equity to the back seat. Emerging wisdom, particularly under the current debate of the social dimension of adjustment, does question the assumption that distribution must be allowed to worsen, in the interest of economic growth, before it gets better. It is in this context that the concept of *broad-based growth* has emerged as an alternative way of recognising the importance of *growth with redistribution* in any meaningful approach towards poverty reduction. The most important point to note here is that, as proved in Zambia, economic growth does contribute to poverty reduction, but there are still losers from the adjustments that growth requires. Economic growth explains only about half of poverty reduction. The rest depends on good policy to harness the growth for poverty reduction.

Coming back to more concrete realities, past experience shows that expenditures on poverty-reducing interventions in Zambia have been given little priority in the budget despite the general recognition that growth alone through the "trickle down" and multiplier effects is not sufficient and can only be an indirect and, quite often, slow manner of addressing the growing problem of poverty in the country. It has also been acknowledged that the growth-promoting measures falling under the umbrella of the standard IMF-World Bank approved SAP did, at least in the short run, produce adverse social dimensions that could come to bear heavily especially on the 'core poor'. The indirect approach through growth stimulation should, therefore, be complemented by measures that target the poor against the adverse impacts of economic reforms.

At the level of financial resource utilisation, the capacity to restructure public expenditures has been problematic in Zambia. Expenditures on social services have been given little priority in the budget and the major increments at this level in the proposed 1998 Budget (in which the social sectors were allocated 44 per cent of domestic resources, excluding non-supply expenditures like debt servicing) marked a major shift in government allocation and expenditure pattern. The Government is slowly recognising that growth alone through the "trickle down" effects is not sufficient and can only be an indirect and, quite often, slow manner of addressing the growing problem of poverty in the country. It is increasingly being appreciated that the indirect approach through growth stimulation, important though it is, should be complemented by measures that target the poor against the adverse impacts of economic reforms. Such measures, if given the necessary policy stimulus, can be ably handled by better-focused social safety net programmes that have so far included in the Zambian case the Public Welfare Assistance Schemes (PWAS); the Social Recov-

ery Fund; Project Urban Self Help (PUSH), Food-For-Work Programme; and Entrepreneurial Development and Training for Retrenched Employees.

The pattern of the budgetary process and the levels of allocations to the above poverty alleviation structures are important. Secondly, the extent to which the expenditure allocations in the budget are actually disbursed and utilised in the course of the fiscal year is an index of the capacity for, and commitment to, the implementation of the declared policy of poverty reduction. The Zambian system reveals major failures at this level. In spite of policy commitments in 1993 towards poverty reduction, for example, the government allocated only K 1 billion to poverty alleviation programmes⁴⁰ out of a total budget figure of about K 232 billion. Out of the K 1 billion, only 25 per cent was actually spent during that year, suggesting some absorptive capacity limitations and/or lapses in disbursement procedures and efficiency. Moreover, only a small fraction of what was spent reportedly reached the target populations. In the same budget, K 18 billion was allocated to defence.

The reasons for the above state of affairs are evident. As the then Minister of Community Development and Social Services who was in charge of the safety net programmes commented on the PWAS component of the programme:

The most difficult problem in the administration of the scheme is management or the lack of it. The difficulty is to find human beings who can be trusted with funds and who can ensure that the resources reach the people for whom they are intended. In other words, guarding against abuse of the scheme is the major problem...To assist the Committees in the administration of the scheme, guidelines were issued in March 1992...The simple forms provided in the guidelines were rarely completed. The Ministry hardly received any returns. The levels of assistance were hardly adhered to. The guidelines were simply ignored.⁴¹

A closer look at the allocation pattern during the 1995 and 1996 budgets could illustrate the general bias against the poverty-reduction in actual resource allocation.⁴² The sectors could be classified into three categories:

- *Category 1:* sectors that are directly related to economic growth and include the mines, agriculture, forests and fisheries, and commerce, trade and industry.
- *Category 2:* sectors that are poverty-oriented or poverty-related. They include health, education, science, vocational and technical training, community development and social services, and activities of the National Commission for Development Planning (NCDP), youth, sport and child development, and labour and social security.
- *Category 3:* sectors that include home affairs, foreign affairs, defence, finance, Office of the President, Cabinet Office, and Constitutional and Statutory Expenditure. These are the sectors that are remotely related to poverty alleviation.

Table 3.1 gives the budgetary allocations and the percentage changes in the three categories for 1995–1996. It is worth observing that inflation registered a growth rate of 45.5 per cent in 1995, which meant a significant allocation decline in real terms for the social sectors while category 3 maintained its superior share. A closer look at the supplementary allocations further reveals the neglecting of the poverty-reducing sectors in government allocation and expenditure patterns. Concentrating on original estimates can only be misleading owing to the frequency and magnitudes of sup-

40. These were known first as Social Action Programmes and later as Social Safety Net Programmes.

41. Maka, G.K., 1993.

42. The analysis of the 1995 and 1996 budgets is based on the statistics in the government's *Yellow Book*. This information is mainly derived from Saasa, O.S. et al., 1996.

CHAPTER 3: POLICY RESPONSE TO POVERTY

plementary expenditures. The government often makes relatively modest initial allocations to certain sectors (e.g. defence) to ward off potential criticism during approval of the budget by parliament and later makes compensatory allocations to these sectors. It is, therefore, important to look at the pattern of supplementary allocations that may have their own story to tell.

Table 3.1. Budgetary allocations and percentage changes therein, 1995–1996

Category	Approved estimate (<i>K billion</i>)		
	1995	1996	% Change
1	58.8	103.13	75.39
2	185.6	246.04	32.50
3	337.7	458.23	35.6

Source: Calculations from GRZ *Yellow Book* statistics.

The 1995 actual total expenditure level was up by about 13 per cent as a result of supplementary expenditure. However, the distribution among the three categories was highly skewed in favour of the Ministry of Finance (that received as much as a 142.6 per cent increase).⁴³ Other non-poverty alleviation ministries claimed a larger share of the supplementaries, namely the Ministries of Foreign Affairs (55.4 per cent); Defence (60.1 per cent); and Cabinet Office (67.8 per cent). Thus, Category 1 (the 'productive sectors') received no supplementary allocation while Category 2 (the poverty-oriented sectors) received one of 5.6 per cent. It is Category 3 (those that are remotely linked to poverty reduction) that netted almost 25 per cent of their original estimate in 1995. This phenomenon was not unique to 1995 alone. The previous year (1994), for example, Defence received a supplementary allocation of 62 per cent.

In summary, the analysis above of budgetary resources in Zambia reveals that the budgetary resource allocations and actual utilisation are often at great variance with the stated government policy towards poverty reduction. There is, therefore, little evidence that suggests that there is a serious political will and commitment to poverty-conscious restructuring of expenditures. What is evident from this is that the Zambian government has failed in the past to match its policy commitments to poverty-reduction with actual resource allocations. The result has been that direct poverty intervention measures have continued over the years to suffer from weak financial support.

3.5.2 Agriculture

Agriculture is one sector that has a strong link with the poor. Developments in this sector have far reaching consequences to what, in the medium to long term, happens to poverty in Zambia. For this reason, a much more detailed analysis of the sector is made below.

The pre-1991 marketing and producer price policies before SAP in Zambia have had a serious adverse effect on the performance of the agricultural sector. The mar-

43. This meant that its supplementary expenditure was about one and half times what it was allocated in the original budget.

keting of most agricultural commodities was monopolised by the parastatal sector and government-instituted and controlled co-operatives. Moreover, for all the controlled agricultural commodities, the government regulated both the procurement and sale prices. The government also determined transport rates. Hence, in order to maintain uniform prices of controlled goods and services, the government had to extend subsidies.

The producer price for the country's staple crop (maize) continued to be set by the government so that it remained the same throughout the country (pan-territorial) and throughout the year (pan-seasonal). Started in the 1974/75 crop season, uniform farmgate floor prices were set for producers, according to the government then, to ensure a *fair* and *equitable* compensation to all farmers. Such uniform prices failed to recognise variations in transport costs and by trying hard to keep the consumer prices low, the government actually succeeded in making producer prices remain well below both import parity and free market prices.⁴⁴ The government also used to set an into-mill price for maize and ensured that the price was uniform throughout the country. When the government suspected that large-scale private millers were not complying with the price control regime, it nationalised them in 1986.

Apart from the one-crop bias, the Zambian government policy neglected the agricultural sector in terms of financial resource allocations. This is despite the reality that the majority of the people depend on agriculture for their livelihood. During the 1980s, the agricultural sector's share of total government expenditure ranged between 11 and 16 per cent. Capital expenditure, in particular, suffered considerably and any noticeable improvements in resource allocations were largely a function of donor-support supported interventions. The low funding necessarily affected the government's ability to provide the farming community with essential services. Such infrastructure provisions as roads, rail systems and transportation (vehicles) had tended to favour farmers based in urban areas at the expense of the rural poor. Thus, surplus produce from the majority of farmers could not easily reach the market. Agricultural storage facilities were/are also inadequate, a state of affairs that demands that grain must be transported to safe centralised storage facilities before the onset of the rainy season to prevent it from going to waste.

In 1991 under a new government and enhanced SAP, agricultural policies were reformed. There is little disagreement within Zambia presently that the policy of liberalisation that the government embarked upon is the right one for revitalising the agricultural sector. There is also general consensus that the government's pre-reforms policy allowed the following unfavourable realities to emerge:

- The country's policy of price interventions worked against the necessary incentives to increase agricultural output. Agriculture, thus, contributed a meagre 2.5 per cent of GDP during the 1980s.
- The government policy of self-sufficiency in the country's staple food crop (maize) was achieved at a great expense to other crops. National food security was also threatened by the policy-induced restraint on crop diversification.
- Government subsidies on consumption not only inflated the huge government deficit but diverted resources away from the more productive pursuits of the government, including agricultural extension and supportive infrastructure provision.

44. See Jansen, D., 1988.

CHAPTER 3: POLICY RESPONSE TO POVERTY

All these policies were far from supportive of the long-term welfare of the poor. In the context of the post-1991 government's fiscal management that aimed at balancing the budget by way of gradual reduction and eventual elimination of the large budget deficit (see above), the state decided to eliminate subsidies on maize and fertiliser. By 1994, all consumer subsidies on maize and maize products were completely eliminated and the price of maize meal (the staple food) liberalised. Privatisation was also applied to the agricultural sector. All parastatals that were involved in marketing activities were either abolished (e.g., the National Agricultural Marketing Board) or privatised. Co-operatives were just allowed to collapse by starving them of the traditional subsidies.⁴⁵

In the context of the changed policy scenario, the Agricultural Sector Investment Programme (ASIP) was launched in January 1996 with the following five broad objectives for agricultural sector development:

- to ensure national and regional food security through dependable annual production of adequate supplies of basic foodstuffs at competitive costs;
- to generate income and employment to maximum feasible levels in all regions through full utilisation of local resources and realisation of both domestic and export market potential;
- to ensure that the existing agricultural resources base (land, water and air) is maintained and improved upon;
- to contribute to sustainable industrial development; and
- to significantly expand the sector's contribution to the national balance of payments by, among other things, expanding agricultural exports in line with international comparative advantage.⁴⁶

Ten strategies were adopted for ASIP, namely, liberalisation of agricultural markets; diversification of crop production; development of the livestock sector; emphasising services to small holders; and expanding economic opportunities for outlying areas. The others were improving the economic status of women; improving the use of the available water resources; full utilisation of land suitable for agriculture; helping farmers deal with natural disasters; and emphasising sustainable agriculture.⁴⁷

Notwithstanding the above, there is growing realisation that government withdrawal and the subsequent take-over by the private sector of tasks that were previously the monopoly of the state sector often takes time especially under conditions where private initiative is held hostage to a legacy of past inhospitable state-market relations. One crucial consideration here is that, in the short-term, market liberation tends to be disruptive particularly in countries where the policy regime for a long time disregarded market considerations in the determination of prices for inputs and outputs. The private sector's improved income from output may not necessarily be forthcoming in the short-term especially since liberalisation often does entail sudden increase in input expenditure almost across the board. The removal of the transport subsidy for fertiliser in the Zambian case, for example, has resulted in a sudden increase in the price of this vital input, a phenomenon that led to the collapse in fertiliser utilisation levels particularly among smallholders in outlying areas. Similarly, the Zambian government withdrawal from the delivery of agricultural credit led to

45. GRZ, 1992a, p. 1.

46. For more details, see GRZ, 1992a.

47. For a detailed presentation of agricultural policy strategies, see GRZ, 1993a.

a further crisis especially given the slow response from the private sector to fill the void left open by the retracting state.

Taken together, irrespective of the long-term merits of opening up, the initial impact of liberalisation on Zambia's smallholder farmers has been negative especially considering that the Zambian economy provided limited opportunities to farmers to access both agricultural inputs and credit even *before* liberalisation. Under such conditions, the main national challenge at the policy level under ASIP is to work out how best to help smallholders, particularly those in the outlying areas, to benefit from inputs and credit under conditions that are evidently uncertain regarding the degree to which market forces, at least during the transition, would automatically correct this imbalance in delivery.

The market integration of outlying areas is an important indicator of the degree to which the goals of ASIP are being realised and the marketing, trade, and pricing policy has a lot to do with this. Generally, the agricultural delivery system is expected to provide the poor households in outlying areas with appropriate and affordable yield-enhancing technologies; key inputs, particularly improved seed and fertiliser; efficient systems of disposing outputs, and affordable finance. Another area that enhances the productivity of poor rural farmers is the agriculture research delivery system. This area still needs strengthening and the private sector entry has so far showed considerable promise. There has been a growing appreciation of the need to decentralise the provincially based research activities of the Commodity Research Teams to facilitate better involvement of the rural farming communities. The activities of the Farming Systems Research Teams have further improved the ASIP policy of decentralising research activities to farmers. What seems to be lacking presently is a better system of farmers' participation in research that would ensure an effective feedback channel of communication from farmers to researchers.

For ASIP programmes to succeed in integrating poor smallholders into the market, an additional precondition is the existence of timely, reliable and relevant information flowing to all the main stakeholders as well as from the stakeholder to the major implementation/coordinating agencies. The information dissemination mechanism for ASIP is not sufficiently developed to allow for a smooth flow of relevant messages and data, particularly to the poor at lower levels. While the Ministry of Agriculture, Food and Fisheries (MAFF) headquarters staff is generally well-informed about ASIP and what it strives to achieve, those at the district, block and camp levels are inadequately informed about the programme. This state of affairs is compounded by the fact that there was very little consultation with the poor farmers during the ASIP planning/design phase. The lower-level organs are currently being drafted into ASIP at the implementation stage, thus, compromising the notion of ownership that is so pivotal in programme sustainability.

One consideration that is scantily appreciated in ASIP interventions that target poor peasant farmers in outlying areas concerns the important question of *regional differentiation*. There is no single, fit-all, appropriate institutional development or production model for all the regions of Zambia. Policy makers and planners, however, often refer to poor farmers in rural areas as if they were homogeneous. They have centrally allocated resources, and set ceilings to each ASIP sub-programme with little regard to the variability of regions, zones and communities and hardly any allowance is made for possible shifts in resource demands during the course of sub-programme implementation as a result of, *inter alia*, regionally-determined re-prioritisation. Nor has there been a noticeable consideration of targeting regions according to the magnitude and depth of poverty. Everyone seems to agree that differ-

CHAPTER 3: POLICY RESPONSE TO POVERTY

entiation *between* regions and *within* communities of the same regions ought to be considered at the planning level and yet the planning modalities hardly reflect this reality.

Under the liberalised Zambian economic regime, social and economic differences within communities have remained marked. Different constraints and opportunities have obviously emerged for different smallholder sub-groups that possess different types and levels of assets. To illustrate this factor, one observes that in the marginal and outlying areas such as in Luapula where a case study of household poverty has been undertaken (see Chapter 6), smallholders' response to fertiliser application has tended to be quite low mainly because of the high cost of this input (due, primarily, to high transportation cost) and/or weak extension messages. In the higher agricultural potential areas, on the other hand, the demand for fertiliser application is higher and the cost of the input is lower. It is obvious that the types of intervention for the two categories of smallholders have to be different. The areas with lower potential may well be advised to (a) utilise in a better manner the locally-available resources (e.g. soil and water conservation methods) and (b) limit their market orientation and production intensification until the basic conditions of effective market entry are facilitated.⁴⁸ The areas with higher potential, by contrast, would better be served by fuller integration into the market and work towards expanded output.

Radical differences in strategy between more resource-endowed and less resource-endowed areas are, thus, a necessity and the speed of transition to market-based production ought to vary according to the respective region's prevailing market/resource orientation. The implication of this multi-speed approach is that government strategy should allow for regional differentiation in the determination of what the appropriate speed of liberalisation of markets should be. In this regard, while the common goal of the government is to liberalise production and, consequently, integrate farmers into the market economy, a certain level of realism ought to be taken into account in the light of the existing and well-documented major institutional and infrastructure-related constraints in rural areas that include the poor state of rural roads; limited farm storage; lack of electrification; and low utilisation of draught power.

Generally, draught power has been insufficiently utilised among most smallholder communities in Zambia. Earlier analysis has revealed that shortages in draught power and labour availability chiefly explain the small size of cultivated areas. As the 1996 *Sector Performance Analysis* report noted, "...a unit change in the number of draught animals used will increase total area planted under all crops by 0.75 hectares, while a marginal increase in labour would increase production by 0.47 hectares."⁴⁹ It is, therefore, evident that a proportionate increase in a farming household's number of oxen would have a significant positive impact in terms of increasing the area cultivated and, thus, land productivity.

Perhaps the worst government policy failure in meeting the agricultural needs for the rural poor regards rural finance. Despite the strategic importance of finance in improving the output levels of farmers, generally, and small-scale farmers, in particular, the Rural Finance sub-programme of ASIP is the least organised and an effort to launch it started more than two years after all the other components of the Pro-

48. Advising smallholders in 'unreachable' hinterland to de-emphasise production intensification and limit their market orientation sounds unrealistic. And yet it would be equally illogical to encourage farmers to use inputs that are beyond their reach (due to cost and distance) and expand output that will have little chance of being purchased/collected due to the non-response of the market as a result of, *inter alia*, poor infrastructure services.

49. INESOR, 1996.

gramme had begun. The main goals of the Rural Finance sub-programme are two-fold, namely, to provide financial services to smallholders, emergent farmers and entrepreneurs; and to channel rural finance through organised farmer groups. Its expected outputs include the establishment of a monitoring and co-ordination system for rural financial services; creation of an institutional and regulatory framework for a sustainable rural financial system; mobilisation of rural savings and loan schemes; sensitisation to gender in rural credit and micro-financing; and establishment of accounting systems for agricultural financial institutions.

The focus of the Rural Finance component of ASIP is on reorganising and strengthening existing institutions at grassroots level, credit unions, multi-purpose co-operatives and self-help groups to be sustainable tools for delivering rural finance. Dormant rural financial institutions were expected to be activated to help develop community-managed financial intermediaries and facilitate comprehensive and sustainable financial services. Micro finance was to be operated in a revolving fund through micro-financial institutions and NGOs to trigger a takeoff process of the rural finance and delivery system. None of these lofty ideals came to fruition and the average peasant in rural areas is as unsupported as ever. One of the components of ASIP, namely, the Private Sector Development, is meant to create an enabling environment for the private sector and includes among its activities support to rural financial services for productive and agricultural marketing activities, and production and distribution of seed for smallholders. Little progress has been registered even at this level.⁵⁰ The government withdrawal of its support to agricultural financial institutions, complemented by the low rates of loan recovery by these traditional credit institutions, has continued to cripple input supply. For all smallholders, access to credit declined from 13.3 per cent in 1993/94 to 8 per cent in 1994/95 and this phenomenon is generalised throughout the country and has continued to today.

Whichever way one looks at it, the facilitation of rural finance seems to be at the core of any meaningful strategy of empowering the poor to meaningfully take advantage of the liberalised economic regime. The haphazard manner in which the Rural Finance sub-programme has been developed not only reveals the poor prioritisation of the ASIP sub-programmes relative to each other but, equally important, the somewhat insufficient conceptualisation of how best to bring in the private sector and community-based organisations/associations in the provision of the needed financial services that are so strategic to empowering the programme's primary target beneficiaries, namely the rural poor.

Closely linked to agricultural policy is food security. Household food insecurity is quite high among the poor in Zambia. The subsequent malnutrition prevalence levels are equally as high. Under food security, ASIP has stipulated two specific objectives, namely, (a) ensuring adequate household and national food security and (b) guaranteeing special access to food by vulnerable groups. Many NGOs continue to play a role in programmes aimed at reducing household food insecurity. The National Food and Nutrition Commission (NFNC) and CSO continue to carry out tracer studies aimed at monitoring and determining the prevalence level of food insecurity so as to develop an early warning system that allows it to detect changes in the national food and nutrition conditions for purposes of intervention. The national Food Reserve Agency has been established to ensure that, in the event of national

50. It is noteworthy, however, that under ASIP, the government intends to completely liberalise the agricultural lending structures. It hopes to support smallholder farmers to access formal financial services through programmes such as the Economic Expansion in Outlying Areas Programme.

or regional food shortages, the reserve can be used to stabilise supply and/or prevent undue price fluctuations.

3.5.3 Education

The welfare state policies of the early years in Zambia were reflected in the establishment of a highly centralised government-controlled education system that was heavily subsidised, something that made it difficult for the private sector to enter education service provision. Consequently, education policy and practice immediately after independence were hostile to the system of partnership and networks in service provision. Tuition fees paid in private schools were, for example, abolished by January 1971. Boarding fees for boarders, including government grants to students in boarding schools, were also abolished. The role of other agencies in primary educational provision was seen more in terms of supplementing or complementing government efforts.

Education policy initiatives have since 1990 been developed to respond to the crisis and have been guided by a number of policy documents, namely, *Focus on Learning; Educating our Future and Education Sector Investment Programme* (ESIP).⁵¹

The broad objectives of the Basic Education Sub-Sector Investment Programme (BESSIP) are generally poverty- and gender-sensitive and are basically two, namely, (a) to increase school enrolment and reduce disparities that exist in educational provision between rural and urban areas; and (b) to enhance the learning achievement of all pupils, taking into consideration the need to ultimately eliminate gender inequalities. The Programme's specific objectives are stated by government in its 1999–2002 *Medium-Term Strategic Plan* document and are listed in Box 3.2

To realise the above objectives, the government aims to work towards improvements in the provision of infrastructure, learning materials, capacity building, teacher pre-service training reform; and comprehensive in-service training and curriculum development. Mindful of the high prevalence levels of malnutrition particularly among children from poor households, the government, through BESSIP, has included among its strategies targeted interventions in the areas of equity and school health and nutrition.

From the above, it is clear that the government has now developed an education policy that emphasises *partnership* in educational provision. The partnership concept is expected to include government and non-governmental organisations, the private sector, local communities, religious groups, individuals and families. The key policy principles at this level are liberalisation; decentralisation; and cost-sharing.

Liberalisation of educational provision aims at fundamental changes in power relations over education. Under a liberalised educational system, private organisations, individuals, religious bodies, and local communities would be facilitated to establish and control their own schools and other educational institutions. Liberalisation of educational provision, in turn, is expected to allow those with resources to establish privately owned and managed educational institutions.

Decentralisation, on the other hand, involves the devolution of power from the centre to the local levels in districts and schools. It is a way in which the Ministry of

51. Emerging from the 1997 ESIP review was the decision to divide the Programme into two separate programmes, namely, Basic Education Sub-Sector Investment Programme (BESSIP) and the Technical Education Sub-Sector Investment Programme (TESSIP). TESSIP is not yet launched but it is expected to concentrate on vocational and skills development.

Education hopes to strengthen the control and management of education at the local level and is expected to enhance broad-based participation in education management with greater emphasis placed on the creativity of the lower level education managers. The Education Management Boards that the government is establishing at the lower levels are part of the decentralisation tools in service delivery.

Box 3.2. BESSIP main objectives

- expand access at grades 1–7 and reverse the decline in enrolments in order to increase the enrolment of eligible children to 100 per cent by the year 2005;
- improve access and the quality of upper basic education (grades 8-9) to achieve 100 per cent enrolment by 2015;
- provide a wide range of learning opportunities in order to broaden access to education;
- enhance the quality and relevance of basic education by improving pre-service and in-service teacher education and by reviewing curriculum to empower children with literacy, numeracy, life skills and attributes that will enable them to participate fully in personal, community and national development, as well as to effectively manage the challenges of life;
- improve the supply of educational materials and, in particular, attain a pupil/textbook ratio of 2:1 by the year 2005;
- provide training opportunities for effective teaching and the management of the new enrolment targets;
- provide sufficient infrastructure and school furniture to accommodate the new enrolment targets;
- eliminate imbalances by achieving parity in gender and urban/rural enrolments and ensuring enrolment of the poor and children with special needs;
- improve the nutrition and health status of basic education pupils;
- provide an enabling institutional framework for efficient and effective management of education at all levels;
- create accountable and transparent systems for financial management and procurement; and
- create comprehensive and responsive management information systems for informed decision making.

Source: GRZ, 1999–2002 *Medium-Term Strategic Plan*, Lusaka, Ministry of Education, 1999.

As for *cost-sharing*, this aims at tapping available resources in households into the education sector. They include fees levied by the Parent-Teachers Associations for various projects in schools; examination fees; user charges; and contributions by parents towards the cost of education materials. At secondary and tertiary levels, cost-sharing measures include boarding fees, student loans and reductions in subsidies to students. It is particularly noteworthy, though, that in response to the worsening poverty levels that continue to worsen child access to education, the government decided in late 2000 to abolish the payment of fees in primary school, a somewhat contradictory action in the light of the general policy thrust that has been maintained since 1991 when the new government came to power. Whether the government is going to increase its budgetary allocations to primary schools to fill the financial gap created by this move is too early to say. Judging by past experience, though, one fears that this move, commendable though it is from the equity standpoint, could entail the worsening of the level of resources at the disposal of these

CHAPTER 3: POLICY RESPONSE TO POVERTY

under-funded institutions. The concern is justified especially since it was made a year before the general and presidential elections by a government whose social sector record has attracted considerable criticism from both opposition parties and civil society, generally.

The policy changes the ministry intends to embark upon call for new skills and an added responsibility for education managers at all levels. Most of these managers have no formal training in education management. The efficiency and effectiveness demanded by the decentralisation process will call for significant investments in management abilities of district education officers, inspectors, school heads and leaders of the education management boards. The Ministry of Education intends to make training in education management an integral part of education development in order that the system is run efficiently.

The above policy position is generally positive and a clear reflection of considerable improvement in the management of the Ministry of Education. The long time it has taken the cabinet to consider approving the 1999–2002 *Medium-Term Strategic Plan* does, however, dampen the Ministry's enthusiasm to re-orient the sector's agenda. Perhaps the major weakness in the educational sector is less the problem of appropriate policy but more the government capacity and/or willingness to financially support the declared goals. The educational sector faced severe problems when the sole provider (the state) began to experience financial difficulties, resulting in a steep decline in government expenditure on education. For example, expenditure on education rose steadily from about 7.5 per cent of total government expenditure in 1980 to about 22 per cent in 1984. It declined to 8 per cent in 1986. Since 1986, the share of education expenditure has remained below 10 per cent up to 1992 when it rose to just over 15 per cent. It increased further to about 19 per cent in 1993. However, it dropped to below 15 per cent in 1994 and further down to 11 per cent in 1997.

Compared to other countries in Africa, the Zambian government spends much less on education. The GDP share of the Zambian educational expenditure was 4.5 per cent in 1980 and increased to about 5.4 per cent in the mid-eighties. It fell to less than 2.5 per cent in 1990—which was the lowest in the world and only slightly higher than what the country needed to cover primary education alone. It was below 2.5 per cent of GDP in 1993. Countries such as Kenya and Zimbabwe, in contrast, spent in 1980 between 6.5 per cent and 7 per cent. In 1990, while the average expenditure on education in the lower-income countries was 15.3 per cent of the total public expenditure, this was only 8.7 per cent for Zambia.

Per capita expenditure in education has followed a similar declining trend. Whereas in 1980, expenditure per pupil in primary schools was US\$ 130, it declined to US\$ 65 in 1984. Per capita expenditure in primary education has continued to decline with 1993 recording a meagre US\$ 0.10. At the secondary school level, expenditure per pupil was US\$ 530 in 1980, declining to US\$ 0.25 in 1992. It is evident that public funding for education is more in favour of students in higher education than the other levels. Children in primary schools (covered under BESSIP), are still the least favoured by government funding.

The above poor state funding has had adverse effects on the development of the sector, generally, an aspect that has not enabled it to meaningfully address the poverty reducing dimension of its declared mandate in both its qualitative and quantitative dimensions. The reductions in public funding for primary education, for example, have affected financial allocations to teaching and learning materials, an aspect that has seriously compromised the *qualitative* aspects of educational service

delivery. Since 1986 and during much of the 1990s, more than 95 per cent of the recurrent expenditure for primary education has been for personal emoluments consisting mainly of teachers' salaries. Between 1986 and 1993, no government money was going towards the acquisition of teaching and learning materials in the primary education sector. In 1995, only about 2 per cent of the primary education budget was allocated to the teaching and learning materials. Consequently, throughout the 1980s and 1990s, procurement of teaching and learning materials for primary schools had to depend on financial resources from other sources, mainly donors that included Sida, FINNIDA, UNICEF, DFID, and the EU.

Despite the gloomy picture above, there are some noteworthy positive developments in the educational sector. The policy emphasis on basic education, for example, has recently been reflected in the allocations within the education budget. Since 1996, more resources have been progressively allocated to basic education in the education budget. In 1996, for example, 51 per cent of the education budget went to basic education. This was further raised to 62 per cent in 1998.⁵² Still, underfunding of the education sector is a growing problem.

It is too early to pass judgement on the performance of the more recent reorientation of the government policy in education. One point could still be made though with respect to the general poverty focus of the new policy and the issue of donor input. One aspect that is still largely missing in the BESSIP approach is how best to facilitate strategic linkage and networks between the education sector planning process and broader issues of poverty alleviation and reduction. Presently, although the broad aim of government policy makes reference to the vital issue of equity in educational access, there is little *direct* reference to poverty reduction as such. This book has already attempted to demonstrate that social sector spending volumes do not correlate strongly with improved poverty reduction and sectoral outcomes, a phenomenon that should be as much a concern for the Ministry of Education as it should be for the national political leadership at large. One strategy for addressing this is to redesign and/or re-orient the on-going development of the national Poverty Reduction Strategy so that it includes in its focus poverty-related constraints to equitable access in educational services. An additional thrust could be the support for more analytical work on poverty-indexed resource allocations and impact monitoring *vis-à-vis* educational service provision. This is particularly important in the light of the recent decision by the World Bank and Zambia's other co-operating partners to focus on poverty reduction through the Poverty Reduction and Growth Facility.

3.5.4 Health

The situation illustrated in Chapter 2 in the area of health suggested that policy matters. In 1992 the government, with Sida assistance, initiated comprehensive health sector reforms with the aim of improving equity, access, cost effectiveness and service quality. The new policy brought into the service delivery system the government, the private sector, communities and individuals. The principal approach is to decentralise to districts the function of essential service operations in a manner that is more responsive to the felt needs of local communities. Hospital Management Boards and District Health Management Boards have since been established and membership includes elected community representatives. Under the decentralised

52. GRZ, 1998a, p. 69.

system, funds are being redirected directly to the lower levels. Resources are also now being channelled directly to lower levels without having to be caught up in the centralised administrative hierarchy. In this regard, block grants are now being given to District Health Management Boards and Health Management Boards, thus, enabling them to plan and manage the resources in accordance with the plans and priorities of the communities being served.

The implementation of the decentralised mode of health service delivery has been compromised by the economic crisis that the country faces especially considering that earlier government policies did not facilitate the smooth entry of other service providers, particularly the private sector. Government health expenditures, (at constant 1985 prices), declined from K 155 million in 1980 to K 101 million in 1992. They increased to K 120 million in 1995.⁵³ However, despite the increase, the actual levels, when seen against the level of rising demand, were inadequate. The introduction of user fees did not alter the situation significantly. It is also important to note that user fees in a poverty-endemic setting may easily be a sub-optimal strategy, particularly if they are cash-based. Studies have also indicated that if they are set too high, which was/is the case in Zambia, they do result in lower clinic attendance. The two case studies in this book (Chapters 7 and 8) actually confirm this reality, something that calls for serious review regarding the level of fees charged, the type of medical insurance schemes offered, and the mode of payment applied.

The resource utilisation pattern in the health sector has further affected the quality of service delivery. Over the years, personnel-related expenses consume a disproportionate level of the health sector budget. In the mid-1980s, for example, 65 per cent of total health expenditures were staff emolument-related. Currently, salaries and related costs take around 80 per cent of total health expenditure. Not surprisingly, the government has found it difficult to maintain what had been installed in the period following independence. In its public expenditure review of 1992, the World Bank pointed out a range of other mistakes in expenditure allocations and prioritisation. They included cutbacks that (a) favoured curative services against preventive services; (b) encouraged higher allocations to tertiary level health facilities at the expense of primary level health care; (c) promoted a bias in favour of urban areas to the disadvantage of remote rural locations; and (d) promoted allocation ratios that favoured salaries and discriminated against medical supplies, operations and maintenance.

3.6 Government Policy and External Influence

3.6.1 The World Bank and IMF

While strictly speaking, donors and multilateral agencies are rarely discussed as 'interest groups' in matters regarding public policy making, their strategic role in influencing the direction of the reform process in Zambia justifies their privileged treatment as special actors. This is particularly so when economic reform and poverty issues are addressed under conditions where institutional, structural and policy making capacities are frail and where there is a high level of dependence on external loans and international aid (see Chapter 4 below). Under these conditions, donors and a number of multilateral agencies have exerted considerable power and influence on the country's policy-making process.⁵⁴ As shown in Chapter 2, Zambia is

53. UNDP, 1998, p. 38.

54. For a more detailed discussion of policy-making capacity limitations in Zambia, see Saasa, O.S., 1994a and Saasa, O.S. et al., 1996.

among the most indebted countries in the world relative to its GDP while in the area of external assistance, the country's per capita aid is one of the highest globally. Under these conditions, it is difficult to discuss the Zambian government's policies independently of external input/influence.

It is perhaps the IMF and the World Bank that hold the strongest bargaining position in Zambia's policy-making for a number of reasons. Firstly, in its quest to restore fiscal balance and to ensure that loan repayments are sustained, the IMF's negotiating position has usually tended to be inflexible and its perceived take-it-or-leave-it stances, particularly in the field of public expenditure management, earned it a not so rosy image particularly during Kaunda's reign. Faced with lack of technical and analytical capacity necessary for the presentation of counter-proposals, the Zambian government administrators usually face an IMF team that arrives fully briefed, better skilled and often with tight timetables.

The World Bank, another multilateral institution that has a long record of support to Zambia, has also influenced the policy trends in Zambia. The Bank had registered its concern during the Second Republic (1972–1991) regarding the country's failure to adhere to the agreed structural reform measures and the latter's cancellation of the adjustment programme in May 1987. The Bank actually withdrew its assistance immediately Kaunda abandoned SAP in 1987. The World Bank's increasing attention to issues of poverty has been well documented. While emphasising the importance of SAP, it acknowledged over a decade ago in its 1990 *World Development Report* that focused on poverty that "the need for cuts in public spending can lead to a particularly sharp short-run conflict with [the] essential parts of the economy [regarding] delivering social services and providing transfers and safety nets."⁵⁵ There was an acknowledgement from the Bank itself that the inevitable economic contraction that resulted from stabilisation and adjustment policies in Zambia had created high levels of unemployment mainly through retrenchments as firms resorted to cost saving measures. The impact of this on household food security has been significant. Consequently, the Bank worked with the government to draw up Zambia's Social Action Programme in 1990 aimed at containing the social impact of adjustment. The Programme, however, failed to discharge this responsibility despite its good intentions as it possessed serious weaknesses that included (a) the evident absence of priorities to guide project identification and sequencing; (b) absence of clear criteria in the selection of intervention projects; and (c) poor record of proper targeting of the vulnerable groups.⁵⁶ In short, earlier national efforts, as expressed through the World Bank-supported Social Action Programme, lacked the needed poverty focus. On this ground, the Bank recommended to the government in 1993 that the Programme, as an independent intervention activity, should be terminated. Consequently, a new Social Sector Rehabilitation and Development Programme covering the 1993–1996 period was drawn up although its implementation was compromised by resource constraints introduced by the cash budget.

Following the new effort, a number of donors, particularly the World Bank, explicitly made it a condition that future aid disbursements would be effected only when the government made progress in its social sector activities. The Bank immediately pledged about \$ 50 million for the cause through its Economic and Social Recovery Credit (ESAC) to Zambia, made available on condition that social sectors were given priority. The Bank also continued to fund a series of studies focused on

55. World Bank, 1990.

56. Seshamani, V., O.S. Saasa, et al., 1993.

CHAPTER 3: POLICY RESPONSE TO POVERTY

poverty with the intention of influencing stakeholders to include this dimension in the country's reforms effort. The World Bank-supported Study Fund Committee⁵⁷ under the Social Recovery Project has funded and published a series of reports in this regard.

Reference was made earlier regarding the role of the World Bank and IMF in the Zambian government's current preparation of its *Poverty Reduction Strategy Paper* that is expected to serve as the country's strategy for poverty reduction. It is important to put the PRSP approach in perspective. The World Bank and the IMF decided in September 1999 that developing countries should prepare "nationally-owned participatory poverty reduction strategies and that these shall henceforth provide the basis of all IMF/World Bank concessional lending as well as debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative."⁵⁸ Built around the World Bank Comprehensive Development Framework,⁵⁹ this approach has resulted in the development of PRSPs by developing countries for submission to the boards of the World Bank and IMF. The following 'core principles' have been outlined by the Bank and Fund as being fundamental in the preparation and implementation of poverty reduction strategies:

- *Country driven*: they should involve broad-based participation by civil society and the private sector in all operational steps;
- *Results-oriented*: they should be focused on outcomes that shall benefit the poor;
- *Comprehensive*: they should recognise the multidimensional nature of poverty;
- *Prioritised*: their implementation should be feasible in both fiscal and institutional terms;
- *Partnership-oriented*: they should involve co-ordinated participation of development partners; and
- *Long-term perspective*: they should be based on poverty reduction that is long-term in perspective.

Mindful of the fact that there are capacity limitations at national levels in the preparation PRSPs, the Bank and the Fund have agreed to accept, for the time being, *Interim Poverty Reduction Strategy Papers* (I-PRSPs). Presently, no country can access the following facilities of the Bank or Fund without having developed an acceptable I-PRSP, the PRSP, or an annual progress report that is supported by the Boards of the two Bretton Woods Institutions:

- HIPC countries reaching a decision or completion point;
- Approval of the IMF Poverty Reduction Growth Facility (PRGF)⁶⁰ arrangements or review; and
- IDA (World Bank) concessional lending.

In the light of the above, an I-PRSP for Zambia was produced in July 2000 and a one-year consultative process is underway in the development of the country's PRSP. It is noteworthy that the expected prominence of the IMF and World Bank in this

57. The author of this book has been Chairman of the Study Fund Committee for several years now.

58. This is an agreement among official creditors to assist the most heavily indebted countries to receive debt relief.

59. This is a new way of doing business for the World Bank and its members. It is an approach to development that aspires to make member countries leaders and owners of their development.

60. This is an IMF fund programme for the poorest countries. It replaced ESAF.

‘consultative’ process is evident. As stated in Zambia’s Interim PRSP, the following process shall be followed:

After the nation-wide consultative process, ... the technical group will draft the initial PRSP. Afterwards, a national workshop to discuss the draft PRSP will be held. ... Following [the] national workshop ..., a final PRSP ... will be presented to Cabinet for approval. The approved version of the PRSP will be presented to the IMF and World Bank. Dissemination of the PRSP will be held following the endorsement of the PRSP by the Bretton Woods Institutions.⁶¹

The Interim PRSP exhibited serious weaknesses in both the conceptualisation of poverty and the strategies to address it. In important respects, it fell short of meeting the six ‘core principles’ outlined above. It is hoped that the Working Groups now preparing inputs to the final PRSP would confront with more intellectual flare the fundamental issues that surround poverty conceptualisation and, subsequently, design appropriate policies and strategies to address it.

The issue of local *ownership* of the Programme also needs to be seriously addressed. PRSPs are meant to guide decisions of the World Bank and IMF regarding resource support to the eligible poor countries. As such, these ‘Papers’ are important and appropriate in poverty reduction but the context in which they are being prepared should not be missed. They are, in essence, a conditionality for accessing the Bank and Fund resources. Although one of the six ‘core principles’ calls for partnership with other development partners (bilateral, multilateral, NGOs, etc.), it need not be assumed that all these ‘partners’ are or should be in total agreement on the process being used to prepare them, and subsequent *content* of each poor country’s PRSPs, and the mode of implementation. By implication, this means that there will have to be room for other complementary and/or optional approaches to tackling poverty beyond the World Bank and IMF boards’ initiatives/conditionality.

Perhaps more important, should it be assumed that the World Bank and IMF-inspired *Poverty Reduction Strategy Papers* automatically become the poor countries’ *Poverty Reduction Plans*? The word ‘paper’ entails something that is an input to some decision-making process and, correctly, it is a document that is going to be used by the respective boards of the World Bank and IMF to provide assistance. The word ‘plan’, on the other hand, entails a systematic structuring of one’s vision, goals, and objectives and how (in terms of activities as resource requirements) these would be achieved. ‘Plan’ is a word that, rather unfairly, acquired a bad image during the SAP era (especially in Zambia) when central planning was dismissed as a moribund socialist subterfuge in the light of its replacement with the often over-exalted power of market forces. No one really cared to consider possible ‘market failures’ that could derail the new vision. The government’s planning wing, the National Commission for Development Planning (NCDP), was one of the first victims of the ‘new culture’ for it was immediately done away with without careful reflection. With the benefit of hindsight, one can now be excused for wondering whether closing NCDP was in the best interest of national development, in general, and poverty reduction itself, in particular.

A number of issues could be raised from the preceding analysis. Firstly, given the implication in the PRSP process that the Bretton Woods Institutions will have to endorse the Zambian PRSP before it is disseminated, what does that entail in terms of *local ownership* and the real value of the one-year-long consultative process that characterised PRSP preparation? Secondly, in the event that some components of the PRSP, though collectively and ‘consultatively’ agreed upon by *all* the major stake-

61. GRZ, 2000.

holders in the country, are not acceptable to the boards of the World Bank or IMF, what would be their status?

Secondly, it is evident that little thought was accorded by the World Bank and the IMF officials to the implications of terminologies such as 'participatory,' 'country-driven' and 'partnership-oriented' that dominate the six prescribed core principles of PRSPs. They are obviously very lofty non-economic terminologies with tremendous appeal especially in the light of the rising global tide against the perceived and real adverse effects on poor countries of unguided globalisation and liberalisation. It is, however, important not only to use the right language but also to understand the full meaning and implication of the words used *vis-à-vis* their evident challenge of how systems are presently being handled. Everyone is benefiting from hindsight in view of past experiences with phenomena as illusive as 'development' and 'poverty.' The acceptance of poverty as a *multidimensional* phenomenon means that terminologies borrowed from disciplines that never assumed dominance in the corridors of the Bank and the Fund now acquire currency, if only for window dressing. But if they have to be used, let them be used—and applied—accurately. The people that use them, however, have not changed. This is where learning becomes important.

In the light of the above, if PRSPs are to assume the supreme role of being the *national* plans and strategies for addressing poverty in poor countries, then the role of the national citizens (who include the poor people themselves) and their governments in the approval, adoption and endorsement of these documents should be paramount. However, if they are mainly supposed to remain as 'papers' to assist the Bretton Woods Institutions to reach decisions on form and level of financial support, then their status should be perceived in that restricted sense. To the extent that the *process* of developing and approving PRSPs is as important as the *contents* of these documents, it becomes imperative that real local ownership should be reflected at all these levels. As the situation stands at present, there is still considerable room for improvement in the process of PRSPs as *national* (as opposed to World Bank or IMF) plans for poverty reduction.

3.6.2 Bilateral Donors

The influence of bilateral donors on economic policy in Zambia has come in different forms but largely is connected to their concern for the sustenance of the reform process. The Paris Consultative Group,⁶² for example, has recently been active in influencing the course of policy in Zambia. The Group's influence on the speed of privatisation in Zambia, particularly of ZCCM, the country's major mining conglomerate, could illustrate the degree of donor influence. Initially, the privatisation of ZCCM was not considered urgent until considerable donor pressure was exerted on the government. The mood at the May, 1998 Consultative Group Meeting in Paris between Zambia and its major donors was summarised by the Chairperson of that meeting (the World Bank official) and confirms the pressure Western donors placed on the government:

Almost every speaker [during the Consultative Group Meeting] has noted that the failure to privatise the rest of ZCCM quickly could jeopardise the reform program. If the rest of ZCCM is not privatised soon, the impact on the rest of the Zambian economy could be devastating. ... We

62. This is a group of Zambia's main western bilateral donors. It also includes such multilaterals as the World Bank which, for many years now, has been the chair of these meetings.

AID AND POVERTY REDUCTION IN ZAMBIA

understand that negotiations on these last packages are still continuing. What is also clear from our discussions, however, is that the implications of further delays in privatising ZCCM would be extremely serious.

Zambia's poor showing at that meeting underscored the donors' expressed concern regarding, *inter alia*, the slow progress in the privatisation of ZCCM.⁶³ The total pledges made by donors was US \$531 million (for both projects and BoP support) against a requested amount of US \$610 million in total assistance. Even more revealing, because of the failure by the government to reach agreement with private buyers of ZCCM, as well as continued concerns over the poor governance record of the government, the US\$ 237 million in balance of payments support that donors pledged at the May, 1998 Paris Club meeting was not disbursed. Table 3.2 compares the actual pledges made against the request submitted at the 1998 CG Meeting and with the amount of external assistance received the previous year.

Table 3.2. Pledges at the May, 1998 Consultative Group Meeting

	Received in 1997 (US\$ million)	Pledged for 1998 (US\$ million)	Requested for 1998 (US\$ million)
A. BoP Support (Total)	120	237	289
Multilateral	111	144	122
World Bank	111	135	112
AfDB	-	-	10
Bilateral (total)	9	93	167
Norway	9	-	-
Finland	-	-	-
EU	-	58	-
UK	-	32	-
B. Project Financing	243	294	332
Multilateral	54	46	-
Bilateral	189	258	-
Total Assistance	363	531	610

Source: Cabinet Office records.

Several bilateral partners indicated during the May 1998 CG Meeting that they would resume balance of payments support to Zambia only after they were satisfied with the progress made by the Government in the privatisation of ZCCM. Moreover, to enable IMF to facilitate Zambia's Second Annual ESAF Programme for 1998, it was made clear to the government that the privatisation programme had to be speeded up, particularly with respect to (a) the approval of the last tranche of privatisation, that included Indeni Refinery, Zamtel, and Zambia National Oil Company (ZNOC), and (b) the preparation of the contingency plan in the event that the sale of the Nkana and Nchanga Divisions of ZCCM was delayed.

3.7 Conclusions

This chapter has tried to show how far the Zambian government has gone in addressing the poverty situation in the country. The chapter tried to trace the policy shifts over the years and purposely took an in-depth look at the three sectors that are strategic to poverty reduction, namely, agriculture, education and health. The chapter further demonstrated how, under its renewed vision, the government is cur-

63. The other expressed donor concerns relate to the issue of "good governance".

CHAPTER 3: POLICY RESPONSE TO POVERTY

rently trying to address the poverty situation through the IMF/World Bank-initiated Poverty Reduction and Growth Facility arrangements that require the country to develop a Policy Reduction Strategy Paper. In this context, the increasing role on bilateral and multilateral donors in the Zambian government's policy-making process is critically reviewed. The overall conclusion in this chapter is that there are serious efforts at the policy level to address the problem of poverty in Zambia. However, the issue of national leadership in these initiatives is still clearly missing and the role of external development 'partners' is still uncomfortably predominant. There is an evident lack of a clear national vision, beyond what the donors prescribe, with respect to how poverty could be reduced. The resource allocation pattern and utilisation is yet to demonstrate serious government commitment to addressing the plight of the number of Zambians that are fast sliding into deep poverty. The next chapter shows how much aid has flowed into the country.

4

Aid Flow to Zambia

4.1 Introduction

External development assistance to Zambia has been considerable over the years. As shall be demonstrated later in this book, donor assistance to the country has often been conditional upon the country meeting certain benchmarks in both the economic and social sphere. Generally, the volume and composition of external assistance to Zambia has been conditioned, first and foremost, by the country's willingness to reform its economy and, increasingly and more recently, the government preparedness to address the poverty situation in the country.

The pattern of aid flow correlates closely with the country's policy changes. For example, during the first four years of independence up to 1968, aid to Zambia maintained a steady and upward movement. When the government decided to expropriate foreign assets through its policy of nationalisation, however, a significant drop in external assistance was registered. When the Zambian economy began in mid-1974 to experience serious external shocks caused mainly by the drop in the price of copper and the increase in the price of oil, the donors responded positively by increasing their aid flows to the country. Over the 1974 to 1980 period, for example, external assistance to Zambia increased threefold. When the IMF embarked on SAP world-wide in 1980, Zambia's failure to design and implement an acceptable reform package led to a noticeable reduction in external support particularly from the bilateral donors. When the country adopted SAP over the 1983 to 1987 period, this was rewarded with an appreciable increase of external assistance. Not unexpectedly, when the Zambian government unilaterally decided to abandon the IMF/World Bank-supported SAP in May 1987, many donors significantly curtailed their aid to the country. Major donors like the United States, UK and Germany actually suspended their disbursements completely. In other words, during the period when there was an absence of real agreements with the major international financial institutions, bilateral donors also reduced or abandoned their commitments to the country. The overall grant element in external receipts actually declined during the period when the country cancelled the IMF/World Bank-supported SAP. During that period, the grant element actually declined from 46.7 per cent to only 22.6 per cent. As soon as Zambia U-turned and adopted SAP from 1991 onwards, the grant element increased by more than threefold to 76.2 per cent.

After the 1989 resumption of negotiations with the IMF and World Bank, which resulted in the production of the economic and financial Policy Framework paper (PFP) that was prepared by the government together with the two multilateral institutions, aid began to flow again. Following the introduction of a multi-party system in which the new government pledged total commitment to SAP, bilateral donors increased net inflows to Zambia. A more recent phenomenon is the fact that non-economic conditionalities, principally those that touch on the questions of good

CHAPTER 4: AID FLOW TO ZAMBIA

governance, human rights, and social considerations (e.g. poverty reduction and alleviation) have taken form in Zambia. The issue of governance as an explanatory factor in the magnitude and source of aid to Zambia surfaced in a more emphatic manner for the first time during the December, 1993 Consultative Group (CG) Meeting in Paris when an explicit statement was released by the World Bank:

bilateral donors expressed concern on issues of good governance emphasising the continuing importance of transparency and accountability in the use of public funds and the need for establishing democratic and effective institutions for dealing with good governance issues.⁶⁴

Consequently, Zambia's donors withheld US\$ 300 million of the total US\$ 1.1 billion support requested by the country on condition that the government took steps to stem corruption in high office. Apparently under this pressure, two cabinet ministers were dismissed and two resigned shortly after the above demands of the Paris Club. In addition to this, the government drafted a new Code of Ethics for political leaders in early 1994. Following these developments, the March 1994 CG meeting agreed to pledge the full amount of US\$ 1.1 billion requested by the government for 1994. The impasse between many bilateral donors and the Zambian government over the mode the state used to adopt the republican constitution; the debarring of certain opposition leaders through the same constitution to contest for the position of president in the 1996 presidential elections; the imposition of states of emergency; and the frequent arrests of opposition leaders are cases in point. The CG meeting between Zambia and major donors had to be suspended on two occasions until the latest state of emergency that followed the attempted military take-over was lifted in 1998. The Paris Club meeting was finally held on May 11, 1998 and government was warned to attend to what was perceived as bad governance tendencies before their pledges totalling over US\$ 530 million could be disbursed. The economic conditionalities include completion of the privatisation of the mining conglomerate, ZCCM; public service reforms; a programme to reduce poverty; and external debt reduction. At the governance level, the conditionalities include improvements on human rights record, transparency, and accountability.

The above constitutes the policy conditionalities under which Zambia receives aid. A review of the magnitude, composition and intensity of aid follows.

4.2 Aid Flow and Composition

Aid flows to Zambia steadily increased since 1973.⁶⁵ The 1990s show a remarkably significant increase from US\$ 56 million in 1973 to an average of US\$ 312 million over the period 1977–1989 as the country embarked on the IMF/World Bank-supported SAP. Between 1990 and 1994, aid jumped to an average of US\$ 951 million. It reached a record high of US\$ 2,093 million in 1995, resulting in a growth rate of 172 per cent over the previous year. This was largely because of the donor countries' satisfaction with the country's transition to multiple party democracy in 1991 and a more intensive implementation of SAP thereafter. However, the volume of aid declined by 70 per cent to US\$ 636 million in 1996. With the exception of 1995, aid volumes have been on the decline since 1992 although they remained fairly high compared to earlier periods. Figure 4.1 shows the picture clearly.

64. World Bank Press Release, Paris, December 1993, 1.

65. The analysis in this section draws on data from work by Oliver Saasa and Inyambo Mwanawina, *Managing the Transition from Aid Dependence in Zambia*, Project funded by the African Economic Research Consortium, Lusaka, July 1999.

AID AND POVERTY REDUCTION IN ZAMBIA

Figure 4.1. Movements in the volume of gross and net aid

Source: World Bank database (several years).

Figure 4.2. Composition of net ODA

Source: World Bank database.

Figure 4.1 also shows the changes in the magnitude of net official development assistance (ODA) flows to Zambia over the entire 1960–1998 period. It is clear from the figure that ODA net flow follows a similar pattern as ODA gross although the latter is slightly lower than the former during several years. Until 1989, annual interest payments on concessional loans (i.e. those with a grant element) averaged US\$ 5 million over the 30 year period covered by the figure. It was in 1990 when it registered its highest level, at US\$ 364 million, declining over the 1991–93 period to an annual average of US\$ 117 million. It further went down to a low of US\$ 22 mil-

CHAPTER 4: AID FLOW TO ZAMBIA

lion in 1996. This decline was explained by several factors that included defaulting on concessional loan interest payments that, in turn, increased arrears.

Figure 4.2 gives the composition of net ODA to Zambia and it is clear that grants, compared to loans, constituted a larger share of ODA flows to the country, with the exception of the 1978–1982 period and during 1995. Zambia's worsening debt burden (see the previous chapter) seems to explain why, to a large extent, donors are increasingly more predisposed to giving the country grants rather than loans.

What does aid to Zambia finance? Over the 1973–1996 period, debt support and infrastructure and services development have constituted the primary target of external assistance to the country and collectively accounted for 33 per cent of aid flows.

Table 4.1. Balance of payments support and government foreign debt service (US\$ million)

	1993	1994	1995	1996	1997	Average contrib. (per cent)	Average growth (per cent)
World Bank	151.2	147.7	160.2	120.5	110.7	61.7	-5.9
Canada	5.5	7.4	0.0	0.0	0.0	1.2	-20.0
IMF	0.0	0.0	0.0	0.0	13.8	1.2	0.0
EC	98.8	14.4	34.8	0.0	0.0	13.2	-20.0
Finland	0.0	0.0	2.2	0.0	0.0	0.2	-20.0
Germany	0.0	11.4	34.7	6.8	0.0	4.7	-20.0
Japan	20.8	20.2	0.0	0.0	0.0	3.7	-20.0
Netherlands	0.0	0.0	9.6	0.0	0.0	0.9	-20.0
Norway	2.1	9.1	10.0	80.0	8.9	2.8	64.8
Sweden	6.4	7.5	10.0	0.0	0.0	2.1	-20.0
UK	14.9	42.1	20.5	15.3	0.0	8.3	-20.0
Total Inflows	299.7	259.8	282.8	142.6	133.3	100.0	-11.1
Debt Service	363.7	342.4	330.3	175.5	160.0		
Net Inflows	-64.0	-82.6	-47.6	-32.9	-26.7		

Source: Ministry of Finance and Economic Development, *Microeconomic Indicators*, 1998.

During the 1992–93 period, balance of payments support (BoP) accounted for more than 50 per cent of total aid to Zambia. Table 4.1 shows that despite its predominance, BoP support registered an 11 per cent decline over the 1993–97 period. It fell from US\$ 300 million to US\$ 160 million over this five-year period. As can be seen from Table 4.1, the World Bank remains the single largest source of BoP support to Zambia, accounting for 62 per cent of flows over the 1993–1997 period. BoP contributions from other donors have generally been small, with the European Union (EU) registering the second largest share at 13 per cent. Indeed, for the other donors to Zambia, with the exception of Norway, BoP flows to Zambia declined by more than 20 per cent over this period. Zambia received no BoP support from its traditional sources due to the problems earlier discussed.

Donors' commitments to Zambia's social infrastructure and services (mainly education, health, water supply and sanitation) registered a considerable increase over the years, standing at US\$ 191 million in 1995. However, this declined to only US\$ 85 million in 1996. Table 4.2 that shows this also reveals donor interest, albeit at a limited level, to programme support that captured 24 per cent of total aid to Zambia over the 1973–96 period.

Agriculture, forestry, fishing, industry, mining, construction, trade and tourism constitute the productive sector and received, on average, 26 per cent of total donor

AID AND POVERTY REDUCTION IN ZAMBIA

resource transfers to Zambia from 1973 to 1995. Aid to the productive sector registered a peak in 1992, at US\$ 197 million. However, this declined to as low as US\$ 18 million by 1996. Donor support to economic infrastructure (i.e. energy, transport and communications) was fairly modest, standing at 12 per cent of the total aid flow over the 1973–96 period.

Table 4.2. Aid by end-use/purpose

Years	Social	Economic	Production	Multi-sector	Programme	Debt	Emergency	Others
1973	15.73	76.66	16.77	0	10.58	7.35	0	0.47
1974	0.86	15.85	9.03	05.48	0	0	0.99	
1975	2.94	0.03	20.56	0	14.47	0	0	0
1976	0.75	3.02	29.15	0	40.36	0	0	0.05
1977	9.58	4.51	41.46	0	41.77	0	0	0.65
1978	15.95	33.24	88.97	0	55.08	0	0	53.86
1979	0	0	0	0	12.05	0	0	0
1980	32.08	46.9	68.47	32.13	59.62	0.94	0	0
1981	30.67	6.51	66.18	3.94	43.95	0.25	0	0
1982	13.26	36.43	50.77	9.59	44.51	3.91	0	5.68
1983	21.89	33.34	38.3	12.95	48.97	6.33	0	0
1984	29.7	9.03	114.04	4.33	62.83	1.99	0	0
1985	54.58	16.28	74.28	4.46	30.15	7.39	0	0
1986	32.84	12.98	101.47	15.56	68.07	20.84	0	0.09
1987	86.37	73.07	108.42	4.58	50.25	2.14	0	2.87
1988	27.91	28.89	86.5	24.07	68.13	20.2	0	0
1989	4.54	0.68	0.98	0.38	12.24	0	0	0.49
1990	54.98	27.83	97.98	28.53	116.74	100.85	0	0.37
1991	48.5	45.65	77.51	21.08	77.04	373.83	0	1.26
1992	84.26	31.59	197.47	14.81	359	26.92	0	0.71
1993	91.45	30.46	68.84	26.88	80.77	185.7	0	0.19
1994	109.54	46.73	114.96	14.15	103.04	51.87	0	0.5
1995	190.86	41.98	63.36	19.2	11.03	117.15	3.1	1.5
1996	84.72	74.25	18.42	12.44	0.97	11.07	0.55	0.88

Source: OECD's "Geographical Distribution of Financial Flows to Developing Countries 1998", CD-ROM.

One noteworthy aspect of the aid flow to Zambia is the absence of correlation between actual volumes received and positive economic growth trends. Figure 4.3 shows movements in the growth of GDP (which is a proxy for economic progress) and gross ODA. The figure covers a time period of almost a quarter of a century. It is clear that while the aid registered a positive increase in almost 20 years of the 24 year time span, GDP growth either grew marginally, at best, or significantly declined.

What is particularly noteworthy in Figure 4.3 is that the GDP 'growth' pattern is in the opposite direction from that of the aid flow. While ODA, on average, has been growing, GDP has been registering a negative trend. And yet the many donor conditionalities that Zambia, over the years, had to accept—and fulfil—principally concerned prescribed benchmarks for ensuring economic stabilisation and growth. It is only recently that 'social' conditionalities are emerging, mainly as a result of evident failures of past policies.

CHAPTER 4: AID FLOW TO ZAMBIA

Figure 4.3 GDP and aid growth rates (percentage)

Source: OECD's "Geographical Distribution of Financial Flows to Developing Countries 1998", CD-ROM.

4.3 Conclusion

It is clear from this chapter that, in spite of the frequent fluctuations in external support over the years, Zambia is one of the countries that has received significant aid from Western donor countries and multilateral institutions. The aid intensity of the country is one of the highest in the world. Apart from aid that is targeted towards BoP support, the economic, productive, and social sectors (particularly education and health) have also received a substantial share of ODA.

Notwithstanding the significant ODA flows, however, the irony in Zambia is that the country is gliding quite fast into deeper poverty. The question, therefore, is: What has gone wrong? Is it the volumes of aid that are insufficient or is the problem more rooted in the systems that conceive aid and the structures and relationships in the donor-recipient relationships? These questions and many related ones come to mind when results of aid disappoint both the donors and recipients alike. The rest of this book attempts to give some clues to some of these questions. Nine projects that are/were funded by EU member countries are examined in some detail in the next chapter using certain 'reality checks' to measure their effectiveness. The effectiveness of two of the nine projects is then analysed in the two following chapters, this time through the eyes of the poor households themselves.

5

Effectiveness of European-Funded Projects

5.1 Introduction

To answer some of the concerns discussed thus far, this study undertook a closer examination of aid that has been provided by the European Union (EU) member countries to Zambia, either as individual states or the EU as a group. The purpose of the case studies is to establish how aid from these donors has been linked to poverty reduction. It is important to observe at the outset that the examination of these projects in no way pretends to establish the actual degree of effectiveness in the global sense. Rather, the aim is to see whether the claimed link to poverty reduction has been well conceived and, in a rather indicative manner, analyse the degree to which the actual design and implementation modality holds promise for project effectiveness *vis-à-vis* the challenge of poverty reduction.

In consultation with embassy staff responsible for development aid, six EU member countries were selected, namely, Sweden (Sida), Denmark (DANIDA), Germany (GTZ), Britain (DFID), The Netherlands, and Finland (FINNIDA). One project funded by the EU itself was included. The projects covered in the study are given in Figure 5.1.

Using a standard approach, the selected projects were examined in order to establish how they were linked to poverty reduction.⁶⁶ Firstly, background information regarding the projects was solicited. Secondly, the objectives of each project were scrutinised to determine their orientation towards poverty reduction. Thirdly, attention was shifted to the examination of the project cycle. In this regard, such areas as the identification and appraisal process, the design, implementation, project outputs, and impact were looked at. Both primary and secondary sources of data formed the main base of the evaluations. This chapter looks at each one of the projects in the context of the above areas, followed by a synthesis of the findings drawing, in the process, some lessons for improved aid effectiveness in the area of poverty reduction.

5.2 The Micro Projects Programme—The European Union

The Micro Projects Programme in Zambia is funded by the European Union. The idea of Micro Projects Programmes (MPPs) among the African Caribbean and Pacific (ACP) states began in 1975 when the first Lome Convention between the

66. The choice of projects was made by the author and Jerker Carlsson guided by government and donor advice. All the fieldwork was undertaken by the author in 1997/98 with assistance from Patrick Chibbamulilo of the University of Zambia.

CHAPTER 5: EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS

ACP and the European Economic Community (EEC) was signed. The Convention viewed the Micro Projects Programme (MPP) as an instrument of co-operation between the EEC and the ACP. Since 1975, a number of African countries have benefited from this programme. Zambia's involvement in the MPP started in 1985. Since then, a good number of programmes have been financed by the EU. The MPP in Zambia falls under the Micro Projects Unit (MPU). The overall objective of the Micro Projects Programme is to reduce the rate of decline in the standards of social welfare in Zambia by improving the conditions of communities. In this regard, the Programme is poverty-focused.

Figure 5.1. Investigated projects

Donor	Project
European Union	(EU)Micro Projects Programme
Denmark (DANIDA)	Health Sector Support Programme
Germany (GTZ)	Zambezi Teak Forest Project Lake Kariba Small-Scale Fisheries Development Project
United Kingdom (DFID)	CARE-Zambia Project Urban Self Help (PUSH)
Sweden (Sida)	Soil Conservation and Agroforestry Extension Programme (SCAFE)
Netherlands (DGIS)	Primary Health Care (PHC) / Western Province Women Finance Trust of Zambia (WFTZ)
Finland (FINNIDA)	Luapula Livelihood and Food Security Programme (LLFSP)

In terms of project identification and appraisal under the MPP, there is a considerable level of involvement of local level input. Following the submission of applications for funding from a given community, a district desk appraisal follows, based on the MPU set criteria. The appraisal process includes various line ministry departments, including the district councils. Once approved, an application is further subjected to a field appraisal that involves both programme and local level government officials. The field appraisal aims to establish the capability of the community to participate in the project. Once the field appraisal is completed successfully, the proposal is passed on to the Programme headquarters so that budgets are prepared and then endorsed by the MPUs Steering Committee.

It is noteworthy that the MPU guidelines clearly indicate the areas that are eligible for financing and include education; health, water and sanitation; and economic infrastructure (such as irrigation systems, roads and bridges, markets and storage facilities like depots and so on). The restriction of support to these areas has often conflicted with the people's own classification of what they consider to be priorities. According to the MPP 1995 Annual Report, in the Lome IV, Phase II, 76 per cent of the projects financed by the project were towards the educational sector; 13 per cent for health; 9 per cent for water; and 2 per cent for sanitation and infrastructure. In spite of this, the Beneficiary Assessments of the programme in 1994 and 1996 both revealed that, on average, 26 per cent of the assessed projects did not reflect the beneficiaries' stated priorities. Thus, in spite of the degree to which people's expressed priorities are largely addressed, the role of technocrats in the final decision has been said to run counter to the concept of demand-led approach in the MPU. Nevertheless, the introduction of participatory methods in project identification at the field appraisal level where different stakeholders are consulted has significantly contributed to the high rate of adoption of the beneficiaries' preferences.

The analysis of this programme's design revealed that it did not sufficiently consider the issue of targeting. Thus, although the poor are the main target of the projects, it has not been made clear how they are going to be identified and better targeted, let alone how they are going to directly participate in the projects. In particular, how remote areas (where the majority of the poor reside) are to be reached is not addressed. Consequently, most of MPU projects were, by the end of 1997, along the main roads and close to the district centres.

It is noteworthy that district councils and other line ministries were initially excluded from the project planning phases. This was reportedly due to the perceived bureaucratic delays inherent in these levels of regional administration. As of 1994, there were no formal responsibilities of line departments at the local level in MPP projects. Later, however, other institutions at district level, including district councils, were allowed to be part of the technical team that accompanies the regional officers in project supervision missions. This has evidently enhanced local ownership of the projects,

With respect to conditionalities, these are fairly general in nature. The community is expected to contribute 25 per cent of the total project costs and the projects should normally be completed within a one-year span. Although the MPU stipulates this level of community contribution, this is not strictly applied as a minimum of 15 per cent from poorer communities has been known to be acceptable. In terms of actual Programme management, MPP operates under the auspices of the Ministry of Finance and Economic Development. The Programme Steering Committee, together with the EC Delegation, monitors progress of MPP projects through Quarterly Reports. However, a sample of one of the MPP quarterly reports that is the basis of monitoring does not suggest any special attention being accorded to poverty.⁶⁷

With respect to outputs, the MPP employs the Logical Framework approach as one of its tools for planning and looks at such indicators as the number of classrooms, teachers' houses, rural health centres, health staff houses, water points, etc. The verification of achievement of objectives is done through the monitoring of such factors as number of school-age children in/out of school, change in the incidence of common diseases, and change in access to safe water. The SRP Advisor reported that the MPU finances approximately 50 projects per quarter and the technical evaluations of the *quality* of these projects showed an improvement over the years. For example, based on two technical audits the picture is that whereas 37 per cent of the projects were rated as 'good' in 1993, this improved to 60 per cent in 1996. This was further confirmed by results of Beneficiary Assessments. However, it was revealed in the Beneficiary Assessments that the question of project sustainability is still not well addressed as many communities still expect outsiders to come and maintain the projects once completed.

With respect to the impact of the Programme, the *livelihood* situation of the beneficiary communities does not seem to have been changed in a significant way. This could partly be explained by the high level of concentration on educational infrastructure and the difficulty of establishing the long-term impact of interventions in this sector (i.e. education). There are few projects with short gestation periods such as those related to income generation. Less than 5 per cent of the Programme finance has gone to such projects. With respect to *knowledge* attainment, MPP projects have imparted planning and implementation skills among both the beneficiary communities and local level government staff. In terms of *rights* enhancement,

67. See, for example, *MPP Quarterly Report*, Oct-Dec, 1996.

the projects were not known to be responsive to the special demands of women. According to the 1993 Beneficiary Assessment, women were generally assigned inferior roles in the projects.

5.3 Conservation and Agroforestry Extension Programme—Sida

The origins of the Soil Conservation and Agroforestry Extension (SCAFE) Programme can be traced to 1984 when it began in Eastern Province with funding from the Regional Soil Conservation Unit that was based in Nairobi. Implementation was done through Sida's Integrated Rural Development Programme (IRDP). Since then, the programme has been extended to Southern and Lusaka Provinces. The broad objective of SCAFE is improved and sustainable productivity of farms and agricultural lands while the immediate objective is improved land husbandry practices among farmers, with special emphasis on smallholders. Specifically, the Programme aspires to, *inter alia*, develop and integrate soil conservation, agroforestry, controlled grazing and pasture technologies; encourage productivity research; and train farmers and staff in land management and conservation farming technologies. The project's main target beneficiaries are small-scale farming households; emergent farmers, and commercial farmers willing to pay for the services. The emphasis towards small-scale and emergent farmers may be taken to be an indicator of the programme's approach to poverty reduction. Special attention has been devoted to two subsectors of the target group, namely, female farmers, and 'innovative farmers'.

It may be argued that the identification of SCAFE originated from donors, Sida in particular. Discussions with senior project officials suggested that the government was not a key participant during these early stages. Similarly, there is no clear evidence on the participation of the poor in the identification process in early years. At the initial stage, it appears that technocrats took the lead in disseminating ideas on conservation issues through field demonstrations. In the recent years, however, there have been attempts to include different interest groups and participatory approaches have been taught to field staff.

Key issues regarding the design of the Programme involve targeting (both by area and the target group). The first step in the project's targeting is based on location with priority placed on those areas that have the worst soil degradation. Targeting then moves to the farm level. Since the major clients of camp officers are smallholders (small-scale and emergent farmers) rather than commercial farmers, the target group is captured and, in particular, the involvement of female farmers is considered vital.

The Programme also collaborates with various institutions at different levels. At community level, the Programme has worked closely with such institutions as schools and has involved local leaders. At national level, the University of Zambia, International Centre for Research in Agroforestry (ICRAF), Farming Systems Research, Soil Productivity Research and others have been collaborating partners. There are also external linkages by way of study tours by staff. The Programme's activities are monitored through reports, meetings and supervisory visits. The Programme, with five others that are supported by Sida in Zambia, holds quarterly meetings. Supervisory visits are conducted twice a year. The project is being implemented under the superintendence of the Director of Technical Services Branch in the Ministry of Agriculture, Food and Fisheries. From this *modus operandi*, it is clear that the Programme functions within the auspices of the Zambian government.

In terms of Programme conditionalities, the government is expected to pay approximately 25 per cent of the total costs, coming mainly in kind. Another condition regards good financial reporting practices. Sida had suspended funding for 1996 due to 'inadequate' reporting and accountability of resources. Only funds for the last quarter of 1995 were released in the first quarter of 1996; and no more funds were released during the course of 1996.

At the implementation level, there are two major changes that have been witnessed in the Programme during its implementation to date. One of these was the change in approach by Sida in its recruitment of Technical Assistants (TAs). Prior to 1994, Sida had its own employees. The situation changed in 1994 when Agri-systems, a private consulting firm, was contracted for the period from 1994 to 1997. The private company provided a number of staff as advisors in each province where SCAFE activities are taking place. In provinces, they work with Provincial Co-ordinators. Another major change in implementation was effected in 1996 in the advent of a new approach to managing donor funding, namely, the Agricultural Sector Investment Programme (ASIP). Financial management is now carried out by the Financial Management Unit of the Ministry that sends funds directly to districts, while the provincial level is to provide mere supervision. Districts, thus, have become less accountable to the province as part of the decentralisation process the government has opted for under SWAp.

The advent of ASIP had its own problems with respect to the Programme's activities. According to the 1996 SCAFE Annual Report, some of the adverse consequences included uncertain lines of command and difficulties in information flows, resulting in delayed and inadequate financial reporting. This actually partially explained the termination of the flow of funds from Sida in 1996. The resumption of the financial resource flow from Sida in 1997 was effected after separate SCAFE accounts had to be opened in districts.

What has been the impact on poverty with respect to these changes in implementation? The evaluation of the Project's impact on poverty has not been made. The supervisory mission of April 1997, however, reported an improvement in the Programme's quality of work. Noting the poor maintenance record of the structures that the Programme had put up in Southern and Central Provinces, the mission report recommended that future activities should be more on farm production and soil fertility support than physical infrastructure development.

It is worth pointing out that the SCAFE's monitoring and evaluation system does not report on project impact. The system does not go further than giving the delivery indicators as shown by targets. It is not clearly shown what the impact has been on the ultimate beneficiaries. Preliminary investigations, nevertheless, suggested that, with respect to *livelihood*, women in Southern Province demonstrated increasing interest in raising nurseries, principally driven by the income generation potential of this activity.⁶⁸ With respect to *knowledge*, farmers are being exposed to better farming methods. As for *rights*, it was reported that women are now able to participate in conservation committees as equals with men.

5.4 The Push II Project—DFID

The Project Urban Self Help (PUSH) programmes in Zambia originated from the mitigation challenges of the 1991/92 drought in Zambia. Initially, CARE-Zambia

68. Kasonde-Ng'andu S., S. Ziwa and E. Savfors, 1995, p. 17.

CHAPTER 5: EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS

PUSH's activities focused on food relief through food for work programmes.⁶⁹ The new approach, under PUSH II and funded by CIDA, World Food Programme, and ODA, aimed "to ...effect more sustainable infrastructure improvement, and to assist the food-for-work participants to establish the basis for an independent livelihood."⁷⁰ Under Phase II and with ODA support, these objectives were refined to cover poverty reduction by using food for work to achieve longer-term developmental objectives; livelihood improvement through improved skills and confidence of compound residents, particularly women; and the development and application of appropriate participatory planning mechanisms at sub-compound level that would enable residents to identify their priorities and plan strategies for achieving them. The Project activities also include physical infrastructure development; capacity strengthening of municipalities; and designing interventions that address the gender dimension of poverty.

In terms of project identification, the PUSH activities emerged from government initiative to provide safety nets for the poor, initially against the adverse effects of drought conditions, then as a result of the effects of economic reforms. It was the government of Zambia which requested CARE-Zambia to provide support in the distribution of WFP food supplies. The second phase of the project, however, originated from CARE-Zambia's own initiative to improve upon its effectiveness in the light of its experience with the food-for-work activities. CARE-Zambia also used lessons learnt from its international network elsewhere to improve upon its Zambian interventions.

Consultations with beneficiaries remain as one of the strongest attributes of the Project in Zambia. A document, *Participatory Appraisal and Needs Assessment* (PANA) has since been developed to assist the Project achieve more sustainable outcomes. The project monitoring process also involves strong participatory elements. In this respect, Livelihood Monitoring Surveys are routinely conducted among the beneficiaries. At the level of project design, the targeted areas were guided by poverty prevalence levels in the areas of coverage, mainly the Lusaka and Livingstone regions, focusing on four shanty compounds (three in Lusaka and one in Livingstone) where mostly low-income groups reside. Women constitute about 90 per cent of the participants in PUSH programmes, a phenomenal achievement in a country where women are more disadvantaged than men. CARE-Zambia also uses the Livelihood Monitoring System that is participatory and that enables beneficiaries to measure their successes.

CARE-Zambia also collaborates with other institutions that include the city councils and includes them in its training programmes. Many members of Resident Development Committees (RDCs) have been exposed to CARE-Zambia's training of trainers course that empowers participants with skills in community mobilisation and project planning and implementation. The Project hardly attaches any conditionalities to its interventions.

In terms of programme effectiveness, the 1997 evaluation of the Project by ODA described the reporting, monitoring and evaluation activities as "resulting in an active information system linking the various levels of the project internally and with external partners and agencies." The evaluation particularly commended the Livelihood Monitoring Surveys as being most useful. In terms of output, the Project has been highly rated, particularly in the areas of training; livelihood improvement,

69. The World Food Programme (WFP) provided guidelines on the actual amount of food given to participants in return for work done.

70. CARE-Zambia, 1994, p. 4.

especially through the Project's credit scheme; improvement of planning skills; community development through sustainable and community-managed water supply projects; and gender empowerment.⁷¹ The Livelihood Monitoring Surveys also revealed that participants in PUSH activities have improved livelihoods.

The sustainability of PUSH-supported projects is also promising particularly with the introduction of user fees. The establishment of administrative structures for the collection of user fees has further enhanced the sustainability of the Project's achievements.

5.5 The Lake Kariba Small-Scale Fisheries Development Project—Germany

The LKSFD project originated from the former "Gwembe Integrated District Development Programme" which started in 1987 under the support of GTZ to Zambia. In the early years, this programme was multi-sectoral in nature. In 1991 following an evaluation, a single sector project emerged. The duration of the Project was nine years, falling into two phases. The orientation phase ran over the July 1987 to May 1991 period. The project was implemented under the Department of Fisheries (DOF). A German long-term advisor was provided for the period between 1991 and 1994. Further, technical advisory support was provided periodically, between 1995 and 1996, at which time the project wound up. It was located in three areas of the Gwembe Valley, along Lake Kariba, in the Southern Province of Zambia.⁷²

The project's objectives changed over time but were ultimately refined to include the stabilisation of living standards in the targeted area as the 'upper goal' and the improvement of the targeted group's resources-saving fisheries and processing techniques. The Project targeted the staff of the Department of Fisheries in the Siavonga, Sinazongwe and Chipepo offices; and the small scale fishing community along the lake shore and the itinerant fish traders (mostly women) in the villages. The latter were being targeted through the Fishing Village Management Committees, which represented the fishing communities and regulated trading activities. The project was identified by the donor, as an offshoot of the German-supported Gwembe Integrated District Development Programme.

As for targeting, the main beneficiaries were the fishing households and traders. The strategy for reaching the project's objectives was four-fold, namely, (a) the provision of appropriate inputs (mainly appropriate boats and suitable traps that would catch unexploited fish types); (b) the improvement of fish preservation techniques (mainly through the introduction of different kinds of wood for smoking fish as well as provision of wood-saving kilns); (c) the distribution of trees and instruction on their care; and (d) the strengthening of personnel in the Department of Fisheries. A Forestry Officer was seconded to the project. The Project fell under the Department of Fisheries in the Ministry of Agriculture, Food and Fisheries and the Department of Fisheries staff carried out most extension activities. At village level, Fisheries Village Management Committees were established and it was through these structures that the project reached the grassroots. The problem of capacity among the senior officers of the DOF was, however, quite evidently, a phenomenon that significantly minimised the effectiveness of the Project. There were, in particular, reports of lack of commitment among different heads.

71. See CARE-Zambia, 1996, pp. 5–8.

72. These are Sinazongwe, Chipepo and Siavonga.

At the level of output, fishing techniques improved through provision of appropriate inputs. Boats with a length of at least 4.5 metres were constructed and a total of 43 were sold to some fishermen while others were provided to Village Committees. Traps to capture catfish were also introduced and this has led to exploitation of more fish. The preservation techniques and quality of fish also improved since a total of 109 kilns and 140 cooking stoves were built by villagers. This resulted in reduced quantities of wood required to smoke fish. Fisheries authorities in the Department of Fisheries were also strengthened by the project through training programmes and the facilitation of office equipment like computers and vehicles. Moreover, from 1993/94 to 1995/96 seasons, 19,000 wood and fruit trees were distributed to villages and seminars were held in villages and schools on seedling planting and care. Despite this effort, the poor management of this component led to the withdrawal of the nurseries from the area by the Project. Further attempts to transport tree seedlings to some villages from Siavonga proved difficult as there was no reliable water transport.

With respect to impact and from the livelihood point of view, incomes are said to have improved for fishing households who adopted fish smoking techniques that were promoted by the Project. The fishing households have also acquired some knowledge from the project through exposure to new traps that can catch additional fish species.

5.6 The Zambezi Teak Forest Project—Germany

The Zambezi teak forest is located in the South Western part of the country. It is in this area that the Zambezi Teak Forest Project was based. It was supported by German Technical Co-operation in Zambia (GTZ). On the whole, the project was expected to be operational for a period of 12–15 years (from 1995 to 2010). The first phase, this assessment's focal point, covered the 1995 to 1998 period. It was intended to be a pilot phase and covered an area of 60,000 hectares. The purpose of the project was to work towards integrated, sustainable management methods for the eco-system in the Zambezi teak forests in the project region. This was planned to be realised through a multi-sectoral, village-based approach for sustainable management of the teak forest. The Project was, according to the plan, expected to integrate its activities with the Forestry Department, the communities and the Barotse royal establishment; facilitate the modification of the relevant enabling legislation; facilitate the participation by selected communities in the development and testing of improved land use practices; and identify training needs. It is noteworthy that the Project's objectives do not appear to make direct reference to poverty alleviation. Nothing is said about marginalized groups of the community either. The objectives can, therefore, be described as linked to poverty reduction in a very remote manner. This is on the assumption that the target beneficiaries are utilising the forest reserves for their livelihood and that there is a danger that the forests would be depleted.

In terms of project identification, there is evidence that the Zambian government had requested the Japanese International Co-operation Agency (JICA) to carry out a study on the teak forest in 1993. Following some recommendations from the study, the government requested the German government for assistance in implementing the project. The design of the project had a number of weaknesses. According to the Planning Workshop report of February, 1997, for instance, the design process excluded the views of some Zambian experts. Notably, the Chief Conservator of Forests complained that the German team that prepared the document did not

consider his comments. Another problem was that it was felt that the role of foreign consultants was not well defined as there was no transparency regarding their Terms of Reference, a situation that led to suspicion from their local counterparts.

The project's implementation process had some problems and most of them surfaced during a Planning Workshop of February 1997 where progress was reviewed by the stakeholders. One of the problems emanated from inadequate communication between the various players in the implementation process. There was inadequate flow of information between the TAs and the local staff, a situation that led to suspicions between the two groups. No team spirit was cultivated and this removed any feeling of local ownership of the project. Another problem related to inadequate management capacity on the part of local staff. There was also the problem of inadequate operational resources that dampened the morale of Zambian staff.

The Project output, based on the 1997 Project Report, showed that many things did not go according to expectations. In particular, almost all the tasks that were supposed to be undertaken as a prerequisite to proper implementation were not realised. The evaluation assessed how far the planned activities in the Project were achieved. For example, the definition of the tasks of village committees, the steering committee, the forest indunas, and the project's management board was not done. Nor were the relevant studies to facilitate a new pricing policy and concession licensing carried out. The planned revolving fund was also not established. All this demonstrated that the project, to a large extent, did not meet its objectives as they were set out. Consequently, the impact of the project on the intended communities was marginal.

5.7 Women Finance Trust of Zambia—The Royal Netherlands Government

Women Finance Trust of Zambia (WFTZ) is a NGO, which was formed in 1987 with its headquarters in Lusaka. In the early years of its operation, it concentrated its efforts on public relations activities and targeting women. In 1994, funds were sought and received from the Netherlands government to support its activities. The money was earmarked for use with respect to extension of loans to women; operations; and acquisition of capital equipment. During the support from the Netherlands government, WFTZ operations were confined to Lusaka only.

The main aim of the organisation is to reach poor women and empower them in the areas of economic activities through (a) credit provision; (b) savings mobilisation; (c) training in business, awareness; (d) provision of information in general; and (e) lobbying and networking with respect to women-related matters.⁷³ The formation of the WFTZ can be traced to the earlier inputs that came from an international initiative. WFTZ cites the United Nations Conference on Women, which was held in Mexico City as the main source of its inspiration to establish it in Zambia.

In order to reach its target, WFTZ focuses its activities in high-density, largely deprived urban residential areas of Lusaka, focusing mainly on women above the age of 18 years. Loans from WFTZ are provided through the organisation's own resources, using mainly the grant from the Netherlands. To ensure the sustainability of its activities, the organisation encourages savings among its members. The donor imposed no conditionalities on WFTZ, save for the requirement to properly account

73. WFTZ, *Business Plans for 1996, 1997, 1995*.

for the money received. The organisation expects its beneficiaries to deposit at least 10 per cent of the loan amount before a loan is provided. The organisation is answerable to the board.

In terms of output, the organisation has performed generally well although, in a number of cases, its objectives are too ambitious.⁷⁴ Considerable levels of loans were given to women and a loan recovery of over 90 per cent was reported. Access to credit by members of the organisation seems to be the most important output. 96 per cent of the women reported that none of them had had a loan before. Of the women who obtained loans, a good number of them reported improvements in their businesses. 22 out of 27 respondents reported that their volume of business had increased. Of the seven women who had had their shops burnt down at Soweto market in Lusaka in 1997, six restarted business using capital from WFTZ loans.

5.8 The Luapula Livelihood and Food Security Programme—FINNIDA

FINNIDA support to Luapula Province began in the early 1980s, focusing up to 1992 on agricultural extension and training; livestock development and animal draught power; co-operative development; agriculture marketing; and support to the provincial planning. The Luapula Livelihood and Food Security Programme (LLFSP) was then conceived beginning with a transitional phase from September 1994 to March 1995 while awaiting the appointment of a Finnish consultancy firm to implement the programme. The Programme effectively started in March 1995 with funds from the Government of Finland (92 per cent). The remaining 8 per cent is the Zambian government contribution, principally in cash and in kind.⁷⁵

The overall objective of the Programme is the provision of improved livelihood for rural households; improved resilience of households to food and nutritional insecurity; stabilised access of households to food in food deficit periods; and increased levels of income in the rural households. Female members of households, women headed households and other resource-poor farming households are the main targets of the Programme.⁷⁶ This is planned to be achieved through diversification in production and improved soil management; improved extension and research; introduction of livestock and animal draught power; increased income earning and credit opportunities; and community awareness building and training, focusing on women producers.⁷⁷ From these objectives, it is clear that the project is poverty-focused.

At the Programme appraisal stage, the beneficiaries' priorities were established through a series of Participatory Rural Appraisals (PRAs). This resulted in the identification of seven areas of intervention, namely, Cattle Development and Animal Draught Power; Seed Multiplication; Extension Support; Soil Fertility; Household Labour; Income Generation; and the Reserve Fund. The Programme design stage was initiated by a team leader from Finland who was supported by local consultants. Based on the output of the highly participatory programme appraisal, five components of the Programme were identified and supported. These were Participatory

74. For example, one of them stated that all micro and small scale women entrepreneurs shall have access to credit.

75. Contributions in kind are represented by such items as fixed costs, staff salaries and office facilities (used by the programme). The cash contributions cover transport and office stationery.

76. LLFSP, 1994, pp. 10–11.

77. LLFSP, 1994.

Extension and Research (PEAR); Soil Fertility Improvement (SOFI); Seed Multiplication (SMP); Livestock and Animal Draught Power (LIVE/ADP) and the Reserve Fund.

PEAR aimed to improve farmers' participation in agricultural research and extension. The purpose of the Seed Multiplication component was to facilitate the availability of seed for crops such as sweet potatoes, beans, rice, cassava, and groundnuts with a view, ultimately, to having high-yielding cultivars that would improve household food security. The SOFI component, in turn, addressed the challenges of the province's soil degradation.⁷⁸ The livestock and animal draught power project focuses on small livestock development; animal health; and popularisation of animal draught power among small and emergent farmers. Lastly, the Reserve Fund has two components, the Flexi fund that targets other Programme components and the Development Fund that targets livelihood-enhancing individual and community-oriented projects.

To ensure sustainability, all the projects were undertaken by local actors through collaborative links with other institutions at the local level. At the helm of the implementation structure is the supervisory board that includes representatives from the Ministry of Agriculture, Food and Fisheries; the Zambian Ministry of Foreign Affairs; and the Finnish Government. At the provincial level is the Steering Committee chaired by the Provincial Permanent Secretary. It holds quarterly meetings. Below this and under the chairmanship of the Provincial Agricultural Officer is the Programme Management Committee that meets monthly. It is composed of component managers, all Zambian government employees. The day-to-day management functions of the Programme are handled by a Programme Management Unit that is directly involved in day-to-day activities of the programme which are handled by a Finnish consulting firm, Oy Finnagro Ab, headed by the Project Co-ordinator who is an employee of the company. Other Finnish TAs include the financial Controller and the Programme Advisor.

The mid-term evaluation found that the Programme was functioning fairly well although it stressed the need to integrate more Zambians in the day-to-day management of the Programme. The dominance at the management level of TAs operating under a foreign firm seems to cause concern among local professionals. The Mid-Term Review, thus, recommended that a senior government official, at the level of deputy provincial agricultural officer, be seconded to the Programme. The improvement of the monitoring and evaluation processes was also recommended.

The 1996 mid-term review of the Programme was apprehensive about its effectiveness⁷⁹ and pointed out that "...due to the deficiencies...regarding the preparation of the Programme document with its lack of focus on beneficiaries' needs and the concentration on the delivery approach, a blue print implementation would not lead to the intended impact." The review reported that the data that is collected from PRAs is not documented and that there is an absence of detailed data regarding the beneficiaries' socio-economic characteristics. Consequently, the review concluded that the Programme does not have enough knowledge of the effects of its interventions on the target population. Notwithstanding this critical assessment, the Programme registered a number of positive outputs that are worth noting. For example, the PEAR component has expanded to new camps; and staff have graduated as trainers of trainers; more than 300 community groups were formed, with 43 per cent

78. LLFSP, 1995, pp. 27-31 and LLFSP, 1994.

79. LLFSP, 1996, p. 49.

being women. In 1996, of the 654 persons that received loans from the Programme, 53 per cent were women. Loan recovery was recorded at around 86 per cent. In terms of rights, women are increasingly becoming more independent.⁸⁰

5.9 Primary Health Care Programme in Western Province—The Netherlands

This case study focuses on the Primary Health Care (PHC) Programme that is being funded by the Netherlands government in Western Province of Zambia.⁸¹ The programme covers all the six districts in the province. The Netherlands support to the province has been going on since 1984 when a pilot phase was initiated upon the arrival of a PHC Advisor from the donor country. The first phase covered the 1988 to 1992 period. The second phase was initially planned to cover the 1993 to 1996 period but the activities were extended and re-scheduled to end in 1997. The key area of support is the provision of physicians (doctors) who are sent to the districts in the province. Material support that includes vehicles, computers and drugs is also included, in addition to human resource development for different levels of health providers, including staff and non-staff of the Programme.⁸² It is noteworthy that 29 per cent of the funds in Phase 1 were used for payments towards Technical Assistance, while in Phase 2 the TA component of expenditure claimed 57 per cent of the total funds.⁸³

The specific objectives of the first phase (1988–1992) were “to stimulate ‘bottom-up’ community participation and inter-sectoral co-operation and to strengthen the existing health services.”⁸⁴ In the second phase (1993–1996), the programme was to be used for experimental innovations with a focus on decentralisation, capacity building and community-based care. This phase focused on the promotion of adequate nutrition and food supply; maternal and child health services; immunisation coverage; control of AIDS transmission through an information and education campaign; promotion and maintenance of safe water supply and basic sanitation; drug supply; and health education. The Community District Partnership Fund (CDPF) was added to the Programme in 1996 with the aim of providing funds for community projects.

The origins of PHC can be traced to the International Conference of Alma Ata in 1978 where concepts of the then Basic Health Services were further built upon. The Zambian government approached the Netherlands government to fund the Programme. Thus the programme identification and appraisal were carried out by both the Zambian and the Netherlands Governments. In terms of design, the aim is to support the decentralised mode of service delivery through the strengthening of primary health care structures at the district level. District teams have been formed and, at sub-district level, Rural Health Committees, Village Health Committees or Neighbourhood Health Committees have been created. Various members of staff in the Ministry of Health have been trained by the Programme. Furthermore, to strengthen inter-sectoral collaboration, a number of structures have been formed. A monitoring

80. Previously, women obtained loans through their husbands; now they do so in their own right.

81. A similar programme is being supported by the Netherlands in the Northern Province of Zambia.

82. Non-staff include co-operating partners within the community, e.g. Traditional Birth Attendants (TBAs) and Community Health Workers (CHWs).

83. During the first phase, Dfl 1,706,966 (or 29 per cent of Dfl 4,950,000) was spent on programme activities while Dfl. 1,376,550 (or 57 per cent of the total) was spent towards TAs in the second phase.

84. PHC/WP, 1997, p. 6.

and evaluation system has been built into the Programme, the Financial and Administration Monitoring System (FAMS) and the Health Monitoring Information System (HMIS). The Programme expects the beneficiary communities to contribute about 25 per cent of the cost of the supported services.

The Programme is implemented through the Ministry of Health. The PHC Coordinator (who is Dutch) is located at the Provincial Medical Office in Mongu. Most decisions affecting districts are made at this level and the Programme employs a number of local support staff. There are also TAs in the form of physicians at the district level.

A number of Programme implementation shortcomings are observable. The poor attendance at meetings by members of the constituted committees; inadequate supply of drugs at many rural health centres; and weak financial support of Traditional Birth Attendants by the community were reported as some of the major problems faced by the Programme.

The Programme has realised several successes. In the absence of a comprehensive evaluation of the Programme, actual levels of benefits to the districts and households are difficult to ascertain. Nevertheless, Programme reviews have shown that communities have received loans through Village Health Committees for acquiring oxen, ox-drawn implements and seed; traditional birth attendants have been trained; water from traditional wells has been made safer; pit latrines have been constructed; health education has been promoted through existing community-level structures; and a kit of essential drugs for common diseases has been made available to rural health centres. Overall, the Programme appears to have improved the livelihood of the beneficiaries in the targeted rural areas. With respect to resources access, many targeted community members have access to clean water as a result of Programme activities. Knowledge has also been enhanced through the Programme's training component and community interventions on good sanitation, use of condoms, construction of pit latrines, etc.

5.10 The Integrated Health Sector Support Programme—DANIDA

The Danish support to the Health Sector in Zambia has been on-going since 1993 when a component of Quality Assurance was introduced to run for two years up to 1994. The second phase of the support commenced in 1995 and was scheduled to run up to the year 2000. The scope of the second phase is wider than the first, as it covers more components. Presently, the Danish support to the sector is directed at the whole country. The overall development objectives of the first phase of the Programme were to improve the health status of Zambia as a whole. During phase two, the Programme's objective was made more specific, namely, "the improvement of the health status for the lowest income groups and the more vulnerable sections of the population."

The Programme's expected outputs include the provision of an integrated cost-effective package of quality health interventions at district hospital, health centre, health post and community level; facilitation of the establishment and consolidation of Provincial Health Management Teams (PHMTs); capacity building for districts to enable them to better plan and budget for integrated inter-sectoral HIV/AIDS/STDs interventions; standardisation of financial, administrative, and management systems to allow for better planning, budgeting, accounting, auditing and logistics

CHAPTER 5: EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS

management; quality assurance promotion; and facilitation of the development of Health Management Information System (HMIS).

The Programme was conceived by the Zambian government in the context of the country's structural impediments in health service delivery and the Programme appraisal was jointly undertaken by the government, at central level, and the donor (DANIDA). The Programme's main target groups include the health care providers, managers and board members at provincial, district, area and community levels. Indirect target beneficiaries are considered to be the managers at the Ministry of Health headquarters. The Programme gives the ultimate beneficiaries as the "Zambian people, in particular the lowest income groups and the more vulnerable sections of the population."

At the implementation level, the Health Reforms Implementation Team (HRIT) was established in 1992 within the Ministry of Health. Three DANIDA advisors are provided at this level. HRIT is headed by the Deputy Director of Medical Services in charge of decentralisation. At district level, District Health Boards are in place. It is noteworthy that DANIDA support is an integral component in a much wider government system where several other donors provide input. Thus, unlike the other projects analysed in this book, this particular input by a donor tends to be rather difficult when analysis of its direct impact is made in isolation from the rest of the entire national reform agenda in the health sector. Thus, it becomes quite difficult to attribute a particular success (or failure) to DANIDA *per se* considering the many dimensions—and other donors—that link up to the organisation's input and activities. While bearing in mind this qualification, one can still isolate the performance of DANIDA output. Firstly, with respect to the enhancement of the districts' ability to provide integrated cost-effective packages of quality health interventions, the Ministry of Health, through the support from the DANIDA Programme, has improved its grants to districts while cost sharing measures are in place.⁸⁵ Secondly, DANIDA support has facilitated the establishment of universal finance and administrative systems that are currently being applied.

Overall, the Programme's impact on livelihood has only been marginal in spite of the fact that the Programme's delivery process has been generally successful. The major problem has been the high prevalence of poverty itself and the limited level of resources at the disposal of the government to support the Programme's mission. Notwithstanding this, it is noteworthy that as for resources, the situation has slightly improved at the household level in terms of benefits to the decentralised system of health services. To some extent, clinics and district hospitals acquire and administer drugs in a much faster manner than before. *Knowledge transfer* has also improved as training has been provided to health providers in various fields. These included accounting skills and others related to management. Furthermore, training has been provided to health workers at all levels including district, health centres and community intermediaries (such as birth attendants and community health workers). Health awareness among the community members has also improved. Moreover, there is an increased number of people who use family planning and more children are vaccinated. However, although people are aware of such diseases as HIV/AIDS, they do not always put into practice what they learn. As a result, the infections continue to rise as has been revealed earlier in this book. Thus, although knowledge has expanded regarding health matters among the communities, there has been an insuf-

85. The actual levels of resource transfers are, however, inadequate to meet health service delivery demands at the district level.

ficient health-enhancing behavioural change in communities. On a positive side, there are indications that rights of the beneficiary groups have been improved as a result of DANIDA's inputs. Bottom-up planning is now in place and the newly established health boards at all levels of service delivery include representatives from communities that now participate directly in decisions that affect them.

5.11 Cross-Cutting Analysis of Findings

The projects/programmes examined in this chapter have revealed significant variations in planning, implementation, monitoring and evaluation modalities. The levels of realising their respective missions, in general, and their ability to address the poverty challenge in Zambia, in particular, were equally as varied. The issue at hand is to establish whether or not the selected projects have/had close linkage to poverty reduction. While it can be argued that, in terms of the specified objectives, all the projects examined claimed, explicitly or implicitly, to work towards the improvement of the welfare of their targeted communities in Zambia, this study has revealed that this has not always been the case on the ground. Below is an overview of how the projects faired against each other.

5.11.1 Project Identification, Design, and Appraisal

The projects studied were conceived differently. Although it was not easy to establish exactly how some of the projects were identified, Figure 5.2 summarises how the identification process was done for each project.

As shown in Figure 5.2, the projects in this study have been identified from four sources of ideas, namely, the international forum, Zambian government, donors, and NGOs. In one category of projects, the projects were initiated following international initiatives, as in the case of WFTZ, Primary Health Care Project in Western Province, and the Micro Projects Programme. Donors have also identified projects as extensions to their already existing activities elsewhere. Lake Kariba Small-Scale Fisheries Development Project (LKSFD), SCAFE, and the LLFSP were identified in this manner. These projects registered a fairly good record of performance in terms of poverty reduction evidently because of the experience gained from earlier operations elsewhere. CARE-Zambia PUSH also benefited from its international exposure to similar activities particularly in the Asian sub-continent. Finally, two projects were identified by the Zambian government itself, namely, the Zambezi Teak Forest Project (ZTFP) and the Health Sector Support Programme (HSSP).

From the above presented identification process, projects could be placed on a scale ranging from those projects that were identified and established on the basis of sufficient knowledge regarding what needed to be done and how; to the other extreme involving projects with marginal requisite knowledge. The PUSH II project exhibited the case of wider knowledge, principally from its international network. As earlier demonstrated, CARE-Zambia, the PUSH implementing agency, collected and utilised a considerable amount of information from its area of intervention prior to project implementation. Another advantage was that PUSH II was carried out in the same area and with the same people as those in PUSH I (the first phase of the project). The identification process was, thus, characterised by a wide knowledge base.

CHAPTER 5: EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS

Figure 5.2. Comparison of project identification and design

Donor	Project	Who identified	How designed
European Union (EU)	Micro Projects Programme	International initiative	Donor, government, and beneficiaries
Denmark (DANIDA)	Health Sector Support Programme	Government-wide local consultation	Government and local community
Germany (GTZ)	Zambezi Teak Forest Project	Government alone	Donor alone
Germany (GTZ)	Lake Kariba Small-Scale Fisheries Development Project	Donor and government	Donor
Britain (ODA)	CARE-Zambia Project Urban Self Help (PUSH)	Care	Care
Sweden (Sida)	Soil Conservation and Agroforestry Extension Programme (SCAFE)	Donor	Government and donor
Netherlands (DGIS)	Primary Health Care/Western Province (PHC/WP)	International initiative	Donor, government and local community
Netherlands (DGIS)	Women Finance Trust of Zambia (WFTZ)	International initiative	Local community
Finland (FINNIDA)	Luapula Livelihood and Food Security Programme (LLFSP)	Donor and government	Donor, government, and local communities

Figure 5.3. Ranking of Projects based on Range of Knowledge during Project Identification

Range of knowledge	Project	Donor
Very wide	CARE-Zambia Project Urban Self Help	UK
Wide	Luapula Livelihood and Food Security Programme Soil Conservation and Agroforestry Extension Programme Lake Kariba Small-Scale Fisheries Development Project	Finland Sweden Germany
Fair	Micro Projects Programme Women Finance Trust of Zambia Primary Health Care /Western Province	European Union Netherlands Netherlands
Limited	Health Sector Support Programme	Denmark
Very limited	Zambezi Teak Forest Project	Germany

Some of the projects examined continued to operate in the same area by way of extending their earlier mandates into further phases. The familiarity with the operational environment did enhance these projects' performance. Since, in most cases, this category of project had to extend its physical and operational spheres of coverage, this often tended to challenge its existing implementation capacities. Examples of these projects are LKSFDP, SCAFE, and LLFSP.

Another form of identification process is that arising from findings from feasibility studies. The Zambezi Teak Forest Project (ZTFP) was launched after JICA had carried out a study in the forests in Sesheke district of the Western Province. Based on this information, the Government felt that there was a project worth implementing. Hence, it sought the assistance of GTZ. However, there was no pre-testing of the project and there was little consultation, a phenomenon that threatened its effectiveness. The Project also sidelined local input under conditions where the TA was evidently trying to function independently of the recipients. The project, thus, based

its identification process on a narrow scope of knowledge and its generally weak record of performance in terms of poverty reduction was, thus, not unanticipated. Figure 5.3 classifies in five categories the studied projects on the basis of the range of knowledge used.

5.11.2 Conditionalities

In general, there are three types of conditionalities that affect project implementation, namely, those directed towards (a) the government, (b) the actors in the implementing body such as a government ministry or an NGO and (c) the target beneficiaries. The most frequent conditionality given to the government in all the studied projects is that it contributes something, in cash or in kind, towards project implementation. This is common where a government ministry is part of the implementation process. As revealed earlier from individual case studies, there are six projects in the sample that are/were being implemented through government ministries, namely, LLFSP (Finland), HSSP (Denmark), PHC/WP (Netherlands), ZTFP (Germany), LKSFD (Germany), and SCAFE (Sweden). Of these, the conditionality is that the government contributes between 8 per cent and 25 per cent of the total project costs (depending on the donor). The contribution of government is taken to be in the form of salaries to civil servants who are in the project and in the form of office accommodation for the project. Another conditionality is that the government meets the cost of subsistence allowances in full or in part for technical assistance (TA) personnel. This was found in two projects, namely, LLFSP (Finland) and SCAFE (Sweden). SCAFE was not strict with this condition whereas in the initial stages LLFSP was.

Almost all donors that worked closely with communities demanded that the latter contribute to the project. This condition was found in such projects as CARE-Zambia PUSH II; PHC/WP in the construction of wells; the Micro Projects Programme; and SCAFE in the construction of storm drains. This condition was meant to instil a sense of ownership on the part of the beneficiaries.

Generally, the conditionalities the average donor demands from the recipient in the studied projects were quite modest. This could be a reflection of the assumed poor financial base of the recipient. While this is understandable, there is always the danger that, by adopting the 'spoon feeding' approach to donor aid, the recipient becomes too dependent on the donor to levels that could seriously threaten the effectiveness and sustainability of the project after a significant level of external input is withdrawn or when the donor pulls out altogether. This approach also perpetuates aid dependence that is not in the long-term interest of the recipient. One way of accommodating this consideration while bearing in mind the ability of the recipient to commit local resources (that may not be there) is to carefully categorise the target communities and make those that are able to meet part of the project cost do so. Even in a severely deprived rural community, there are always opportunities, especially during the project design stage, to identify better off recipients that could be challenged to contribute. The worst mistake many donor-supported projects make is to look at the poor as if they are a homogenous group facing the same problems and all of them are severely deprived. By adopting such a 'sympathetic' attitude, the project designers have often deprived themselves of the opportunity to meaningfully see the niches that the target community could offer in a superficially hopeless condition. In many cases, the donor is easily persuaded by the poor's own interpretation

of the gravity of their deprivation and the tendency of the latter to glorify as a 'good donor' the agency that does not expect input from the recipients. And yet earlier studies⁸⁶ have revealed that, in many cases, it is less the problem of ability to pay but more a function of *unwillingness* to contribute to externally supported projects that clouds the judgement of the donor and prevents making a more rational and sustainable judgement about local input. Indeed, it has been established that, in many cases, poor people actually pay more for services such as water than their non-poor counterparts in the same locations.

5.11.3 Implementation and Output

As revealed in the analysis of the nine examined projects, there were different types of organisational structures that were functional. Some were implemented within government ministries but with strong influence of technical assistance (TA) from donor countries. The implementation orientation of each project is summarised in Figure 5.4.

Figure 5.4. Projects and implementation structure

Project	Key implementers
Micro Projects Programme (EU)	Micro Projects Unit, supervised by Ministry of Finance and Economic Development
Health Sector Support Programme (Denmark)	Ministry of Health
Zambezi Teak Forest Project (Germany)	Technical assistance, with input from the Department of Forestry
Lake Kariba Small-Scale Fisheries Development Project (Germany)	Technical assistance, with input from the Department of Fisheries
CARE-Zambia Project Urban Self Help (UK)	Care
Soil Conservation and Agroforestry Extension Programme (Sweden)	Ministry of Agriculture, Food and Fisheries (MAFF) and TAs
Primary Health Care /Western Province (Netherlands)	Technical assistance with input from the Health Ministry
Women Finance Trust of Zambia (Netherlands)	NGO
Luapula Livelihood and Food Security Programme (Finland)	TAs and MAFF

The projects with a significant TA component generally possess quite strong controls over resources and decisions. ZTFP (GTZ), LKSFPD (GTZ), PHC/WP (Netherlands), and LLFSP (FINNIDA) had/have a high TA component. Two of the examined projects operated through NGOs that were the main link to the beneficiaries. These are PUSH (UK) and WFTZ (Netherlands). Some of the projects were very well integrated into the government structures. They have, for example, integrated their finances into the already existing government accounting systems. This category of projects included SCAFE (Sweden) and DANIDA's HSSP. Government systems were also used by these two projects to reach the target beneficiaries. With respect to output, the nine case studies were compared with what the project had set out to do. Figure 5.5 presents a summary of the projects' achievement of their stated outputs.

86. See Saasa, O.S., 1997a, and Saasa, O.S., et al., 1999.

AID AND POVERTY REDUCTION IN ZAMBIA

It is important to observe that achievement of the set outputs, as classified above, in no way passes judgement regarding the projects' effectiveness in realising poverty reduction (the main focus of this book). It only means that, from the perspective of the planned activities, the set goals were, or were not, achieved. The quality and realism around those goals, particularly in so far as they addressed poverty reduction, and how well they were achieved at the level of impact, constitute the ultimate indices of aid effectiveness.

Figure 5.5. Achievement of outputs by project

Project	Donor	Rate of achievement of outputs
Micro Projects Programme	EU	Very good
Health Sector Support Programme	Denmark	Very good
Primary Health Care /Western Province	Netherlands	Very good
CARE-Zambia Project Urban Self Help	UK	Very good
Women Finance Trust of Zambia	Netherlands	Very good
Lake Kariba Small-Scale Fisheries Development Project	Germany	Good
Soil Conservation and Agroforestry Extension Programme	Sweden	Good
Luapula Livelihood and Food Security Programme	Finland	Good
Zambezi Teak Forest Project	Germany	Poor

Key: "Very good"—having no major problems in any project component reaching 75 per cent achievement.

"Good"—success but with some problems in certain components.

"Poor"—major problems in implementation; not achieving most activities.

5.11.4 Impact

With respect to impact, most of the projects examined did not have provisions for the evaluation of impact or effectiveness of their activities, a phenomenon that suggests a serious design anomaly. It is important to recognise the difficulty of passing conclusive judgement on the full impact of projects that are either still in their initial phases of implementation or those where the monitoring of impact was not built into the project circle. Notwithstanding this, the preliminary examination of the impact of the studied projects gives one an indication about how the project's interventions may possess the real or potential benefits to the targeted beneficiaries. In the synoptic examination of impact, four variables were used in the study, the first of these being livelihood. Livelihood refers to the current condition of particular households and how they reproduce themselves. Other variables that were considered are those that help to enhance a more sustainable livelihood among beneficiaries, namely, resources, knowledge and rights. It is impact that better represents the effectiveness of a given project. Figure 5.6 summarises the impact of the nine examined projects using the four criteria.

CHAPTER 5: EFFECTIVENESS OF EUROPEAN-FUNDED PROJECTS

Figure 5.6. The impact of the studied projects

Project	Livelihood	Resources	Knowledge	Rights
Micro Projects Programme (EU)	Improved particularly where there were water projects for target communities	Improved. However, there were few resources transferred to skilled workers on projects	Expansion registered in community mobilisation skills and financial management	People's rights towards project accountability improved, and women have enhanced access to decision-making
Health Sector Support Programme (Denmark)	Improvement as people are able to have improved health access at Health Centres	Limited effect	Communities and health providers are being given access to knowledge through training	People's participation in decision-making has improved
Zambezi Teak Forest Project (Germany)	No direct effect registered	No direct effect	Training slightly improved forestry resource management among Department of Forestry staff	Alienation of the community; Little local participation
Lake Kariba Small-Scale Fisheries Development Project (Germany)	Improved; people now able to catch other types of fish; new environmentally-friendly stove introduced	Transfer of resources (kiln construction and new types of boats)	Expanded on environmental matters and on fishing methods	Better methods of community involvement
CARE-Zambia PUSH (United Kingdom)	Improved with respect to incomes, gender relations, and infrastructure	Increased resources through loans	Expanded knowledge, there are also literacy classes	Improved participation at all levels
Soil Conservation and Agroforestry Extension Programme (Sida)	Insufficient impact registered	Limited effect	Expanded knowledge on soil conservation	High levels of participation in some provinces but poor in others
Primary Health Care /Western Province (Netherlands)	Improved; good health provided	Increased resources	Expanded knowledge among health providers and community members and households	High local participation
Women Finance Trust of Zambia (Netherlands)	Improved	Transfer of loans increased; volume of business increased	Not clear: training appeared not to be well articulated	Improved empowerment
Luapula Livelihood and Food Security Programme (Finland)	Improved as farmers have access to seed and credit	Increased	Improved extension services: farmers are more knowledgeable about farming	High participation with a component for gender

5.12 Overall Conclusions

More detailed and definite conclusions are being reserved for Chapter 9 that take into account the findings of the more detailed household-level case studies (Chapters 6 and 7). For now, it is clear from this chapter that many of the projects/programmes examined achieved some measure of success in realising their goals under the four indices used, namely, the improvement of livelihood, resources, knowledge, and rights. There is considerable effort being exhibited by many donor supported projects to make interventions as participatory as possible. It is clear, however, that a number of limitations still prevail for most of the projects. Perhaps the most common challenge regards the current ineffectiveness of the average tool being used to identify the core poor and targeting them in a manner that achieves the desired poverty-reducing effect. In the area of resources, in particular, results of this study show that most of the projects have contributed little to the empowerment of the poor to enable them graduate out of poverty.

6

Household Poverty and Aid Small-Scale Farmers in Luapula Province

6.1 Introduction

What has been largely missing in contemporary analyses of the impact of aid is the determination of aid effectiveness through the eyes of the targeted communities themselves, particularly at the household level.⁸⁷ The aim of this chapter and the next one is to explore local perceptions of changes in the household economy over time *vis-à-vis* the evolution of poverty and what is perceived to cause it. Two of the programmes covered in this book, the Luapula Livelihood Food Security Programme (LLFSP) and the CARE-PUSH II, project have been chosen for a closer scrutiny.

In examining local perceptions of changes in the household economy over the 1993/94 to 1998/99 period *vis-à-vis* the development of poverty and what causes it, four main research questions were raised during fieldwork:

- How do household members define the poverty situation and their felt needs/priorities?
- How does the household perceive changes in its well-being and in the inflows of financial and other resources to the household over a five-year period?
- What do families adopt as coping strategies in the light of limited resource access?
- In what way has the aid project affected their situation?

For the purpose of this investigation, the concept of household ‘coping’ refers to “an array of short-term strategies adopted in response to crisis”, so as to “maintain the various objectives of the household, including livelihood security, consumption, health and status, thus ensuring individual and/or collective well-being.”⁸⁸

What is of particular interest in these two chapters is not so much the different attempts to define or measure poverty *per se*, but how the poor themselves define it. This chapter covers the LLFSP in Luapula Province.

87. The fieldwork in Luapula was undertaken by Camilla Orjuela of Gothenburg University and Patrick Chibbamulilo, a lecturer in the Department of Agricultural Economics at the University of Zambia. Orjuela’s main findings formed the basis for the statistical analysis in this chapter. The author extends his profound appreciation for this valuable input from the two researchers.

88. Adams, A., J. Cekan, and R. Sauerborn, 1998. Coping strategies include ignoring health problems, cutting down on the number of meals per day, opting for less nutritious dietary intake, taking high interest loans from moneylenders, using up savings, selling productive assets, and prostitution.

6.2 Project Context

Luapula Province is largely a rural region whose 600,000 inhabitants (composed of approximately 100,000 households) are predominantly subsistence/peasant farmers. The main sources of livelihood are fishing and small scale farming. The province has five districts that are further sub-divided into 161 agricultural camps. Luapula suffers from high malnutrition prevalence levels, standing at 65 per cent in 1998 among under-five children. Generally, the province is characterised by the following:

- low production of crops and inadequate capacity to process and store them;
- shortage of cash income sources, particularly in the plateau areas;
- poor food storage facilities resulting in high post-harvest losses;
- infertile and acidic soils;
- heavy women's workload;
- poor feeder roads and limited access to markets, credit, health and other support services; and
- lack of credit.

As earlier shown in Chapter 5, the priority of LLFSP was to enhance food security by supporting the production of traditional crops such as cassava. After an 18 month planning phase, using mainly participatory methods, the programme was initiated in April 1995 with a duration of four years and a total budget was US\$ 8.7 million of which the Finnish contribution was 92 per cent and 8 per cent by the Zambian government. The main objective of the Programme was to enhance the livelihood and food security of the targeted communities using the principles of sustainable natural resource management, food and nutritional security, and support services (see Chapter 5 for detailed coverage of the six components of the Programme). The Programme targets mainly small-scale farmer households that make up approximately 55 per cent of the rural communities in the province.

6.3 Methodology

The main source of information in the Luapula study was interviews with residents of four villages in two agricultural camps that benefited from LLFSP activities. Focus group discussions and informal interviews and conversations with camp officers, schoolteachers, chiefs and other key informants characterised the field research activity. Programme documents, evaluations and baseline studies, as well as interviews with project LLFSP staff also provided additional information. In terms of sampling, a representative number of camps were included in the study. The two selected camps were among the 15 pilot camps where the LLFSP activities began in 1993/94.⁸⁹ The studied camps have benefited from LLFSP's six components. Within each camp, two villages were selected. Table 6.1 shows the sample size and composition. The average household size was 6.9 persons. Mwewa camp has a population of 16,000 inhabitants and has two agricultural extension camp officers. Most of the Programme's activities are carried out in the camp. Maloba village, the other studied village in Mwewa Camp, has 75 households of which 15 are female headed. The village also participates in most Programme activities. For Muyembe camp, two villages, Muyembe and Kaputo were selected for study. The former has 125 inhabitants

89. An additional 27 camps were incorporated in the programme in 1996.

while the later has 40 households. Most of the inhabitants of the two villages are small-scale farmers.

Table 6.1. Distribution of respondents by camp and village

Camp	Village	Male	Female	Total
Mwewa	Mwewa	3	7	10
	Maloba	6	4	10
Muyembe	Muyembe	3	7	10
	Kapulo	4	6	10
Total		16	24	40

6.4 The Faces of Poverty—Local Concepts and Perceptions

6.4.1 What Is a Good Life?

The results of the study revealed that the concept of ‘good life’ among the households revolved primarily around farming. Farming, thus, constituted the perceived source of livelihood that would meet the household’s basic needs and requirements. Working hard on one’s own land was generally associated with facilitation of a good life. Getting a good life is about working hard—and working for oneself rather than for others. Income from sources other than farming is also perceived to be an important add-on to the ingredients that facilitate a good life.

Ability to *access* sufficient food and to similar health, safe water, and educational facilities is also a measure of ‘good life’ and has ranked highest next to farming in the households’ responses. To a considerable degree, money is seen as an important means to address the average household’s access to ‘good life’. It is noteworthy that a good number of respondents also mentioned characteristics of a good life that are not traditionally associated with livelihood. Matrimonial happiness, co-operation among community members, good neighbourliness, for example, came out quite often as a measure of a good life. Table 6.2 summarises the responses regarding what constitutes people’s perception of ‘good life’.

6.4.2 Perception of Being Poor

Most respondents believe that they are poor. The sentiments of a Kapulo village woman summarise the general feeling:

Almost everybody here is poor. We are staying like this [she reaches out her hand to indicate the uneven floor of the poorly built house]. All this signifies poverty—the way we are dressing and eating. This is not a good life, this is being poor. Some people go without food from six in the morning to 18 hours. At 18 hours is when they have lunch (woman in Kapulo).

The community often associated the state of being poor to the physical and social condition of those affected. Laziness, being old, orphans, the chronically ill, and the disabled have frequently been associated with the state of being poor. The respondents use property and assets ownership as a measure for classifying people as being rich, middle rich, poor, or very poor. It is the degree of one’s ownership of such items as a big house (that does not leak), household furniture, radios and bicycles that ultimately determines one’s category.

AID AND POVERTY REDUCTION IN ZAMBIA

Table 6.2. Perceptions of a good life: Frequency of characteristics mentioned

Characteristics of good life	Frequency (out of 40)	%
Farming (for food and a surplus to sell)	24	60
Plenty/enough food available	19	47.5
Ability to send children to school	11	27.5
Good clothing	11	27.5
Income from business or employment	71	7.5
Good health and health care	6	15
Happiness in family and relations	5	12.5
Hard work, to work for oneself	4	10
Safe water	3	7.5
Good roads	3	7.5
Development activities in community group	3	7.5
To be able to assist others	3	7.5
Keeping livestock	2	5
Going to church	2	5
Being clean	2	5
Good house	2	5
Electricity	1	2.5
Toilet and rubbish pit	1	2.5

Access to adequate and quality food is also used as an indicator of one's state of being poor. Thus, for example, having one meal a day is as much a sign of being poor as the quality of that meal. "It is a long time since I had fish" are some of the respondents' perceived indicators of poverty. The extended family system seems to play a role in the definition of being poor. Thus, one who is old and without family members to look after him/her is classified as being poor. This confirms the degree to which the extended family system still serves as a social safety net or social security in the typical rural household.

Being poor is also associated with inability to access better infrastructure such as road transportation. A woman from Kapulo village summarised this:

We have to carry mealie meal or millet on the head, and walk on foot to the market in Kawambwa [some 31 kilometres away]. It is a terrible suffering. Usually we end up eating all we produce. We might have a lot of sweet potatoes, but it goes to rotten... (woman in Kapulo).

The bad state of roads was actually ranked highest by the respondents with respect to the problems that they face. Others were long distance to markets, schools and health facilities; and lack of agricultural inputs. With the exception of Mwewa village, the rest of the studied villages lacked market facilities. Consequently, respondents reported that they have to travel long distanced to the nearest markets, sometimes as far as 35 kilometres. "We start at night, and reach Kawambwa by noon the next day", one villager in Kapulo said.

Respondents also complained about the poor quality of the services that they receive at different levels. They cited high fees, shortage of staff, and lack of drugs in health centres as reasons, in addition to long distance, for their reluctance to visit health clinics or hospitals. School attendance is also poor and this is attributed to long distance to the existing facilities. For Kapulo and Maloba villages, the distance to the nearest school is about 10 kilometres. Nevertheless, there is a general recognition among respondents that lack of education hinders knowledge and that better grasping and application of the good ideas from the Programme's extension service

is compromised by the low level of formal education. The lack of training on income generating activities, especially for women, is seen as one of the main causes of the respondents' low capacity to cope with their poverty situation.

6.5 Change and Adjustment over Five Years

The analysis in Chapter 2 revealed that the face of poverty does change with time. As revealed by national statistics, poverty in rural areas of Zambia increased by 3 per cent and in urban areas by 10 per cent over the 1996 to 1998 period. At the household level, the worsening state of poverty is a function of a host of factors that include the household's capacity to generate and sustain a meaningful level of income, itself a function of, inter alia, the health status of the household, death in the family, divorce, etc. In addition, factors external to the household also influence the poverty level of families. These include government policies towards the agricultural sector, macroeconomic stabilisation measures, removal of subsidies, etc. This section looks at how the respondents in four villages in Luapula Province perceived change in their living conditions over five years, from 1993/94 to 1998/99. How has the picture changed; what explains the change; and how have people adjusted to the new situation?

The survey established that the status of the average household in Luapula worsened in several important respects. In particular, farming, generally, and staple crop production, in particular, declined, thus, exposing the average household to increased food insecurity. Access to social facilities such as clinics, hospitals and schools also worsened. Housing and water and sanitation also recorded some decline although not as bad as in the case of agriculture-cum-food security. The responses for the areas that registered significant changes are described below in some detail.

6.5.1 Farming

With respect to crop farming, cassava is the main staple crop in the studied villages, grown by 95 per cent of the local people. Maize production was reported as having registered the most significant decline in recent years. 50 per cent of the respondents reported that they grew less maize in 1998/99 than five years earlier, or that they have stopped growing the crop altogether.

Availability of markets explained the decreased production levels in the area for such crops as cassava, groundnut, sorghum and soya beans while lack of seed was given as the reason for declining production of beans, barambara nuts and groundnuts. With respect to finger millet production, the reduced output levels were attributed to the decline in the *citemene*⁹⁰ farming system that is perceived to be more suitable for millet than other methods. On a positive note, the respondents, particularly those in Kapulo, attributed the increase in sweet potato production to the introduction by the Programme of new seed that many local people utilised. Pumpkin and vegetable growing also increased during the 1993/94 to 1998/99 period. The Programme's activities were generally credited for these improvements. "LLFSP has started training, teaching and encouraging us. We have changed; people have got knowledge and ideas about cassava and maize", reported a farmer in Kapulo village.

90. This is a cut and burn system whereby the ash of the vegetation is used as fertiliser.

According to the respondents, the availability of loans for fertiliser also resulted in improved output. Guidance from the agricultural extension officer also improved crop management skills among members of the interviewed households. Likewise the seed multiplication programme is perceived as having promoted increased production:

We were given sorghum, soybeans, and cassava from the extension officer, and we were shown how to grow it. This has led to an increase in hectareage. Although the soybeans were spoilt due to too much rains ... Now we know how to multiply seeds (farmer in Muyembe).

The decrease in production was generally explained by changes in household conditions, particularly with respect to its membership composition. Household members growing older; households losing members through death; morbidity levels continuing to cripple the able-bodied people; younger people, particularly men, migrating; etc. all were given, with varying frequency, as factors explaining the decline in output at the household level. Insufficient money to pay for labour and inputs (particularly fertiliser) and difficulty to reach markets were cited as being additional explanatory factors behind the average household's reduction in agricultural output in the studied areas. The following responses are instructive in this regard:

Before we had loan facilities, which gave us a capacity to produce more. We would harvest and sell, and send our children to school. The rest of the money was used to pay back the loan. Now we do not have much source of income (woman in Mwewa).

Before they used to bring fertiliser, which we could buy nearby. Now only those with money enough to go to Samfya can buy fertiliser (another woman in Mwewa).

On the other hand, seed availability was reportedly eased, thanks to the Programme:

In the past we had no seeds. Now we have seeds for soya beans, groundnuts, and sorghum. We should be able to produce enough seeds now to give everybody around us [in the village] (woman during focus group discussion in Maloba).

Five years ago we did not have beans and sorghum. When you see people harvesting, and selling, and eating, you cannot avoid copying. After LLFSP, almost everybody has got the seeds and that is an important change (woman from Maloba).

With respect to livestock, the numbers in Luapula are fairly small and it was in Muyembe camp where sizeable numbers chickens, goats, cattle, pigs, and ducks are found. There was insignificant change in livestock during the five year period under study.

Beyond agriculture-based incomes, there are hardly any other meaningful sources of income in the studied area. Thus, off-farm income is confined to rudimentary activities in such diverse fields as beer brewing, knitting, fish trading, carpentry, retail trading on a very small scale, and charcoal burning.

6.5.2 Food Security

More than half of the sample reported that their household food situation had declined over the last five years, both quantitatively and qualitatively. Table 6.3 gives the respondents' assessment of the food situation in 1998/99 compared to in 1993/94.

Most respondents reported that they were unable to have three meals daily and to have more protein-rich fish, chicken or meat. Vegetable substitutes have often found themselves on the average household's menu. The reduction of the number of meals from three to one or two per day was quite common. This has significantly

CHAPTER 6: SMALL-SCALE FARMERS IN LUAPULA PROVINCE

explained the fact that Luapula Province was recorded in 1998 as having one of the highest malnutrition-prevalence levels in the whole country.

Table 6.3. Assessment of food situation in 1998/99 compared to in 1993/94

Food situation	Frequency	%
Improved	15	37.5
Same	1	2.5
Worsened	22	55.0
Do not know	2	5.0

6.5.3 Health and Education Status

About 50 per cent of the sample reported that their health status declined over the 1993/94 and 1998/99 period. HIV/AIDS and other sexually transmitted diseases were reported on the increase, thus, confirming national statistics. Increasingly, the poor people are linking their health status to government policy. Some respondents argued that the most fundamental change over the five years has been less to do with increased morbidity but more a function of increasing inability, due to poverty, to cope with common health problems. Inability of the average household to pay for medical services was often cited. This was aptly put in a nutshell by one woman from Mwewa village:

The number of sicknesses is the same, but now we fail to go to the hospital, so most of the sick are dying.

The restrictions to health care access were generally attributed to long distances to health facilities; lack of transportation; high medical fees at the clinics, including the cost of medicines; and the poor quality of health care (no doctors, no nurses, no medicines, insufficient diagnostic tools, etc.). All these factors combine to explain why, according to respondents, fewer people sought help at the clinics in 1999 than five years earlier. Four respondents from the villages covered summarised their plight in a phenomenal real 'face of poverty' manner:

We do not afford, due to lack of money, and the distance. Suppose three children are sick, how could I carry them to Muyembe [7 kilometres away]? (woman in Kapulo).

Everywhere you can go for treatment you need to look for money. While you do that the person already dies. They don't care about you if you don't pay. Before it was free (woman in Mwewa).

Children we can afford [to take to clinics]... but we elders have to stay [home]. In 1994 all of us used to go, and get medicine. Now there are problems. Sometimes all five children at home are sick,⁹¹ and you have only money to take one, so you have to prioritise (woman in Kapulo).

If you are sick you are taken by charity people on a bicycle. The only drawback is that before it was okay, you reached the clinic and you were helped. Now they can say that you are late, come tomorrow, and maybe you die before that (man in Maloba).

The nearest hospital for the respondents is over 20 kilometres away and without transport, dying at home for the critically sick, thus, seems to be the only 'coping strategy' available.

91. It is noteworthy that, in cases of malaria attacks (that are very common in Luapula), many household members fall sick at the same time due to the manner in which the disease's parasite is communicated.

The educational system, according to the respondents, posed similar challenges to the average household in Luapula. Unaffordable school fees; insufficient ability to purchase other school requisites like uniforms and books; inability to pay for examination fees and PTA charges; etc. have all worked against educational access for the average child from Luapula households.⁹² Many respondents stated that they do not have the means to send their children to school now, whereas that was not the case in 1994. Inadequate places for children in available schools is another dimension to the problem. It was reported by the respondents that 150 grade one children were turned away in 1999 due to the lack of places. Classes have an average of 50 pupils each, well above the national average that is required for meaningful learning. The scarcity of teachers and classrooms partly explained this. In Miponda where children from Maloba village attend school, classes of up to 95 pupils were reportedly not uncommon and many of the teachers were not trained.

6.6 LLFSP Relevance and Impact

The last section demonstrated the Luapula people's own perception of their changing conditions with respect to poverty over the 1994 to 1999 period. To what extent do the people associate the changes to the LLFSP activities in the province? The presence of the Programme in the province is well known among the community members and, generally, those that have benefited from its activities have expressed very positive views about its performance. The respondents were particularly associating the success of the Programme to visible structures on the ground (e.g. storage sheds and market structures). Other 'invisibles' such as the community organisational activities of the Programme were also cited as indications of its success. The respondents generally felt that the fact that the Programme managed to mobilise them into groups and exposed them to better farming systems meant that it was effective in contributing towards poverty reduction.

It is noteworthy that most villagers have not been integrated into the activities of the Programme through, for example, being members of community groups. There is still a certain level of scepticism regarding being a member of the community group, a phenomenon that may suggest that there is still room for further popularisation of both the mission and activities of the Programme. There are, on the other hand, people that reported having heard about the Programme but were not sure how to become a member.

The LLFSP participatory approach to extension service has evidently provided a strong incentive for community members to join groups and the Programme seems to have had its mark at this level. There is undoubtedly a strong feeling among the respondents that group work, generally, and being a member of a group exposes one to programme resource access. One woman summarised this, thus:

I want to join the community group to add to the efforts in the community. There we can talk about our problems ... we have a lot of them. In the community group I can campaign for a clinic post in this place, and for a well. We also need a school, as children get tired of walking and stop going to school. As a member I can campaign for that. There is no mechanism developed yet [in the village] for expressing needs, the only place is the community group.

The Seed Multiplication Programme has also been exalted by the community as possessing long-term benefits particularly in the light of significant output improve-

92. In Muyembe, it is, however, possible to pay school fees in kind, for instance by bringing cassava, millet or maize, a fact that was revealed by one respondent.

ments that were registered by those that benefited earlier from this component of the Programme. The majority of the respondents reported that seed was currently more available and more easily reached than before the Seed Multiplication Programme was introduced. A significant number of respondents, however, reported that they have not yet benefited from this component, something that suggests a need for both its popularisation and increased geographical coverage.

Many respondents perceived the Development Fund as the Programme component that has facilitated most visible changes and this has been projected by the community as 'the fruits' of the Programme. The Mwewa village market place whose construction the Programme funded was frequently cited as an answer to one of their most strategic areas for livelihood enhancement, namely, marketing. This is a clear reflection of the evident high premium the communities placed on the importance of having their markets improved.

Perhaps the worst performer among the LLFSP activities was the Livestock Development component. The respondents reported that very little positive progress seemed to have emerged from this component *vis-à-vis* livelihood enhancement.

6.7 Conclusions

This chapter has revealed that, in terms of household priority, farming, to the extent that it guarantees food and a cash income to the household, is perceived as key to the well-being of the people in Luapula. It has been revealed that poverty is often equated with inability to farm. However, in the ranking of the most urgent problems, bad roads and distance to school and health care services, as well the fees that are demanded of these services, were cited as more pressing challenges for the average household than agriculture-related problems. A major problem for the small-scale farmers was the isolation of the villages with long distances to markets. Lack of fertilisers and seeds is a problem that the respondents ranked high as one of the causes of their deepening poverty. Low crops yields, infertile soils, and poor storage facilities are problems being addressed by LLFSP but, ironically, they were seldom mentioned by the community as being among their immediate pressing challenges for poverty reduction.

Overall, this case study has revealed that, from the perspective of the farmers themselves, agricultural output improvement, accompanied by supportive road infrastructure, holds the key to poverty reduction in Luapula. It is evident that FINNIDA-supported LLFSP has succeeded, to a considerable extent, in meeting the expectations of the local communities in the studied area. Notwithstanding this, it is clear from the perceptions of the poor people that one of their priority needs that is currently not being addressed by the Programme is support towards marketing improvement especially in the area of road infrastructure improvement and transportation of their crops. There was no indication from this case study that the people were expecting free handouts from the donor. Rather, almost all their demands for external input are focused upon support towards empowerment and, more interestingly for a community that has not been exposed significantly to market liberalisation, the people see access to agricultural markets as holding the key to the way out of their deprived conditions.

7

Household Poverty and Aid

Low-Income Settlements of Lusaka

7.1 Introduction

Since the early 1980s, levels of poverty in Zambia have been rising and more recently, as revealed in Chapter 2 of this book, urban poverty has been accelerating at a faster speed than rural poverty.⁹³ According to the latest CSO statistics, over the 1996 to 1998 period, urban poverty increased by more than 3 per cent from 69 per cent to almost 73 per cent. Quite revealingly, this overall change is attributable to the 10 per cent rise in urban poverty during the three-year period from 46 per cent in 1996 to 56 per cent in 1998 while that in rural areas increased only marginally. There was actually a substantial rise in the extremely poor persons in urban areas from about 27 per cent in 1996 to 36 per cent in 1998. Lusaka Province had the highest increase in poverty over the 1996 to 1998 period, rising by as much as 14 per cent,⁹⁴ beating all other areas in the country.

This chapter focuses on the poverty situation in urban Zambia. Chipata and George compounds, two unplanned '*squatter*' settlements in Lusaka, the capital of Zambia, were selected for the study for two reasons. Firstly, many deprived poor people live in the two settlements. Their housing is poor, water supply erratic, sanitation facilities largely non-existent, health facilities inadequate, and road infrastructure in bad state. Secondly, the two compounds have benefited from the poverty reduction-oriented aid project under review.

This chapter, like the previous one, attempts to define poverty through the eyes of the direct recipients themselves, namely, the poor households in two of the most deprived human settlements in the country. It focuses on the respondents' perception of the effectiveness of one project that is analysed in Chapter 5 of this book, namely, the Project Urban Self Help (PUSH) II project operated by an international organisation, CARE-Zambia, and funded by the United Kingdom. In April/May 1997 following an evaluation, the project was transformed under a new name, Programme of Support for Poverty Elimination and Community Transformation (PROSPECT) and funded by the Department for International Development (DFID) of the British government.

The origins of PUSH programmes in Zambia are presented in Chapter 5 of this book. Suffice it here to only highlight the fact that the programme started in 1991/92, initially with the objective of distributing food to poor people in urban areas that were severely affected by the drought of that period. In April 1994, the Programme

93. The fieldwork that formed the basis of this chapter was conducted during the first half of 1999 by Patrick Chibbamulilo of the Department of Agricultural Economics at the University of Zambia. The preparation of this chapter was based on those field findings. The author is greatly indebted to his input both during fieldwork and during the earlier stages of manuscript preparation.

94. CSO, 1999.

CHAPTER 7: LOW INCOME SETTLEMENTS OF LUSAKA

activities were reoriented from the initial approach that focussed on food relief to a new one that targeted its interventions through Food-for-Work programmes. Essentially, the aim was to combine relief with community participation that guarantees independent livelihood. The Programme evolved as follows:

- 1991/92: CARE-PUSH I started operations under CIDA funding.
- April 1994: CARE-PUSH I evolved into PUSH II, funded by the Department for International Development of the British government (DFID).
- April/May 1997: CARE-PUSH evaluated and prepared for another phase under a changed name, Programme of Support for Poverty Elimination and Community Transformation (PROSPECT), funded under the DFID.

The goals of PROSPECT are explicit with regard to the project's commitment to poverty reduction. The targeting is also specific; firstly, by location and secondly, to some extent, by group (women). Data collection for this study involved both semi-structured interviews and focus group discussions and a representative sample was identified.⁹⁵ A total of 40 interviews were held (20 in Chipata and 20 in George). The sample sizes drawn from each of the compounds are presented in Table 7.1.

Table 7.1. The distribution of the respondents by compound and zone

Compound	Zone	Male	Female	Total
Chipata	14	4	6	10
	26	3	7	10
George	10	3	7	10
	21	4	6	10
Total		14	26	40

Chipata compound is in the northern part of Lusaka with an estimated population of 43,300 people distributed in 39 zones. George compound is in the north-western part of Lusaka. The average household size in Chipata and George compound is 7.9 and 7.5 persons, respectively.

7.2 Perceptions of Poverty by the Study Community

Respondents were asked to state what, in their view, constituted 'good life.' Table 7.2 summarises the frequency of responses. Having food, money and employment were the top three perceived attributes of a good life, according to the respondents. The perceptions seem to correlate quite closely to what obtains in current literature on poverty. Food ranking highest in this study suggests that the CSO food-basket approach is quite relevant to measuring poverty in Zambia. It is equally noteworthy that the difference between the responses in Lusaka and those in Luapula (see Table 6.2 in Chapter 6) are marginal. For example, whereas the respondents in Luapula ranked farming as the highest sign of 'good life' (and put food as second ranking), there really is no major difference from what the rural dwellers are saying.

95. With respect to personal interviews, two zones were picked in each compound, one with a high concentration of the CARE-Zambia Project's activities and another with relatively little activity. Zones 14 and 26 were selected in Chipata. In George compound, Zones 10 and 21 were picked. In urban compounds, the number of houses does not correspond with the number of households since renting out of rooms within one house is very common. It is common, for example, to find two households living in one house.

AID AND POVERTY REDUCTION IN ZAMBIA

Table 7.2. Frequency and percentage distribution of households by their perception of a 'good life': Kamanga and George compounds in Lusaka

Characteristic	Frequency (out of 40)	%
Having enough food	26	65.0
Having enough money	16	40.0
Being in employment	14	35.0
Running a business	11	27.5
Having good clothes	11	27.5
Being able to send children to school	10	25.0
Ownership of a house (Shelter)	9	22.5
Ability to pay for health services (Health)	6	15.0
Leading a generally happy life	5	12.5
Having all essentials in the household	5	12.5
Living in a clean environment	4	10.0
Leading a good spiritual life	3	7.5
Ownership of a vehicle	1	2.5

Moreover, while both rural and urban responses rank having money as being among their top categories of 'good life,' differences of perceptions emerge regarding how it could best be earned. Whereas the rural people see agriculture as the source of 'good life,' Lusaka based poor people see this as coming from 'having enough money' through 'employment' and 'being in business'.

One noteworthy revelation of this study is that while some factors are given prominence as poverty indicators in existing literature, the poor communities consulted in this study place little weight on them. For example, it appears that good sanitation is not perceived to be as important to the community interviewed as it is presented in existing literature. Good sanitation is perceived to be a defining variable for 'good life' by only 10 per cent of the respondents in the two compounds in Lusaka and even lower, at 7.5 per cent among the rural poor (see Chapter 6). On the other hand, existing literature on poverty is generally mute on some indicators of poverty that are given prominence by the respondents. For example, although clothing is not mentioned in most literature, it ranked high (at 27.5 per cent) among the urban poor community as shown on the frequency scale of Table 7.2 and, phenomenally coincidental, at the exact same percentage (27.5 per cent) in rural areas, as shown in Chapter 6 for Luapula Province. 'Unhappiness' in a home is another factor that 12.5 per cent of the urban poor households recognised as an indicator of poverty although it is hardly mentioned in most literature sources on poverty. Respondents argued that in a poor home peace was rare; quarrelling between husband and wife was the order of the day. The important message here is that, for the poor, emotional well-being is important and, thus, to define the poor using primarily material possessions misses a lot from the perspective of the poor themselves.

The community in Chipata compound stratified themselves into four categories which included "the very poor, moderately poor, moderately rich and rich". They then estimated that 10 per cent, 20 per cent, 20 per cent and 50 per cent of the households were rich, moderately rich, moderately poor and very poor, respectively. In other words, 30 per cent of the people were considered non-poor while 70 per cent were perceived as being poor. Again, the phenomenal correlation between these perceived estimations by the poor themselves and what the national/CSO statistics shows is an indication that there is a general unanimity regarding the level of poverty in the country.

7.3 Changes in Living Conditions

Respondents were asked to indicate how they perceived their conditions to have changed over a five-year period from 1993/94 to 1998/99. The results of this self-assessment by the households are reported in Table 7.3. The table reveals that the majority of the households (66.7 per cent) reported having experienced a decline in their food situation while 33 per cent reported that there was no change during this period. The food situation could be measured in both its qualitative and quantitative dimensions. While the first dimension refers to type of food in the household's food basket, the second has to do with the level of its availability.

**Table 7.3. Community assessment of the food situation:
1993/94–1998/99**

Food Situation	Frequency*	%
Same	13	33.3
Worsened	26	66.7
Total Clear Responses	39	100.0

*The frequencies do not add up to 40 due to a missing response.

The quality of food could be determined by the degree to which the household accesses nutritional diets as measured by, for example, ability to purchase protein-rich foodstuffs such as meat, fish and chicken. About 67 per cent of the households in the George and Chipata compounds reported that the quality of their food declined. 60 per cent of the respondents reported that they consumed meat only on rare occasions; 20 per cent only once a month; and another 20 per cent said only once a week or often. For the rural responses in Luapula reported in Chapter 6, the food situation was perceived to have worsened by only 55 per cent of the respondents, a phenomenon that suggests the emerging statistical trend that shows that poverty is worsening faster in urban than rural areas.

The quantity of food consumed also indicated significant decline, according to the respondents. About 67 per cent of the households reported a decline in the quantity of their food intake while 33 per cent indicated that they maintained the same level of consumption. Three meals a day are considered normal in Zambia. About 37 per cent of the households had one meal per day; 34 per cent had two and 29 per cent accessed three meals a day. This means that 71 per cent of the respondents had fewer meals than the normal number of three a day. The food situation was worse among female-headed households for all these reported that they rarely had meat with their meals and none of them reported taking three meals a day. Four out of the six female-headed households in the sample had only one meal a day, while the rest had two. It is important to observe that, considering the results received, the quality of food on the average table in the surveyed compounds has generally declined irrespective of whether or not the household accessed three meals a day or not. It is, therefore, not surprising that the malnutrition prevalence levels are among the many social indicators that have been rising at a fast rate (see Chapter 2 for details). The problem with food in Zambia is not necessarily its non-availability at the national level. Rather, it is its *access*, itself a function of its cost relative to the household income levels. The cost of food began to rise following the sudden removal of subsidies after 1991.

The households were also asked to assess their water situation. About 58 per cent of the respondents believed that their water has improved and only 15 per cent reported that it had worsened. There is, however, a significant proportion of respondents (22.5 per cent) that were not sure of the quality of their water sources. The registered improvements were reported in terms of both easy access and quality of water source. The presence of two donor water supply projects in the two compounds explained the reported improved water situation. JICA has a large water supply programme in George compound while PROSPECT has also established water points in Chipata compound. Records from the JICA-funded water scheme in George and at PROSPECT show that about 50 per cent of the households in these compounds are members of the water schemes. This study revealed that some households who are not scheme members somehow gained access to the good water by, for example, asking a scheme member's child to draw on their behalf. Some households were unable to afford the scheme fee of K 5,000 (US\$ 2) initial registration charge and a subsequent monthly service fee of K 2,500. In George compound, the monthly fee was also applicable but the initial charge was not evident.

Table 7.4. Household assessment of the changes in the health situation

Health Situation	Frequency	%
Improvement	14	35.0
Worsened	26	65.0
Total Responses	40	100.0

Table 7.5. Household assessment of the changes in the education situation:1993/94–1998/99

Health Situation	Frequency	%
Improvement	16	40.0
Worsened	24	60.0
Total Responses	40	100.0

The responses of the respondents on the changes in their health conditions are reported in Table 7.4. The majority of respondents (65 per cent) felt that their health conditions worsened over the 1993/94 to 1998/99 period. Reduced supply and/or access to drugs at health facilities was generally given as the main explanation for this (6.5 per cent of the respondents). More than 90 per cent of the respondents reported that the cost of accessing medical care is too high and prohibitive. The health scheme required an initial membership fee of K 5,000 (US\$ 2) and a monthly charge of K 2,500. This would allow subscribers access to treatment without additional cost. Most households interviewed, however, reported that although the concept of belonging to a scheme was good, the non-availability of drugs at the health centres was a disincentive.

Table 7.5 presents the respondents' assessment of changes in the education system over the period under review. 60 per cent of the households reported that their access to educational facilities has declined over the 1993–99 period. Increased cost of fees and other school requirements were given as the main reasons for this state of affairs. This was reportedly more so at the secondary school level although complaints over access to the first grade were also quite marked during group discus-

sions. 10 per cent of the sample indicated that they had had to bribe some teachers to get places for their children in Grade 1. It was observed that education quality has improved in private schools but that, due to their poverty situation, they were unable to access this alternative.

With respect to housing, 45 per cent of the households reported that their condition has improved mainly as a result of extension to their dwelling quarters. 40 per cent of the households reported no significant change in their housing situation.

Table 7.6. Household assessment of the changes in the security situation

Security	Frequency	%
Improvement	8	20.5
Same	5	12.8
Worsened	26	66.7
Total	39*	100.0

* The answer on one respondent was missing.

Table 7.7. Household assessment of the changes in their sanitation situation

Sanitation	Frequency	%
Improvement	8	20.0
Same	6	15.0
Worsened	26	65.0
Total	40	100.0

The assessment of the security situation by households is presented in Table 7.6. The majority of the households (67 per cent) experienced a worsening security situation in their respective area while 20 per cent believed that their situation has improved. The increase in the number of police posts, according to respondents, did not change the situation much due to the perceived corruption in the police system. The poor remuneration of the police force was said to contribute to the poor motivation among the police personnel. Unemployment, particularly among the school-leaving youth population, was given as the main cause of the high crime rate in the compounds. Overall, respondents associated the worsening crime situation to the rampant poverty.

Poor sanitation is an indicator of household vulnerability to diseases. The proxies for good sanitary conditions are the presence of good toilets and the existence of a dependable waste disposal system. Table 7.7 shows the respondents' assessment of their sanitation and how it has fared over the 1993/94 to 1998/99 period. The majority of the respondents (65 per cent) maintained that the garbage collection situation has deteriorated while 20 per cent believed that it has improved. The majority of the households that reported a declining trend attributed this to the failure by the City Council to collect garbage. The fast rising population in the two compounds was acknowledged as the main explanation for the worsening sanitary conditions. Few respondents felt that some people were just too lazy to utilise available safe disposal points in the compounds.

Most toilets in the two compounds are pit-latrines that are in dilapidated condition. Some of the latrines had no roofs, suggesting that they were hazardous during

AID AND POVERTY REDUCTION IN ZAMBIA

the rainy season. Heavy downpours of rain often resulted in effluent overflow that results in worsened health threat through water pollution. The poor sanitary conditions in the studied communities appear to be explained partially by the low ranking the respondents assigned to good sanitation as a symbol of 'good life'. Sanitation was ranked eleventh out of thirteen variables (see above). It is clear that community awareness campaigns need to be mounted at this level.

Table 7.8. Household assessment of the changes in the employment situation

Employment/Income situation	Frequency	%
Improvement	8	15.4
Same	1	2.6
Worsened	32	82.0
Total Responses	39	100.0

Table 7.9. Distribution of households (female-headed and male-headed) by type of employment/income generating activity

Type of income Generating activity	Male-headed		Female-headed	
	Frequency	%	Frequency	%
Service/sales	30	50.0	6	100.0
Agriculture/fishing	3	5.0		
Crafts and related trades	3	5.0		
Elementary occupation	6	10.0		
Unemployed	15	25.0		
Clerical	1	1.7		
Technicians	2	3.3		
Total	60	100.0	6	100.0

Changes in the respondents' employment situation are revealed in Table 7.8. The table shows that only 15.4 per cent of the households experienced some positive change in their situation while the majority (82 per cent) reported a decline in their income/employment situation.

The decline in the employment/income condition was explained by a number of factors that included the increased competitiveness in the informal sector that includes the majority of the respondents; retrenchments in the formal sector; and declining value of the Zambian currency. The distribution of households by type of employment or income-generating activities is shown in Table 7.9.⁹⁶ The data show that half of the households were in the informal sector, under service/sales occupation. The service sector includes drivers, house servants and salesmen/women in shops. Others are in self-employment, involved in such activities as beer brewing (often illicit), knitting, tailoring, charcoal and vegetable vending, baking, and selling second hand clothes (*salaula*).

96. The frequencies are larger than the sample size because some households have more than one economic activity.

CHAPTER 7: LOW INCOME SETTLEMENTS OF LUSAKA

The second most important form of employment, going by the frequencies in Table 7.9, is the category of 'elementary occupation' that accounted for 10 per cent of the households. This refers to casual or temporary work. This is followed by those involved in agriculture/fishing and crafts, mechanics, basket and mat makers, carpentry, etc.), each accounting for 5 per cent of the households. Few households had occupations such as clerks and technicians. These more specialised trades accounted for only 3.3 per cent and 1.7 per cent of the households, respectively.

Data that shows the distribution of poverty by occupation type reveals that most households are clustered in the poor-paying activities. The CSO reported that, in 1996, the incidence of poverty was relatively low among technicians and clerks in that only 31.9 per cent and 35.9 per cent (respectively) of the workers in these categories were poor.⁹⁷ For the other occupations, the incidence of poverty ranged between 50 to 85 per cent of the households (see Chapter 2 for details).

In a nutshell, the employment situation had worsened among the sample population, with 82 per cent of the households experiencing a significant decline in their situation. The high level of unemployment largely explains this phenomenon. Moreover, for those engaged in economic activities, it is clear from this study that the majority of them are clustered in the low paying jobs.

7.4 Concluding Overview

Households are generally vulnerable when they are exposed to shocks without the requisite capacity, knowledge, and/or resources to effect the necessary adjustments in a manner that safeguards acceptable levels of basic living standard. Vulnerability can affect both the poor and the non-poor. The previous section dwelled on the proportions of households whose poverty situation improved, worsened, or remained the same over the 1993/94 to 1998/99 period. The vulnerable category includes those households that reported a decline in their condition. Using the various measuring indicators, it was established that these have remained in the majority. Table 7.10 summarises the situation discussed above and reveals the levels and magnitude of vulnerability among the representative sample population in Lusaka's unplanned settlements where poverty is rife.

Table 7.10 shows that vulnerability is quite high in the studied population. In a situation where as many as 82 per cent of the households reported that their employment or income status had declined, poverty remains grave. It is evident that the loss of employment or income is the most important cause of vulnerability in Zambia today, particularly among the urban poor. This means that income poverty is predominantly the principal explanatory factor, from the point of view of the poor themselves, for the worsening social and economic conditions of the studied population. This has important implications for the sort of interventions that donors and the government of Zambia ought to consider. It is evident that the other forms of vulnerability that have been established, e.g. food insufficiency in both quality and quantity; worsening insecurity; declining health status; poor sanitation; and receding educational standards, are principally explained by the decreasing ability of the average household to cope with the situation due to declining incomes.

97. CSO, 1997a.

AID AND POVERTY REDUCTION IN ZAMBIA

Table 7.10. Percentage distribution of households by vulnerability

Poverty Indicator	Percentage distribution of households			Total
	Worsened	Same	Improved	
Employment/income	82.0	2.6	15.4	100
Food	66.7	33.3	-	100
Security	66.7	12.8	20.5	100
Sanitation	65.0	15.0	20.0	100
Health	65.0	-	35	100
Education	60.0	-	40	100
Water	19.4	6.4	74.2	100
Housing	12.8	41.0	46.2	100
Main roads to compounds	-	-	100.0	100
Roads inside compounds	82.6	13.0	4.4	100

Source: Compiled from earlier tables.

In the midst of declining capacity to cushion themselves from the rising poverty levels in the country, the poor in the studied population have devised a number of coping (or survival) strategies. These included the reduction in food intake, qualitatively and quantitatively, a phenomenon that largely explains the high prevalence levels of malnutrition in the country today (see Chapter 2 for details). Street vending, theft, living off working relatives, and resort to criminal and illicit activities (such as crime and prostitution) are all manifestations of coping with poverty under adversity and all these factors were cited by the poor people themselves in this study. Perhaps the most common—and visible—‘coping strategy’ is the average household’s decision to withdraw children from school amidst pressure on limited incomes exerted by more immediate survival needs such as food and shelter. The long-term impact of reduced access to education is more disastrous for the country as an ill-educated population is more likely to slide further into deeper poverty than an enlightened one.

Against the above analysis, how do donors come in? The studied external agency in this case study was CARE-Zambia using DFID financial resources. Approximately 97 per cent of the respondents stated that they were familiar with the activities that CARE-Zambia has been involved in. About 33 per cent of the households stated that they directly benefited from the activities of CARE-Zambia. The general impression of the average household in the study population is that, overall, the Project’s interventions tallied with the problems faced by the communities. It has provided support in some of the areas where the vulnerability of households has been prominent. In the water supply sector, many beneficiaries in Chipata compound attributed the improvement in their situation to the activities of PROSPECT. The provision of loans, it appears, helped some households to maintain stable incomes through engagement in income generating activities. The borrowers have also been equipped with business knowledge.

It was also notable that the Project has facilitated the formation of strong Resident Development Committees (RDCs) that began to assume some role in community mobilisation.

On the negative side, the Project has been criticised for failing to fully integrate the very poor in its interventions. For example, it is the perception of the respondents that very poor people are not able to raise the initial required deposit (down payment) for them to have access to credit and, hence, the Project has left them out. 20 per cent of the households reported that they did not obtain credit because they had

CHAPTER 7: LOW INCOME SETTLEMENTS OF LUSAKA

failed to raise the initial deposit. PROSPECT staff maintained that it was important for people to pay this amount because it is one way discipline in savings would be instilled and also to ensure the sustainability of this component. While the argument of project staff is valid, the concerns of the recipients may reflect a weakness in project design. It would appear that little attention was given during project design to considering alternative means of ensuring that the form and mode of payment accommodated the different levels of the target groups. If poverty reduction remains the primary goal of the Project, there would be little logic in excluding the core poor in the interventions. An effort to address this paradox was made in the case of the Luapula Livelihood and Food Security Programme (LLFSP) when those who could not afford access to some services were asked to pay in kind (see Chapter 6). PROSPECT ought to consider similar options.

Another issue related to credit is that of perceived high interest rates. Some households felt that even though they have had access to credit, it was not easy for them to graduate out of poverty. The little profits they made, it was argued, went towards repayment of the loans. The project staff, however, pointed out that the provision of credit was a business that was to be sustained partly by charging market-determined interest rates.

Exclusion of the poor has also been reported in the provision of water. The fees demanded by the water scheme were perceived to be too high for some households. As a result, despite clean water being available, they continued to draw their supplies from unhygienic sources. A number of respondents reported that their inability to contribute to the scheme was less a factor of unwillingness but more the inflexibility of the payment mode. They argued that because their income comes in trickles, they were able to pay on a daily basis rather than monthly, as demanded by the scheme. In fact, this study established that those outside the scheme were cumulatively paying more per month, ironically for unsafe water, to those that owned private shallow wells and were willing to accept daily payments. It is clear that while this Project has evidently benefited the community in important respects, several of its mechanisms of delivery need to be revisited and the major challenge still seems to remain at the level of targeting the core poor.

What ultimately would, therefore, be the best way to address the poor people's needs? The two case studies at the household level (this chapter and the previous one) have revealed that the needs and requirements of poor people are fairly similar in both rural and urban areas. However, the strategies that donors and other interveners adopt necessarily have to factor in the locational concentration of poverty and work towards sustainable improvement of productivity in these two sectors. To the extent that poverty is as much a rural as an urban problem, interventions must be sensitive to the locational and sectoral considerations. For rural areas, as revealed in the Luapula case study (Chapter 6) and at the macro level (Chapter 2), the rural poor's main productive asset in Zambia is land. Their *access* to physical assets is, therefore, pivotal as this would enable them to enhance their productivity. And yet, as of now, close to 97 per cent of rural small-holder farmers in Zambia have no title to the land that they cultivate.⁹⁸ This considerably reduces the motivation to invest substantial amounts of money in land improvements and agriculture-related physi-

98. This is explained by a number of factors. Principally, the 1975 Land (Conversion of Title) Act declared that all land has no commercial value and cannot be sold in itself unless there are developments/improvements on it. The immediate consequence of this state policy was that, for a long time, there was no security of tenure for the majority of farmers. This legislation has since been repealed but access to land title is still riddled with bureaucratic hurdles.

AID AND POVERTY REDUCTION IN ZAMBIA

cal infrastructure on such land. It also prevents the average farmer in rural areas from having access to loanable capital since financial lending institutions are everywhere unwilling to extend loans for investments on land without title. Considering that smallholders account for about 60 per cent of agricultural output, this restriction had an adverse effect on land productivity and, indeed, on any serious poverty reduction strategy for the rural poor. Additionally, the *lack of productive assets* such as oxen, storage facilities and mechanised farm implements severely constrains the poor's productivity and these must be added to the list of the poor's assets that require urgent attention.

For urban areas, this study has established that residents in deprived areas have limited access to productive assets. The illegality of many of the slum areas means that the poor do not have formal title to their dwellings. Lack of title and restrictive regulations have precluded the poor from capitalising on income-generating activities. While for the rural poor, their preoccupation is largely agricultural, those in the urban areas are principally engaged in the informal sector. Despite government restrictions, the informal sector in many developing countries, particularly in Africa, remains the most dynamic in terms of employment generation and productivity growth.⁹⁹ Support required includes the facilitation of credit schemes; provision of marketing and technological information related to improved productivity and product marketing; and the provision of infrastructure through, for example, the building of industrial estates.

99. Lall, S. and F. Stewart, 1996.

8

Poverty Reduction through Decentralisation

8.1 Introduction

An effective administrative structure is one of the essential components for social and economic progress, in general, and poverty reduction, in particular. It is generally accepted that the efficiency of the administrative framework does influence whether or not development takes place. The quality of the administration (in terms of both its structure and calibre of personnel) will determine the country's capacity to utilise resources, both human and financial. Similarly, the degree to which the administrative structure allows the poor people to effectively participate in their development is important. Indeed, it is through a decentralised system of development administration that the voice of the poor could be heard and their effective participation in improving their conditions facilitated. Moreover, in analyses of the effectiveness of aid in reducing poverty, one of the important considerations concerns how aid resources could best be integrated into the planning at the provincial and district levels in a manner that allows them to directly benefit the poor communities. This chapter discusses Zambia's attempts to decentralise its administration as an integral part of its addressing the problem of local participation in development.

The current government initiatives to empower lower level structures of governance (e.g. provincial administrations and local government authorities) are connected with its policy of decentralisation that is yet to be formalised into a policy document. In the Zambian context, decentralisation is expected to entail the devolution of power to independent local government authorities that are, in turn, given responsibilities and latitude to determine the level and quality of service to be provided; the manner in which those services are to be provided; and the source and funds to finance the delivery of those services.

Decentralisation to lower levels of government in Zambia, in so far as it relates to efficient utilisation of resources, is perceived to be a complex phenomenon and includes issues of finance, administration, control, regulation, reporting and accountability—all comprising part of the mutual interrelationship between and among all the actors in the developmental process. The complex system of inter-governmental relations includes considerations of governance—where good governance implies a focus on accountability for performance and results, i.e. the provision of services to the citizens in an efficient, effective and responsive manner. The shift from jurisdictional concerns and compliance with procedures of the local authorities to “good governance”, as epitomised in the Zambian case by the recent Good Governance Policy Document, marks a shift in approach that is of vital importance for the functioning of the public sector. Local and regional authorities in this way are supposedly expected to play a central role by having a close operational

relationship with the citizens and should have an increasing influence on how democracy, efficiency and transparency develop in order to ensure the best possible interaction between the provision of public services and local needs and conditions.

Against the above realisation, development, generally, and poverty reduction interventions, in particular, are believed to be most efficient when carried out by authorities and structures at levels lower than the centre. Efficient decisions must be based on good information, and it can be very difficult at the central level to secure the necessary information about local matters. Decentralised service provision also makes it easier to adjust the service level and quality to the expectations and needs of the citizens within a given area. Parallel to this realisation, the international community, including donors, is increasingly demanding democratic progress and decentralisation by the recipients of aid.

Against the above introduction, how has Zambia fared so far in the field of decentralisation? The next section presents a historical account of the situation as it obtained at independence and critically assesses the degree to which the reforms that were effected addressed the challenges of a decentralised system of governance. This is then followed by an examination of the current situation, covering the regulatory and administrative system—and the role of donors and NGOs in this.

8.2 Historical Background

8.2.1 Inherited System

At independence in 1964, Zambia inherited 8 provinces and 35 rural districts with a provincial administrative structure that was too rigid to effectively interpret government programmes, particularly in rural areas. National leaders recognised that the inherited colonial structures lacked horizontal integration for planning, administering, and implementing programmes at the local level. Government officials sent to the rural areas by their various ministries or departments owed responsibility to their parent organisations with little or no co-ordination even in overlapping fields. Similarly, it increasingly became evident that the inherited local administration was ineffective in eliciting the orientation and response of the broad masses towards such activities as improved agricultural production since the organisational structures were skewed towards extreme centralisation with few flexible avenues for local input, thus, stifling local initiative, incentive and co-operation. The seriousness of this problem was worsened by the rural population's post-independence high expectations from the new African leaders. The government was basically faced with the challenge of transforming the inherited provincial administration—which was associated with colonial oppression—into a dynamic instrument of social and economic change, in general, and—more so particularly now—as tools for poverty reduction in the provision of social safety nets. It is, thus, clear that a cumbersome and involving administrative machinery was inherited from the colonial era that was not responsive to the needs and requirements of the rural folk.

The above state of affairs revealed a number of weaknesses in the performance of the inherited administrative system. These included slowness by ministries to release funds to their provincial heads for approved projects; slowness in the release of information on approved projects to the provincial heads; and lack of reaction from Lusaka to the submissions of the province in Provincial Development Committees.

CHAPTER 8: POVERTY REDUCTION THROUGH DECENTRALISATION

In its bid to decentralise the decision-making process and establish strong district and provincial governments, the government resolved to set up the following:

- a comprehensive provincial budget which subsumed most of the existing recurrent and capital estimates of the provincial departments and central ministries;
- a provincial ministry with a dominant executive, co-ordinating and planning role in the provinces over and above other ministries;
- a substantial re-allocation of central ministry staff to the provinces;
- the delegation of accounting and personnel responsibility to the provincial ministries; and
- the creation of provincial planning units.

The above changes were, however, not being effected in a political vacuum. Considerations of the political survival and supremacy of the ruling party at the time, the United National Independence Party (UNIP), were often paramount in explaining the timing, speed, and content of the changes that were effected at the level of provincial administration. Indeed, in spite of the rhetoric regarding decentralisation of power and authority, the degree of centralisation had steadily increased. The centralising trend was accompanied by attempts to transfer influence away from the civil service towards the then ruling UNIP during the pre-1991 period.

To better appreciate the changes in the provincial administrative structure *vis-à-vis* the centralisation of power, one needs to note Zambia's post-1964 course of political events. One interesting observation is that the major administrative changes the government effected during the pre-1991 period tended to coincide with, and/or have been responses to, political crises.¹⁰⁰

The 'oppressive' colonial system of provincial administration was abolished in August, 1964. In its place, the new government instituted a process that resulted in a considerable reduction in the size of the provincial administration. Most of the powers of the provincial administration were stripped and transferred to the newly established central government departments and ministries at the provincial level. The primary aim during that period was to establish political control over the civil service arm of government, in general, and over the provincial administration, in particular. This was realised through rapid Zambianisation and through strategically placing UNIP activists in the provincial administration structure, a phenomenon that resulted in the politicisation of the provincial civil service. Accordingly, a minister was appointed in each one of the eight provinces and became the political and administrative head of the region and directly answerable to the Republican President. It was this provincial minister who became chairman of the Provincial Development Committee. This effectively placed the UNIP politicians in control of provincial administration. Similarly, at district level, a civil servant, District Secretary, was in 1967 replaced by the partisan UNIP Regional Secretary who also became the chairman of the District Development Committee. The result of these reforms was that all civil servants in the provincial administration became answerable to UNIP politicians.

The 1968–1971 period was a phase when other institutions were integrated into the provincial administration. This phase was prompted by the discovery that UN could not be depended upon to control and superintend the provincial bureaucracy. However, instead of providing a better structure for strengthening the provincial

100. The description of the three phases has benefited from three earlier analyses: Saasa, O.S., 1990; Saasa, O.S., 1994b and Chikulo, B., 1985.

AID AND POVERTY REDUCTION IN ZAMBIA

administration through the appointment of non-partisan cadres of professionals at the provincial and district levels, political control was actually consolidated as attested by the following:

- the posting of a full Cabinet Minister, assisted by a Minister of State, to each of the eight provinces as the politico-administrative head. At the district level, a District Governor (DG) became the politico-administrative head of each of the districts.
- a network of partisan development committees was developed, i.e. Village Productivity Committee; Ward Development Committee; Ward Councils; District Development Committee and Provincial Development Committee.

By the end of this phase, the core of the provincial administration still survived in its partisan character, albeit with a few new institutions and functions incorporated into its original framework.

The period 1971 to 1981 witnessed the fusion of party organisation into the provincial administration. At this stage, the government realised that the provincial administration was not working as anticipated. The Zambian experience revealed that over-centralisation meant that senior level officers within a ministry were overburdened with responsibility and work since decisions and actions which ought to have been taken at the lower level of the administrative hierarchy tended to be referred above. Under such circumstances, central ministries and departments assumed a monopoly of decision-making at the expense of departments or ministries outside the centre. The most obvious negative results of such centralisation of authority included the following:

- There was some decentralisation of the day-to-day control of minor operations but decision-making powers still remained vested in Lusaka.
- The participatory organs of government that were created through a committee ladder from village to the provincial level existed largely for the expression of opinion and not for deciding what was to be done. These committees' problems included poor motivation, inadequate commitment of the leadership, weak participation, poor resource base and complexity of functions.
- Neither the provincial nor the district level was an effective co-ordinating or controlling unit since co-ordination is only consistent with powers of control.
- Most government ministries had retained their centralised structures despite the decision to decentralise. For instance, Permanent Secretaries at the headquarters remained controlling officers regarding all spending, most discipline issues and staffing, thus, relegating the provincial level Permanent Secretaries to subordinate functions.
- Besides inadequate co-ordination between the various development committees, these bodies literally lacked decision-making powers in the financial field since almost everything was referred up. Only very limited powers of financial allocation and control were extended to the executive head of government at provincial level.
- Most revealing, provinces generally received relatively small shares of the government's annual capital expenditure. Indeed, the executive head of government at provincial level had authority over a relatively small percentage of the government's total spending for the province.
- Delays resulted since senior level officers were overburdened such that matters piled up. This had an adverse effect on government decision making and project implementation.

CHAPTER 8: POVERTY REDUCTION THROUGH DECENTRALISATION

The most prominent adverse effect of the above state of affairs with far reaching consequences for the development of the rural areas was that important decisions were taken at a distance away from the areas in which the people for which they were made lived. This created a serious negative effect on the quality of decisions made since the top-level officers were not aware of all the details regarding the local circumstances. Even worse, this structure of development planning and management tended to prevent the beneficiaries from identification with, let alone active involvement in, the development programmes that were supposedly meant for them. The declaration of a one-party system of government in December 1972 and the resultant enhancement of the ruling party's supremacy of the government bureaucracy further worsened the situation. Under that system, UNIP's Central Committee, the highest policy-making organ of the party, reigned supreme over the Cabinet that consisted of government ministers and was chaired by the Republican President (who was also chairman of the UNIP Central Committee). In this arrangement, the Prime Minister (i.e., head of government) was subordinate to UNIP's Secretary General who was the *de facto* number two to the President of Zambia.

Against the above background, one important realisation *vis-à-vis* decision-making processes in Zambia during this period was the existence of 'political competition' between the two bureaucracies that dominated the scene, namely, the governmental and the partisan bureaucracies that were both answerable to the same Head of State. In the context of the above, the supremacy of UNIP restricted the bureaucracy's room for manoeuvre by limiting its action. In fact, the removal of multi-party competition resulted in the politicisation of the civil service at both the central and provincial levels. It was little wonder, therefore, that the following developments were witnessed at provincial administration level during this period:

- the creation of the office of Provincial Political Secretary (PSS); and
- the appointment in 1976 of provincial Members of the Central Committee of UNIP (MCCs) to take over from the Cabinet Ministers who become 'second in command' at the provincial level.

The weaknesses of the above system continued to breed conflict between civil servants and politicians. The 1980 Local Administration Act that aimed 'to ensure an effective integration of the primary organs of the Party and other local administrative units in the district' further worsened the situation. Thus, although changes in the structure of provincial administration were justified on 'participatory' grounds, popular participation remained something of a myth. In fact, through the 1980 Local Administration Act, UNIP sought to realise greater centralisation of power and authority over the provincial administration as well as the ruling party's community level structures. With the incoming of the supremacy of UNIP in government decision-making, the concept of decentralisation remained evasive up to the time the Kaunda government left office in 1991.

8.2.2 The Current Situation

In the light of the above historical background, the issue of decentralisation in Zambia today is being debated under a renewed context of democratic governance that borders on community involvement in the identification of the problems as well as their role at the levels of planning, implementation, and monitoring of the programmes/projects that are meant to benefit them. The political dispensation that

AID AND POVERTY REDUCTION IN ZAMBIA

ushered in a new government in November 1991 brought in a revisit of the concept of decentralisation. It is worth observing that, when discussing decentralisation, there are three parallel structures in the government system in Zambia today, namely, central government; provincial and district administrations; and local authorities (i.e. councils/municipalities). The central government at the top consists of government ministries. It is the central government that superintends over the overall activities of governance in the country and has three arms, namely, the executive, the judiciary, and the legislature. It generates an annual budget that covers all government ministries and state-aided institutions. It also receives aid and utilises it directly or through the lower level organs.

The provincial and district administrations are technically administrative wings of the central government. The provincial administration presently consists of a provincial minister (who is equivalent to a deputy cabinet minister) and provincial permanent secretary. These offices report directly to the Republican President through the Cabinet Office. Technically, the provincial administration is an administrative wing of the central authority and performs mainly management/administrative functions. In this regard, developmental concerns such as infrastructure development (including poverty-related ones), are rarely handled by the provincial administration *per se* but by either the respective government ministerial branches at the local level (e.g. Ministry of Agriculture, Ministry of Education, Ministry of Health etc.); the councils (e.g. Mansa District Council in Luapula Province); or, ironically, the donor with minimum 'interference' from the local system. It is because of this reality that it is difficult in the Zambian case to speak of development projects by the provincial governments/administrations in isolation of the overbearing influence of the central government authorities.

Against the above realisation, the role of the provincial administration is in most cases merely facilitative rather than proactive in the management of donor-supported projects. But this does not mean that there are no structures at the lower level that are supposed to guide and implement developmental programmes. At the provincial level, apart from the more political nerve centre (i.e. the provincial minister), there is the Provincial Planning Unit (PPU) that falls under the office of the Provincial Permanent Secretary. PPU is supposed to provide the needed provincial planning capacity for all the development programmes in the province but is not directly involved in their implementation *per se*. Rather, projects tend to be managed in a somewhat uncoordinated fashion.

In the Public Service Reform Programme (PSRP) that was launched by the government in November, 1993, the government re-affirmed its commitment to the decentralisation process by pledging to strengthen the management of local authorities. This is expected to be realised through devising mechanisms to facilitate deconcentration of certain functions to provinces and devolution of selected functions to local authorities as their management capacities improve. The rationale for this includes the provision and facilitation of democratic governance at the local authority level.

The PSRP includes a component on decentralisation and the strengthening of local government. This component is expected to provide direction in the effective deconcentration of certain functions and responsibilities from the central government to the provinces and districts and thereafter devolve selected functions to local authorities/councils.

In its most recent document, *Public Service Reform Programme 2000: Strategy and Action Plan, 2000–2002* (released in June 1999), the government reiterated its

CHAPTER 8: POVERTY REDUCTION THROUGH DECENTRALISATION

commitment to the principles of decentralisation and the strengthening of the local government system. The Government states its aims and strategies over the 2000–2002 period as follows:

- devolving decision making authority, functions and resources to districts with matching resources in order to empower local communities to manage their development activities and improve efficiency and effectiveness in the delivery of services;
- designing and implementing a mechanism to ensure a ‘bottom-up’ flow of integrated development planning and budgeting from the district to the province;
- bringing effective and efficient political and administrative authority over service delivery at local level thereby improving accountability and promoting ownership of development activities;
- improving management, accountability and transparency in development, resource mobilisation and utilisation at service delivery points in order to ensure efficient and effective use of resources;
- developing the capacity of district administration machinery and local communities in development planning, financing, co-ordinating and managing the delivery of services in their areas; and
- developing the infrastructure and building capacity for its utilisation and maintenance at local level.

Within the PSRP framework and of particular relevance to poverty reduction, the transfer of health service delivery and education to local boards has been established. Similarly, development co-ordination committees at provincial and district levels have been put in place.

With respect to local authorities (i.e. councils), a framework has been introduced for planning and co-ordinating development through the National Development Co-ordination Committee (NDCC), Provincial Development Co-ordination Committee (PDCC) and District Development Co-ordination Committee (DDCC). These committees presently form the basis of the hierarchy of planning and administration that was created in January 1995. They consist of council officers, officers of line departments and representatives of NGOs and community based organisations. They are intended as a mechanism for dialogue and co-ordination among local councils, line ministries, donors and NGOs at these levels and were envisaged as a first step toward eventual administrative and fiscal devolution to local governments. Their main function is to identify development programmes in their jurisdiction and communicate these to local level administration (both councils and provincial and district administrations) for support.

The 1995 amendments to the Local Government Act, however, included provisions that have tended to erode the powers of local level authorities, an aspect that has implications for the policy of decentralisation. The following amendments particularly are quite telling in this regard:

- The minister can, by statutory instrument, make regulations for the control and management of the finance of the councils. In this regard, the Minister is given powers to approve the annual estimates of councils/municipalities. Supplementary estimates must also be approved by the minister.
- Prohibition on the councils’ sale of any land or building without the consent of the minister.

- Power of the minister to control the councils' fees and charges in respect of owner rates and personal levy.

The Minister of Local Government and Housing is further empowered by the same Act to intervene in the operations of councils in Zambia “whenever, by reason of refusal, failure or inability of a council [it does not] ... adequately ... discharge all or any of its function ...”. The minister in this case may, by statutory order, appoint a public officer to be the Local Government Administrator for that council and effect the following:

- suspend all councillors of the council from performing all of their functions as councillors and empower the local Government Administrator to discharge all the functions of the council; and
- after an inquiry held under a section of the same Act, dissolve the council after receiving prior approval of the President, and direct the holding of elections within ninety days, from the date of the dissolution.

Several weaknesses have been identified in the current state of local government administration. They include the following:¹⁰¹

- political interference in the operations of institutions at the local level by central government;
- bureaucratic requirements that council bye-laws should be approved by central government;
- the requirement that central government determines the acceptability of council minutes, including resolutions;
- in rural areas, councillors have no effective means of reaching their electorate due to the vastness of their wards and inadequate logistical support; and
- citizens are only involved at election time but thereafter, there is no mechanism in place to enable them influence local affairs and hold the elected representatives accountable.

Additionally, NDCC, PDCC, and DDCC are as uninfluential as their predecessors during the Kaunda era since they have remained as talking shops while real power and authority still lies elsewhere in Lusaka. The fact that they control no budgets and that budgeting is actually being done—and approved—at levels much higher than these committees has drastically reduced their economic and political relevance.

It is clear from the above analysis that the decentralisation efforts so far made are largely *deconcentration* of central government responsibilities rather than *devolution* of its functions and authority to the local levels. The Decentralisation Policy document is yet to reach the cabinet for consideration/approval although its preparation, that has significantly lost momentum, started some seven years ago. The latest draft of Decentralisation Policy was discussed by senior government officials in March 2001. A synoptic examination of the draft still exhibits technical and substantive flaws and it is unlikely that, in its present form, it will be approved. There is evident lack of political will in Zambia to meaningfully and decisively put an enabling decentralisation policy and legislative framework in place.

101. These are derived from the Government-prepared *Decentralisation Policy* draft document.

8.2.3 The Donors' Response

The analysis above shows that the Zambian government is yet to put in place a supportive policy environment within which donors are to meaningfully extend support to lower level communities. Consequently, donor projects in Zambia are generally not well integrated into the provincial and district administrative structures of government. Rather, they have tended to operate either with considerable freedom or, if they are integrated in the government system at all, the governmental supervisory centre is usually still located at the national level in Lusaka. Where there is some semblance of decentralisation, committee systems at the provincial level have been formed with representation from relevant government organs at this level. However, the locus of influence and decision making by the government officials sitting on these committees is still somewhat ambiguous in that the officials are usually not sufficiently equipped/mandated to make final decisions without reference to their respective 'bosses' in Lusaka. This is particularly so on matters of finance. Even more revealing, the level of representation of the actual grassroots beneficiaries on committees that oversee donor-supported projects is usually superficial and their influence on the implementation *modus operandi* of these projects is generally marginal. Consequently, donors/TAs have often taken advantage of this state of affairs and exert considerable influence with minimum input from the local system in matters pertaining to project implementation and financial resource management. A number of case studies covered in this book revealed that gate keeping functions by donors are still characteristic of a good number of community-based projects.

Donor agencies and NGOs in Zambia do possess considerable latitude to set parallel structures in the absence of a well-articulated obligation by donors to operate within the plans and priorities of government. This climate also complicates the realisation of the needed co-ordination among donors. There is presently little co-ordination among the donors that are involved in service provision at the provincial and district levels, a phenomenon that has further complicated the role of provincial, district and local government authorities at this level.

The above concerns were perhaps put more aptly by the Secretary to the Cabinet in his circular letter announcing the cabinet decision to create Development Co-ordination Committees at the national; provincial; and district levels:

It has been observed that over the past years, development programmes at district and provincial levels have been initiated and implemented without adequate consultation and co-ordination among the various key organisations operating at these levels. Social and economic development activities at district and provincial levels have hitherto suffered from lack of (a) effective co-ordination between sector ministry/department, local authorities, donors, NGOs, and other agents of development; (b) effective monitoring and reporting systems on the overall developmental effort at district and provincial level; and (c) mechanisms for insuring government responsiveness to local needs in service delivery.¹⁰²

UNDP, through one of its support programme, namely, *Governance Programme—Public Restructuring, Decentralisation and Local Governance*, has been particularly vocal against the government's slow pace in adopting the Decentralisation Policy. In its negotiations with the government during the preparation of its Country Co-operation Framework (CCF) covering the 1997–2001 period, UNDP was particularly emphatic on its conditionality that enhanced support to the government would be compromised by the latter's failure to adopt a decentralisation policy. The need to decentralise was also voiced, falling short of being made a conditionality, by

102. Adamson, A., 1995.

Zambia's major donors during the May 1998 Consultative Group Meeting in Paris. The concerns succeeded in facilitating the holding of local government elections that were delayed by over five years. Notwithstanding these concerns, no effective collective pressure has so far been exerted by the donors on the government *vis-à-vis* the need to adopt the decentralisation policy.

Notwithstanding the absence of a clear policy environment, a number of donors have come forward to support the decentralisation effort in Zambia. UNDP, for example, has been supporting the government to develop the capacity for implementing PSRP since the Programme's launch in 1993. UNDP assistance in Eastern Province aims to improve the planning and implementation capacities of district councils, presently the lowest of three levels of government in Zambia. The support is directed at assisting the government in defining and testing alternative approaches to allocating fiscal transfers to district governments; participatory planning within a representative local government structure; and stimulating the involvement of local contractors (private sector, NGOs, etc.) and other service providers in the design, construction/supervision and management of infrastructure-based services.

Other donors and development agencies have also been supporting various elements of PSRP implementation. The World Bank is supporting the process of developing a pay policy and package. The Canadian International Development Agency (CIDA) is supporting capacity building activities under the Public Service Training Systems Project. The UK Government, through DFID, also supported planning and management capacities of the local government system at the district level for three years (1994–97). German Technical Co-operation (GTZ), through its District Development Programme in Southern Province (DDP-SP) is also giving an operational feel to the national initiatives in the area of decentralisation and the strengthening of local government. The main task of DDP-SP is to strengthen the local government institutions in Kalomo, Mazabuka, Siavonga, Monze and Choma districts of Southern Province by assisting the district administrations to build up capabilities for performing the following functions:

- effective data management, planning and co-ordination of all development activities of organisations based in these districts, including those by government departments, NGOs, Community-Based Organisations (CBOs), and the private sector;
- empowering the communities in the respective districts to effectively participate in the process of social and economic decision making by initiating and co-ordinating a participatory community development approach; and
- improving the delivery of basic social services.

UNCHS (Habitat) also initiated similar improvements in Central Province (mainly Kabwe) in the involvement of sub-district structures in municipal decision-making. The Municipal Development Programme, a regional body covering Eastern and Southern African countries, also attempts to improve community involvement in the municipal governance.

From the above analysis, it is clear that there is an urgent need for a decentralisation policy that should specifically define, in operational terms, the extent and limits of actions by central government; provincial administrations; local government authorities; and other stakeholders at the provincial and district levels. There is also the absence of a comprehensive PSRP implementation plan. Such a plan is essential because it would show the approach to implementation; scope of the exercise; phases in implementation, including geographical coverage; whether or not there would

be pilot phases; etc. Complementary to this is the need to develop pieces of legislation to bring into effect the policy and procedures to guide the new relationships and the introduction of new planning and financial management systems and how these are to be handled between the centre and the lower level authorities.

8.3 The Case of Municipalities

A look at the institutional and legal framework within which councils operate is taken in this section to illustrate the degree to which lower-level arms of government have been empowered to manage the affairs of their respective communities.

Municipalities (or councils) are the *de facto* local government structures that, for organisational purposes, fall under, and report to the Ministry of Local Government and Housing. Despite the existence of provinces, councils are, therefore, the tiers of local government in Zambia presently, since the former are merely administrative structures. At the macro level, central government has allowed councils to be in charge of a number of functions. Section 61, second schedule of the Local Government Act No. 22 of 1991 (as amended) gives a comprehensive list of functions numbering thirty-three to be performed by councils. The list of services that are provided by urban as opposed to rural councils is generally broader and more complex. In summary these functions are as follows:

Urban Areas: Treated water reticulation; refuse collection; malaria and associated pest control; tarmac and gravel roads and drainage maintenance; civic estates; street lighting; other engineering activities (including transport, council buildings, fire services and planning); central support services (including finance department and town clerk staff, training, stationery and councillors' allowances); sewerage disposal; housing; markets; bus terminals; kiosks; sites and service; and social services.

Rural Areas: Treated water reticulation for the township; malaria and associated pest control; gravel roads, drainage and bridge maintenance; central support services; refuse collection for the township; housing; markets; transport; and training.

From the above list of responsibilities, it is clear that councils are expected to play an important role in poverty reduction through the delivery of services in areas that are strategic for social welfare improvement (e.g. water supply, health facilities, sanitation, and infrastructure provision and maintenance). Notwithstanding the above, the demarcation of responsibility within the government system is not very clearly defined at both the level of control/management and actual delivery between the various stakeholders. Within the government system, there is a considerable degree of overlap with very little co-ordination among the role players, a phenomenon that has significantly compromised efficient and effective delivery of services to consumers. Indeed, there are several institutional weaknesses that are caused by the prevalent fragmentation of administrative and operational responsibilities between numerous institutions and agencies. These problems are largely explained by the evident weak commitment to the need to co-ordinate the implementation of the policy of decentralisation.

The activities of the various sectors that work on rural development, in general, and poverty reduction, in particular, are fragmented. One of the sectors that is quite strategic to social welfare, namely water and sanitation, could illustrate the problem. Responsibility for the development and maintenance of water supply systems reveals the existing fragmentation among several government ministries and departments, on the one hand, and local government authorities, on the other. The lack of a well understood and functioning regulatory framework is closely linked to problems of

departmental and ministerial co-ordination in service provision. Various recommendations to unite water supply and sanitation within one ministry or agency, for example, have to date not been heeded. Many studies have argued that planned decentralisation of water services requires that the regulatory function remain within a central unit and the executive function be delegated to local government. Presently, while the water supply sector is the primary responsibility of the Department of Water Affairs (DWA) at the policy co-ordination level, actual water services delivery at levels below the central government is placed under councils (that fall under the Ministry of Local Government and Housing).

The persistence of inefficient and inappropriate management systems and principles of delivery at sub-national government level is illustrated by the present state of affairs in the average council in Zambia today:

- there is poor monitoring not only of the level of services being generated (e.g., volume of water supply) but also the actual amount being consumed. Consequently, there is poor costing of, and low collections from, the services that are delivered;
- there is unwillingness, partly due to political considerations on the part of councils, to adjust in a timely manner the tariff levels for their services in response to movements in the cost of delivery, leading to failure to fully recover the costs.
- there is a prevalence of poor budgeting and expenditure control in local authorities' service delivery systems, expressed in terms of (a) the weak link between plans and budgets and (b) absence of expenditure discipline.¹⁰³

It is equally noteworthy that most councils and provincial administrations are experiencing serious financial problems and, as a result, they cannot ably provide developmental programmes to their target communities. This is partly because their revenue base has been eroded and the grants from the government are neither sufficient nor released in good time.

Similarly, the success of these reforms will depend, to a very large extent, on the level of capacity at local level for decision-making and management; it will also depend on their ability to generate adequate finances for their operations and for the provision of social services to their communities. The position of the local level government structures, however, is so weak that the implementation of activities that depend for their success on their capacity remains difficult. Apart from the unclear policy environment in which they have to operate, local level authorities in Zambia face many problems that prevent them from effectively carrying out their functions. The impact of long years of political direction from the centre and the neglect of the institutional and human resource development needs over the years up to today have resulted in the evident institutional decay. The issue of capacity building and utilisation has, therefore, to be considered together with the need to decentralise power and authority to the lower organs of government. Without the requisite capacity to manage the devolved responsibilities, the lower levels' effectiveness to absorb and utilise external resources will remain weak.

8.4 Conclusion

This chapter has revealed that the level of decentralisation in Zambia is quite problematic. The problem seems to be primarily the absence of political will to decen-

103. See for details Saasa, O.S. et al., 1999.

CHAPTER 8: POVERTY REDUCTION THROUGH DECENTRALISATION

tralise. The absence of a decentralisation policy, the continuing dominance of partisan political structures at the provincial and district level decision-making, the weak financial base of lower level organs, and the inability to put in place mechanisms that directly involve the poor in decision making at the grassroots level all combine to marginalize the voice of the poor in decision making pertaining to their welfare. Thus, although the involvement of the poor has often been facilitated at the project level (e.g. in the case of the Luapula Livelihood Project as revealed in Chapter 6), this input rarely goes beyond the project level. District and provincial level administrative structures, in spite of the existence of development committee systems, have been unable to facilitate a bottom-up approach to development management for they, too, suffer from overcentralisation of power at the national level. Because of this state of affairs, it is still difficult in Zambia today to expect meaningful involvement of levels lower than the central government in meaningful and well-co-ordinated pro-poor interventions.

9

Aid and Poverty Reduction

The Way Forward

9.1 Main Conclusions of the Study

A closer look at some of the findings in this study could allow one to make some generalisations regarding donor resources and poverty reduction initiatives in Zambia. Superficially, most of the projects examined in this book have had some form of positive impact with respect to poverty reduction. But when one looks at it more closely and critically, the poverty-reducing impact of donor aid in Zambia has often been weak. This study has revealed a number of explanations why there are still many outstanding challenges that ought to be addressed before donor aid in Zambia can produce the desired results with respect to poverty alleviation.

Before concrete observations are made regarding the way forward with respect to how, based on the findings of this study, aid could be made more effective towards poverty reduction, a number of realities need to be stated at the outset. The first reality is that when analysis is made regarding the linking of a particular project to poverty reduction, consideration of the gestation period of the project is important. Many projects whose activities have short gestation periods have revealed a relatively positive impact on livelihood. Seven out of the nine projects that are examined in this book have shown a positive effect on livelihood, while two projects (the Sida-supported Soil Conservation and Agroforestry Extension Programme and the GTZ-funded Zambezi Teak Forestry Project) have not revealed these indications yet. While this could suggest that the seven projects were better managed, there seems to be a pattern that suggests that, to meaningfully combat poverty in Zambia, projects that yield quick results are more likely to show signs of positive change towards poverty alleviation.

On the other hand, some projects are only *indirectly* linked to poverty reduction and their results may come in the medium- to long-term. For this category of projects, their poverty-reducing impact may be quite difficult to establish within a shorter time span. For instance, a road rehabilitation project may improve access to the market in a poor remote rural area and, thus, could improve livelihood. However, the actual value of such a project *vis-à-vis* poverty reduction is more to do with the purpose and extent of the utilisation of such a road rather than with its mere construction/existence. Thus, the completion of a road rehabilitation project is not, in itself, sufficient to result in poverty reduction although its existence, if taken advantage of, could be a very important prerequisite for a series of other more direct interventions for poverty reduction. To assess the poverty reducing effect of such a project within a short time frame with a view to passing judgement on its poverty-reduction effects could easily miss its medium- to long-term potential.

The lesson from the above is that if one is to try and measure the impact of a long-term project prematurely, wrong interpretation of the results could arise.

CHAPTER 9: THE WAY FORWARD

Projects with long gestation periods must, therefore, be evaluated using a relatively longer time frame than those whose benefits are expected to be immediate. In a number of the studied projects, the period reviewed was insufficiently long to merit dependable judgement on their ultimate effectiveness. This, however, should not blind one to the fact that some indications could emerge during the initial period of a long-term project that could suggest that it is heading in the right or wrong direction. The project conceptualisation, design and implementation structures, to the extent that they could help in determining the project's prognosis, have, thus, been used in this analysis.

Notwithstanding the above, the second reality to recognise is that if the poor people whose support and direct involvement in the project implementation are strategic for its effectiveness are not convinced of its poverty-reducing relevance, the probability is quite high that they will frustrate its implementation. The poor are known to be generally less supportive of projects whose direct benefits are not readily apparent in the short-term. Thus, the longer it takes to reap benefits from a project, the less likely are the poor beneficiaries inclined to exhibit signs of continued commitment towards, and involvement in its implementation. This is partly explained by the gravity of poverty that many of the poor find themselves in. For them, their 'abnormal' condition must be addressed immediately as it is a matter of survival. This, indeed, is usually the case in real life. When someone is drowning, for assistance, he expects to get a lifeguard to rescue him, not a swimming instructor although the latter, under 'normal' circumstances, is a more suitable lasting solution. Thus, to preach to the 'drowning' poor about the long-term rewards of long-term austerity measures with no evident short-term rewards often only succeeds in attracting abhorrence. The fate of SAP, irrespective of its claimed internal logic, was largely explained by oversight, on the part of donors and recipient governments of this fundamental canon. In this regard, the degree to which a project or policy would receive the much needed co-operation from the beneficiaries is fundamentally dependent on the planners' ability to factor in short-term rewards to the community even when the anticipated and more lasting goals would be realised in a much longer period.

The third reality is that interventions that are implemented by government officials but heavily controlled by technical assistants (TAs) have a higher chance of being unsustainable. In particular, the major criticism of technical assistance is linked to the general tendency of donors to impose it on the recipient leaving the latter with very little room for manoeuvre in decisions pertaining to the transfer of the experts.

To the degree that the assumed need for technical assistance is largely supply-driven rather than a product of demand from the recipient, this component of aid has been perceived to threaten capacity building initiatives in recipient countries. Even more serious has been the financial cost of this aid component to the recipient. The 1994 UNDP *Human Development Report* came out quite strongly on this:

In practice, the record of technical assistance has often been unsatisfactory... Perhaps the most disturbing is that after 40 years, 90 per cent of the \$ 12 billion a year in technical assistance is still spent on foreign expertise—despite the fact that national experts are now available in many fields. Often, poorly planned and monitored technical co-operation programmes rarely have clear criteria for assessing the existing technical capacity of recipient countries or for measuring and monitoring additional capacity building. Nor do they seem able to forecast when each country is expected to graduate from the need for technical assistance.¹⁰⁴

104. UNDP, 1994, p. 76. See also Berg, E. 1993.

AID AND POVERTY REDUCTION IN ZAMBIA

The World Bank Vice President in charge of African Affairs acknowledged in the early 1990s that “technical assistance ... is a systematic and destructive force which is undermining the development of capacity ... Most of this technical assistance is imposed, and it is not welcome and there is no demand for it really, except on the donor side.”¹⁰⁵

Against the above realisation, technical assistance in its present form is a constraint to capacity building. The situation is not much different in Zambia but calls for a serious review of the role of technical assistance to the country seem to be yielding some positive results.¹⁰⁶ It is noteworthy, for example, that donors in Zambia have progressively reduced the ratio of TA to gross aid. Figure 9.1 shows the relationship between TA and gross aid to Zambia and confirms this. The only project in this study that revealed a very high TA component was the Primary Health Care Programme in Western Province by the Netherlands. While 29 per cent of the Programme’s budget went to TAs during its first phase, this increased to as much as 57 per cent during the second phase. Although this was largely explained by the fact that the programme activity budget declined significantly while that for personnel remained fairly constant, the justification for this still runs counter to the current thinking regarding the role and magnitude of technical assistance. i

Figure 9.1. Relationship between technical assistance and gross aid in Zambia

In the light of the above, there should be a deliberate policy by donors to reduce the number of foreign experts, particularly those that fall under long-term technical assistance. Simultaneously, the government and donors alike should be made to appreciate and utilise local talent whenever it exists. TAs must be provided to the country only after it has been established that local capacity is absent. Where it is proved that technical assistance is needed, this should be acquired under a clearly defined time frame during which the transfer of skills to local people should be an integral and well-defined part of such external support and specifically included in the foreign expert’s terms of appointment. Presently, TAs have often assumed a gap-filling function as opposed to being recruited, short-term, for transferring knowledge and skills through a well-targeted on-the-job training arrangement.

105. Jaycox, E., 1993.

106. See in particular Saasa, O.S., 1987a

CHAPTER 9: THE WAY FORWARD

At the national level, one solution to the effective use of technical assistance funds is to allocate them directly to the government that would, in turn, decide on how to utilise them. When technical assistance funds are given as part of budget support earmarked for the recruitment of experts, it becomes the responsibility of the government to decide as to where such personnel are to be sourced, locally, regionally or overseas. Under such an arrangement, several advantages would accrue to the recipient country. First, the identified experts would be more appropriate to the actual needs of the country, particularly if they were available locally. Second, because of the huge difference in levels of remuneration and associated overheads between locals and expatriates, the former would cost less, thus, creating a saving to the country.

If the above is not seriously addressed, the long-term cost to the aid recipient will remain high, thus, contradicting the expectation and long-held assumption that *aid is free*. If left unattended, this problem will confirm the often cruel reality that aid is, indeed, 'a business' that benefits the recipient as much as it does the TAs (as a source of personal income) and the often large aid agency bureaucracies stationed at both the donor headquarters and in the recipient countries at the national and project levels.

The fourth reality borders on the aid management function and how well equipped the structure is to yield positive results in poverty reduction. First, it is important to realise that it takes two (both the donor and the recipient, the latter defined broadly to include the grassroots beneficiaries) to make a project realise the desirable result. The recipient system's capacity to identify a poverty-related problem; design relevant project implementation tools; and manage, monitor and evaluate the project during its life cycle is fundamental in any meaningful approach to the attainment of aid effectiveness, in general, and poverty reduction, in particular. Second, effective co-ordination among and within the main players in the donor-recipient interface is important for their collective actions to be harmonised in a manner that avoids undesirable duplication of effort that, in many cases, has tended to complicate both the government's and the donor's aid management function. This aspect also calls for the need to strengthen both human resource and institutional capacities in both the donor and recipient camps.

Closely related to the issue of effective co-ordination is the existence of a functional as well as thought-out national institutional framework within which external resources are mobilised, acquired, utilised, monitored and evaluated in a way that recognises the recipient's developmental priorities. Presently, despite the existence in Zambia of institutions and mechanisms that are supposed to provide the forum for improved aid management and co-ordination at the national and sectoral levels, this study and earlier ones¹⁰⁷ revealed that such arrangements are not performing adequately. In the absence of an effective institutional framework, there has been a general absence of a strong constituency that lobbies for, and defends the share in the government budget of the poverty reducing interventions. It has been demonstrated in Chapter 4, for instance, how the social sectors have continued to receive a meagre share of the total government budget over the years. Of equal concern has been the little effort made by the interveners, both the government and donors, to build the requisite capacities for social sector ministries to absorb the resources at their disposal.

107. For a fuller analysis of this issue, see Saasa, O.S. and J. Carlsson, 1996.

Lastly, the targeting of poverty interventions has remained the most elusive challenge for donors and the recipient governments alike. In the study of the nine European-funded projects, most of them specified in their respective project documents that they were focused on raising the poor's standard of living. However, the design in most of the studied projects still revealed some difficulties and, consequently, both the poor and the non-poor have generally benefited from the interventions. In the case of the EU-funded Micro Projects Programme where schools, clinics, bridges and other forms of infrastructure are being rehabilitated for all community members, there has been little sign of any purposeful discrimination in favour of the poor. Similarly, projects such as SCAFE, HSSP, and PHC/WP provided services to both the poor and the non-poor. Only a few projects such as CARE-PUSH II and, to some extent, WFTZ, were able to provide relatively better targeted services for the poor.

The picture above suggests that the scarce donor resources meant to improve the status of the poor are often thinly spread across the society, encompassing all levels of the social strata, hence, significantly reducing the interventions' poverty focus. This primarily calls for better pro-poor targeting of interventions in a manner that reduces the over-spreading of benefits to such a degree that their effectiveness becomes diluted. From the analysis in this book, it is clear that effectively targeting the poor has remained the greatest challenge to poverty reduction and better methodologies on how to address this ought to be developed.

9.2 Main Lessons from the Study

On the basis of the analysis in this book, the following are the main lessons from the Zambian case with respect to aid and poverty reduction.

The Nature and Measurement of Poverty Matters

There is a growing body of research that suggests that income poverty largely explains the magnitude of social adversity that faces poor communities in Africa. It is also increasingly becoming clear that income and asset inequality negatively affect the income growth of a given society's poorest people. In this study on Zambia, the poor people themselves have demonstrated that they associate their poverty to their reduced income earning due to a host of reasons. The enhancement of the poor people's capacity to earn an income that is capable of meeting their basic needs is, therefore, called for.

The issue of inequality in assets and income ought to be better appreciated for initial equality matters. Evidence confirms that income poverty is reduced faster where equality is greater. Thus, although the poor do indeed participate in, and benefit from growth, such participation is much lower in unequal countries. In this regard, the most important lesson for countries that experience high poverty prevalence levels concerns the role of policy and economic structure. Economic structure (particularly the initial level of inequality) does affect the patterns of future growth but, perhaps more importantly, the sectoral composition of growth has major implications for poverty reduction and alleviation. Similarly, in Zambia where the poor are predominantly in the agricultural sector, national growth that excludes this sector would rarely improve the welfare of the disadvantaged population that depends on it. Thus, agricultural transformation should be placed at the centre stage of Zambia's poverty reduction strategy.

CHAPTER 9: THE WAY FORWARD

To the extent that agricultural transformation has in the past been frustrated by problems associated with design and implementation weaknesses where state interventions frustrated grassroots initiatives, the focus now should shift to the pursuit of investment in new sources of productivity growth. These should include efforts to reduce the transport-related transaction costs; promotion of technological innovations in a way that enhances supply responsiveness; supporting the development of agricultural schemes that exploit ecological comparative advantages; and facilitating the entry of the private sector into input supply and output marketing and distribution in a way that complements state action in those areas where private sector interest is yet to be developed. In the light of what the rural farmers identified in this study as their main handicaps, this strategy should also involve the strengthening of credit markets for financing smallholders. The role of micro-financing is crucial in this regard. The facilitation of the adoption (and diffusion) of technological innovations that raise the poor's land and labour productivity is also central. Supporting the development and consolidation of marketing infrastructure that would encourage increased productivity through, *inter alia*, the guaranteeing of the cost-effective disposal of larger volumes of agricultural produce is another area that, as revealed in the case study of Luapula, calls for urgent attention.

To the extent that income distribution has a negative effect on the sustainability of growth, poverty should be measured in a manner that captures both the *relative* (real and perceived) and the *absolute* poverty in a country. The perception by the poor of their own situation, relative to the 'non-poor', does matter and, for intervention purposes, seems to be more important than their absolute consumption level that national statistics prefer to concentrate upon. Similarly, it is increasingly becoming clear that the distribution of assets does matter more than mere income distribution.

How, therefore, should human poverty be defined? In terms of measuring poverty, per capita consumption in money terms has been extensively used in many countries. However, this tool does not generate the desired overall picture of what obtains, a phenomenon that underlines not necessarily the weakness of the analysts but, more fundamentally, the complexity of poverty itself. Since the concept of human development is much broader than the traditional measurement of poverty, the Human Poverty Index (HDI) seems to hold promise as a poverty-measuring tool. Under HDI, the definition of poverty is based on such aspects as life expectancy, infant mortality, nutrition, literacy, school enrolment, and access to safe drinking water. These human dimensions are expressed, for the purposes of measurement, through three basic components of human development, namely, longevity or survival (i.e. vulnerability to death at a relatively early age); knowledge (exclusion from the world of reading and communication); and decent living standard (in terms of overall economic provisioning).

The implication above is that while consumption-based approaches to addressing poverty (i.e. those that focus on improved access to goods and services) are important, they are better suited for poverty *alleviation* (which, by implication, is temporary) than poverty *reduction* which should be long-term and sustainable. In this regard, livelihood-based approaches that focus on increasing the poor people's income and assets are more effective in addressing the problems that poverty brings about. From the findings of this study particularly with respect to the demonstrated level of the Zambian poor's insufficient access to the basic necessities of life, improvement of human capacities is central for raising their productivity and, consequently, their incomes. In this regard, improvements in access to quality education,

health and nutrition should be understood to be both an expression of social welfare enhancement but, equally important, as important human capital development that empowers the poor to become both generators of growth and providers of their own development. These are livelihood strategic measures that are integral parts of the sort of human development that improves income and, consequently, results in poverty reduction.

Economic Growth Matters but Growth Must be Pro-Poor

A pro-poor development policy or strategy that lays priority on targeting the poorest groups in its human capital investment is better placed to have a positive impact on poverty reduction. Growth in Zambia has been unable to register a significant impression on poverty principally because it is insufficient and has been insufficiently pro-poor in both its *quality* and *structure*. This confirms the now generally agreed position that while economic growth is important for poverty reduction, it is definitely not sufficient. Growth alone through the “trickle down” effects is *not* sufficient and can only be an indirect and, quite often, slow manner of addressing the growing problem of poverty in a country.

Thus, the growth-promoting measures falling under the umbrella of the standard IMF-World Bank-approved Structural Adjustment Programme could, and did produce in Zambia adverse social dimensions that came to bear heavily especially on the core poor people. The indirect approach through growth stimulation should, therefore, be supplemented by direct interventionist measures aimed at, firstly, cushioning the poor against the adverse social impact of economic reforms and, secondly, enhancing their economic empowerment through livelihood approaches. In this regard, the long-held ideological assertion that redistributive considerations often conflict with growth ought to be challenged for it is evident that redistributive policies do matter for reducing poverty and that growth and equity are not necessarily in conflict. Indeed, emerging wisdom, particularly under the debate of the social dimension of adjustment, does question the stylised argument that distribution must be allowed to worsen, in the interest of economic growth, before it gets better.¹⁰⁸ It is in this context that the concept of *broad-based growth* has emerged as an alternative way of recognising the importance of growth with redistribution in any meaningful approach towards poverty reduction. It is, therefore, clear that while economic growth does explain a significant proportion of poverty reduction, the rest depends on good policy to harness the growth for poverty reduction.

While the Volume of Aid Matters for Poverty Reduction, It Is Not Sufficient to Make a Noticeable Difference

The Zambian case study has revealed that there is very little relationship between the volume of aid, on the one hand, and, on the other, poverty reduction, in general, and GDP growth, in particular. In fact, with respect to the latter, this book has demonstrated that aid flow has often moved in the opposite direction to GDP growth in the past 25 years. It is clear that one of the most important pre-requisites for effective aid is a functional and thought-out national institutional framework within which external resources are mobilised and finally utilised in a way that recognises the re-

108. See in particular Bruno, M., M. Ravallion and L. Squire, 1995.

CHAPTER 9: THE WAY FORWARD

cipients' priorities. The absence in Zambia of an active consultative mechanism for aid co-ordinating agencies within the government system has continued to allow donor activities to operate with considerable latitude outside the unclear government framework. This has resulted in the marginalization of external resources when it comes to planning and budgeting. Although the periodic Consultative Group (CG) meetings between Zambia and its main external resource providers do allow for a certain degree of dialogue on the setting of priority areas for aid intervention, these consultations and the timing of the disbursement of resources by donors are still not adequately synchronised. Consequently, not only is it difficult under such conditions to integrate external aid and national development planning and budgeting but, equally important, counterpart funds required to be sourced from the government's internally-generated revenue for the purpose of complementing external flows are usually inadequate, at best. Consequently, the effectiveness of donor-supported projects, to the extent that they require counterpart funding, is often adversely affected.

Secondly, the project approach that many donors and the Zambian government favoured for a long time has contributed to the problem of aid ineffectiveness. As one of the solutions to this, Sector-Wide Approach (SWAp) to external assistance should be strengthened as a way of improving aid effectiveness and efficiency. SWAp, when well applied, assures the harmonisation and co-ordination of donor assistance that is applied in the context of meaningful dialogue with recipient governments and other stakeholders. In particular, SWAp encourages the recipient government to take a leadership position and use external resources in accordance with the laid down national priorities; assures constructive donor-recipient dialogue; improves donor co-ordination; achieves a better link between poverty interventions and the country's macroeconomic objectives; and allows for transparency in resource allocation and accountability.

To improve the quality of aid management structures, donors should also invest in the development of their own human capital, capacities, and institutional structures in a manner that enables them to better conceptualise their roles in poverty reduction. Up to now, the question of capacity building has been seen as necessary mainly in the recipient camp alone and rarely are issues raised regarding the effectiveness and appropriateness of the donors' aid structures and competencies of their personnel. Consequently, the review of donors' *modus operandi* has often been done as a mere in-house process by donors in their respective agency headquarters and rarely are the results made known to the recipients, let alone brought out during the donor-recipient dialogue on how to improve aid effectiveness. This 'them-us' syndrome in the donor recipient interface is rarely recognised as one of the real challenge that ought to be addressed in the debate to improve aid effectiveness.

In the light of the above, better-focused and sustainable poverty reducing interventions require better informed donor commitment and competence as well as better appreciation of the situation on the ground in poor countries. To realise better focused and pro-poor strategies, multilateral and bilateral donor staff that are at headquarters and those posted to the recipient country ought to possess sufficient and relevant experience and training that are required to formulate and apply strategies that are relevant, practical, and feasible. They should also operate within structures that are better linked to the systems in the recipient countries and designed in a manner that responds promptly and positively to the emerging challenges of poverty reduction. Capacity building within the donor camp is, therefore essential and the interaction with their recipient 'partners' during this process is essential for both

mutually beneficial openness and confidence building in the donor-recipient interface.

Box 9.1. Capacity building in Africa

- First, *capacity is central to development*. Capacity is the combination of human resources and institutions that permit countries to achieve their development goals. It allows people to achieve the objectives they set for themselves. Lacking human and institutional capacity, countries must rely on foreign expertise and resources to perform the elemental tasks of development. It should therefore be at the core of any future development strategy or agenda. This implies that African countries and their donor partners must adjust the way they think and act in approaching development to place capacity at the centre.
- Second, *capacity is complex*. It involves far more than the economic capabilities of the government sector—which is how capacity has traditionally been defined. It includes political and social factors in addition to economic ones, and applies to a multitude of interlinked sectors and areas. This implies the need for strategic solutions to capacity problems that address interconnected aspects of capacity simultaneously.
- Third, *African countries differ considerably in their levels of capacity* and in the nature of the economic, political and social environment that affects it. To the extent that problems of capacity differ, solutions of a "one size fits all" nature will be ineffective. This suggests the importance of assessing and devising solutions to capacity problems at the national level.
- Fourth, *African countries have lacked ownership of, and commitment to, capacity building*. Most African countries have not come to view their capacity problems as critical, and this is reflected in a lack of focused strategies to deal with them along with continued dependency on expatriate technical assistance. Without African commitment and ownership of capacity building efforts, no amount of donor support or encouragement will reverse the situation. This means that African countries will have to demonstrate commitment if they are to benefit from donor assistance for capacity building in the future.
- Fifth, *donors have tended in the past to exacerbate Africa's capacity problems* by providing solutions based on imported "supply-driven" models. By providing expatriate technical assistance cost-free, they have unwittingly had a negative impact on the growth of local capacity. By performing the work of development for African countries, they have dampened local ownership and commitment. And they have diluted the impact of capacity building through taking a piecemeal, project-by-project approach, with very little co-ordination among donors. The World Bank has undertaken a number of initiatives, programs and projects designed to contribute to capacity building, including the African Capacity Building Foundation; however, these have not yet had an adequate impact.

Source: World Bank, 1996, *Partnership for Capacity Building in Africa*.

Local Ownership Matters for Aid Effectiveness

To guarantee local ownership, initiatives towards poverty reduction must not be supply-driven but determined by client demand. Local ownership of the externally supported interventions is, therefore, key to the effectiveness of donor resources. Donors should avoid the 'top down' approach to project design and implementation. Rather, they should involve beneficiaries (which includes the poor people themselves) in project identification, design, implementation, and measurement of impact. This would minimise or eliminate altogether the offering of 'solutions' before the problem is properly diagnosed. The views, priorities, and perceptions re-

CHAPTER 9: THE WAY FORWARD

garding poverty of the direct recipients of aid at the household level are fundamental in any meaningful approach to poverty reduction.

What does the above entail? The challenge is multi-faceted and should include both the donor and recipient in a more mutually reinforcing partnership. Firstly, the most paramount challenge in this respect is the importance of creating the needed *capacity for capacity building*. This means that there ought to be a national commitment, backed up by the political will of all stakeholders, not only the government, to the appreciation and creation of the needed capacity to meaningfully take ownership and be in control of the poverty-reducing interventions. Secondly, there is need for a 'home-grown' capacity building effort, an aspect that is connected to local *ownership* of the process (see Box 9.1). This entails that there must be nation-wide participation in, and consensus reached on, Zambia's strategy to reduce poverty. The development of the *Poverty Reduction Strategy Papers* by African governments cannot, and should not be perceived as a panacea for solving the problems on the ground especially when these documents are currently being developed as a response to the conditionality of the IMF and World Bank for developing countries to access financial resources. Unless and until the Zambian government and other stakeholders possess the capacity and political will to take an upper hand in the process of developing both their own 'home grown' poverty reduction plans and strategies, there will be little hope of realising a sustainable solution to the poverty challenge.

At the implementation level, the issue of ownership still arises. Donors should ensure that the requisite capacities to implement the externally supported poverty reduction interventions are created in Zambia by ensuring that the recipients (defined to include, in particular, the direct beneficiaries) are allowed to be in control. In this regard, the challenge to donors is as follows:

- they should strive to operate within the existing national organisational framework. Thus, donors should avoid the creation of parallel project management structures that sideline the existing government system since this compromises local ownership and threatens the sustainability of achievements.
- External support for capacity building in Zambia should, in principle, be aimed at development of the most abundant resource in the country, namely, the human resource. In this regard, the sort of support that is livelihood-enhancing, in so far as it targets the empowerment of the poor to own assets and secure sufficient income to meaningfully get involved in rewarding productive activities, holds great promise for poverty reduction.
- Aid packages that have technical assistance components should be 'de-packaged' in order to ensure that all the components that are included conform to the actual human and material needs and expectations of the recipient.

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