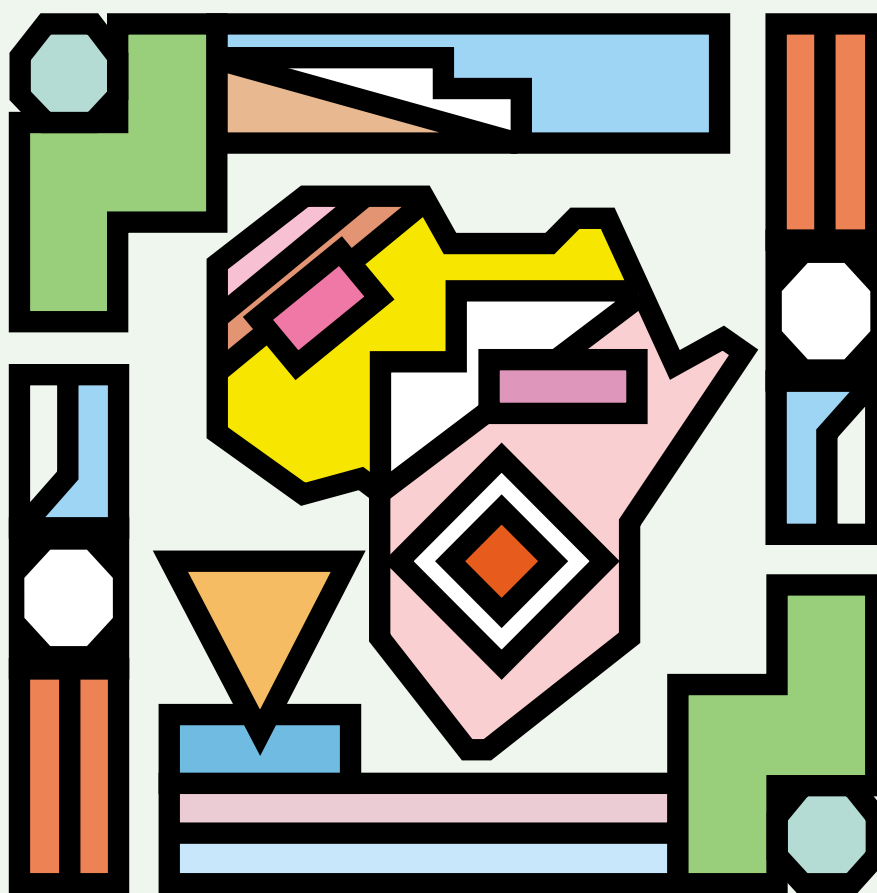


**The Study on
Japan's Official Development Assistance
to Southern African Countries**

**Volume IV
Republic of Zambia**



December 2000

Organized by
Japan International Cooperation Agency

| |
|-------|
| IIC |
| JR |
| 00-30 |

This report is based on the discussions and findings of the Study Committee on Japan's Official Development Assistance for Southern African Countries organized by the Japan International Cooperation Agency(JICA) The Views expressed in the report are those of the members of the Study Committee and do not necessarily reflect those of JICA. This report can also be downloaded from JICA Home Page.(<http://www.jica.go.jp/english-publication>)

Additional copies of this report are available upon written request from:

First Research and Development Division
Institute for International Cooperation(IFIC)
Japan International Cooperation Agency(JICA)
10-5, Ichigaya Honmura-cho,
Shinjuku-ku, Tokyo 162-8433,
Japan

Volume IV. Republic of Zambia

Contents

| | |
|---|-------|
| Contents | i |
| Members List of the Study Committee | viii |
| Members List of the Task Force | x |
| Background and Outline of the Study | xii |
| List of Contributors of the Study Reports | xiii |
| Executive Summary – Zambia – | xiv |
| Abbreviations | xxxix |
| Basic Concepts of the Report | xli |
| Map of the Southern African Region | xlili |

| | |
|--|-----------|
| Part I. Current Conditions and Problems | 1 |
| Chapter 1. General Remarks | 1 |
| Chapter 2. Development Plans | 3 |
| Introduction | 3 |
| 1. The Kaunda-UNIP Administration and Development Plans | 3 |
| 1-1 Before the 1980s: Era of five-year plans | 3 |
| 1-2 The 1980s: Economic crisis, Structural Adjustment and difficulties confronting development plans | 3 |
| 2. The MMD Administration and Development Plans | 3 |
| 2-1 The early 1990s: Establishment of the MMD Administration and Structural Adjustment | 4 |
| 3. Development Plans after the Mid-1990s | 6 |
| 3-1 Sector Investment Programmes | 6 |
| 3-2 National Poverty Reduction Action Plan (1999-2004) | 7 |
| 4. Challenges Confronting Development Plans | 8 |
| 4-1 Necessity of a comprehensive development plan | 8 |
| 4-2 The necessity of coordination between sectors, and the necessity of cross-sector development plans | 8 |
| 5. Challenges Confronting Japanese Official Development Assistance | 8 |
| Chapter 3. Politics and Administration | 10 |
| 1. Political Democratization | 10 |
| 1-1 The Chiluba Administration and Democratization | 10 |
| 1-2 “Governance Report” and democratization | 12 |
| 1-3 Problems in democratization | 14 |
| 2. Administrative Reform | 15 |
| 2-1 Challenges for administrative reform | 15 |
| 2-2 Delay in the public service reform | 16 |
| 3. Relationship with the surrounding countries | 16 |

| | |
|--|-----------|
| 3-1 Southern Africa and Zambia | 16 |
| 3-2 Relationship with neighboring countries | 17 |
| 4. Relationship with Japan | 18 |
| 4-1 Japan and Zambia | 18 |
| 4-2 Issues in development assistance | 18 |
| Chapter 4. Economy | 21 |
| 1. Introduction—Defining the Problems and Outline of the Chapter | 21 |
| 1-1 Understanding the economic problems of Zambia | 21 |
| 1-2 Beyond the negative legacy | 21 |
| 2. The Zambian Economy and its Problems before Economic Reform | 22 |
| 2-1 Initial conditions for the development of Zambia | 22 |
| 2-2 Dependence on copper and the ‘Dutch disease’ | 23 |
| 2-3 Urban concentration and the unbalanced political emphasis on the urban economy | 26 |
| 2-4 Macro-economic imbalances (financial deficit, inflation, current account deficit and debts)..... | 28 |
| 2-5 Resource concentration in governmental/public enterprises | 30 |
| 2-6 Unorganized systems and human resource development..... | 31 |
| 2-7 Conclusion | 32 |
| 3. The Progress and Outcome of Economic Reforms | 33 |
| 3-1 The concept and framework of the Structural Adjustment Programmes | 33 |
| 3-2 Macro-economic stability and fiscal policy | 36 |
| 3-3 Internal deregulation and abolition of subsidies | 37 |
| 3-4 External liberalization of foreign exchange and trade | 38 |
| 3-5 Privatization of public enterprises | 38 |
| 3-6 Streamlining of the public sector..... | 39 |
| 4. Performance, Impacts and Challenges of Economic Reform | 39 |
| 4-1 Recent economic performance | 39 |
| 4-2 Issues by the unsatisfactory implementation of the Structural Adjustment Programmes | 41 |
| 4-3 Problems caused by the Structural Adjustment Programmes: unreliability and social costs | 42 |
| 4-4 Long-term problems not solved by the Structural Adjustment Programmes: institution building and human resource development | 43 |
| 5. Challenges for Future Economic Policies | 46 |
| 5-1 Framework of economic polices | 46 |
| 5-2 Direction of industrial development and regional development | 47 |
| 6. Conclusions— Recommendations for the Direction of Assistance | 48 |
| 6-1 Shift from needs-oriented to efficiency-oriented assistance | 48 |
| 6-2 Assistance needs on Zambian side in terms of economic policies | 48 |
| 6-3 Assistance-absorbing capacity on Zambian side and the importance of coordination with other projects and organizations: beyond “Point Assistance” | 49 |
| 6-4 Selection of the scope and sector: beyond the ‘Department-store Style Assistance’ | 50 |
| 6-5 Human resource development for assistance and review and the application of lessons learned | 50 |

| | |
|---|-----------|
| Chapter 5. Development of the Mining and Manufacturing Industries | 52 |
| 1. Mining Industry | 52 |
| 1-1 Current conditions | 52 |
| 1-2 Past and future policies | 53 |
| 1-3 Future challenges | 53 |
| 2. Manufacturing Industry | 55 |
| 2-1 Current conditions | 55 |
| 2-2 Past and future policies | 56 |
| 2-3 Future Challenges | 57 |
| | |
| Chapter 6. Agriculture, Forestry and Fisheries | 60 |
| 1. Agriculture Sector | 60 |
| 1-1 Importance of agriculture sector | 60 |
| 1-2 Structure of agricultural production | 60 |
| 1-3 Land system..... | 61 |
| 1-4 Trends in agricultural production | 61 |
| 1-5 Marketing system of agricultural products..... | 62 |
| 1-6 Agriculture-related services | 63 |
| 1-7 Agricultural Sector Investment Programme | 64 |
| 1-8 Agricultural co-operatives | 65 |
| 1-9 Recommendations for the agricultural sector in Zambia..... | 65 |
| 2. Fisheries | 66 |
| 2-1 Importance of fisheries | 66 |
| 2-2 Current conditions and problems of fishery production | 66 |
| 2-3 Current conditions and problems of marketing and processing of fishery products | 67 |
| 2-4 Recommendations for the fishery sector in Zambia | 67 |
| | |
| Chapter 7. Poverty Reduction and Social Development | 69 |
| 1. Poverty | 69 |
| 1-1 Poverty Reduction and social development as the priority issue | 69 |
| 1-2 Concept of poverty and poverty reduction measures | 69 |
| 2. Current Situations | 71 |
| 2-1 Situation of poverty | 71 |
| 2-2 Regional disparities | 74 |
| 2-3 Women and children | 75 |
| 2-4 Employment (the unemployed and the informal sector) | 76 |
| 3. Poverty Reduction Policies and Programmes | 77 |
| 3-1 Social dimension of the Structural Adjustment Programmes | 77 |
| 3-2 Micro-projects | 78 |
| 3-3 Poverty Reduction Strategic Framework and Poverty Reduction Action Plan | 79 |
| 3-4 Plans on women and gender | 80 |
| 3-5 Children and youth | 81 |

| | |
|---|------------|
| 3-6 Rural development | 82 |
| 3-7 Other policies and programmes on poverty alleviation and reduction | 82 |
| 4. Development Issues | 83 |
| 5. Challenges of Development Assistance and Japanese assistance | 83 |
| Chapter 8. The Environment | 86 |
| 1. Current Conditions | 86 |
| 1-1 Characteristics of Environmental Issues in Zambia | 86 |
| 1-2 Major environmental problems in Zambia | 88 |
| 1-3 Institutions and environmental legislation | 94 |
| 2. Challenges Ahead | 96 |
| 3. Challenges of Development Assistance and Japanese Assistance | 97 |
| 3-1 Future orientation of development assistance | 97 |
| 3-2 Recommended actions in the environmental sector | 98 |
| Chapter 9. Public Health and Medical Services | 101 |
| 1. Critical Composition: essential points to be shared | 101 |
| 2. Perspectives on Japanese Official Development Assistance | 103 |
| 2-1 Anti-AIDS support: development issue which cannot be neglected | 103 |
| 2-2 Support for Health Care Reform: vision-sharing and participation in processes | 104 |
| 2-3 Urban public health support: measures against expanding health risks | 106 |
| 2-4 School health support: investment in the future generation | 107 |
| Chapter 10. Education and Human Resources Development | 109 |
| 1. Outlook for Education | 109 |
| 2. Current Conditions by Sub-sectors in Education | 109 |
| 2-1 Primary and secondary education | 109 |
| 2-2 Higher education | 111 |
| 2-3 Vocational training | 111 |
| 2-4 Adult literacy programmes | 112 |
| 3. Challenges in Education | 112 |
| 3-1 Enhancement of educational administrative capacity | 112 |
| 3-2 Expansion of primary/secondary education | 112 |
| 3-3 Rebuilding higher education | 112 |
| 3-4 Adaptation of vocational training to employment needs | 112 |
| 4. Direction of Assistance | 113 |
| 4-1 Japan's experience in educational assistance | 113 |
| 4-2 Sector Program | 113 |
| 4-3 Assistance approach | 114 |
| Chapter 11. Infrastructure and Energy | 117 |
| 1. Current Situations of Transportation Infrastructure | 117 |

| | |
|---|------------|
| 1-1 Roads | 117 |
| 1-2 Railroad | 118 |
| 2. Energy Infrastructure | 118 |
| 2-1 Electricity | 119 |
| 2-2 Oil and coal | 119 |
| 2-3 Water supply | 119 |
| 3. Problems of the Infrastructure Sector | 119 |
| 4. Aspects for Assistance | 120 |
| 5. Future Direction of Assistance | 120 |
| 6. Conclusion | 122 |
| Part II. Aid Trends | 122 |
| Chapter 1. Japanese Aid Trends | 123 |
| 1. Basic policy | 123 |
| 1-1 Economic situation | 123 |
| 1-2 Present status of development plans | 123 |
| 1-3 Japan’s basic assistance policy | 124 |
| 1-4 Priority Areas for Development Assistance | 124 |
| 2. Achievements in Priority Areas | 125 |
| 2-1 Promotion of economic activities in the private sector | 125 |
| 2-2 Improvement of access to public health and medical services | 125 |
| 2-3 Improvement of access to primary/secondary school education and technical training | 126 |
| 2-4 Steady expansion of agricultural production through assistance to small-scale farmers | 126 |
| 2-5 Improvement of Access to Safe Water | 127 |
| 2-6 Conservation of the Environment | 127 |
| 3. Direction of Assistance – Participation to the Sector Programmes – | 127 |
| Chapter 2. Aid Trends of Other Major Donors | 129 |
| 1. Outlook | 129 |
| 2. Aid Trends of other major donors | 130 |
| 2-1 International organizations | 130 |
| 2-2 Bilateral Donors | 134 |
| Part III. Recommendations for Japan’s ODA to Zambia | 136 |
| Chapter 1. Basic Perspectives on Development Assistance to Zambia | 137 |
| 1. Recognition of present conditions of Zambia in the historical context of development exercises and identification of development issues | 137 |
| 1-1 Establishment and failure of a copper-dependent economic structure | 137 |
| 1-2 “Brightness” and “Shadow” seen in the conversion of development directions; New perspectives in the government’s role | 137 |

| | |
|---|------------|
| 2. Harmonization with various cooperation actors and enhancement of Japan's role | 138 |
| 3. Integration and utilization of Japan's accumulated resources for assistance | 138 |
| Chapter 2. Issues and Framework of Assistance to Zambia | 141 |
| 1. Support for poverty reduction: Serious poverty in rural areas; Assistance to correct large regional disparities in poverty | 141 |
| 2. Support for the vulnerable group (in relation to a decline in social services in the education and health sectors) | 142 |
| 2-1 Focus on primary and secondary education | 142 |
| 2-2 Formulation of cost-minimum/cost-effective health and medical care services; Promotion of health education . | 143 |
| 3. Support for the efforts to formulate a well-balanced economic structure | 144 |
| 3-1 Stable food supply to urban areas; Promotion of crop exports in Rural areas | 144 |
| 3-2 Maintaining industrial activities in connection with rural areas and Urban areas | 144 |
| 3-3 Industry in general (Policies of industrial technology and industrial promotion; Promotion of small- and medium-scale businesses; Industrial policies linked with liberalization)..... | 145 |
| Chapter 3. Practical Measures and Consideration | 146 |
| 1. Active participation in Sector Investment Programmes (SIPs) and contriving Japan's contribution Methods | 146 |
| 1-1 Clarification of Japan's attitude towards active participation in SIPs | 146 |
| 1-2 Clarification of the issues and problems intrinsic to SIPs and Japan's contribution to preparing countermeasures | 146 |
| 1-3 Training of Japanese aid personnel; Better utilization of present aid schemes with reinforced combination with local cooperation resources on Zambian side; Efforts for harmonization with other donors | 147 |
| 2. Selection of approaches that match recipient's absorptive capacity for assistance and implementation systems | 148 |
| 2-1 Selective approaches considering the absorptive capacity for assistance | 148 |
| 2-2 Formulation of projects through dialogue, and reflection of an assistance strategy in specific projects | 148 |
| 3. Improvement of efficiency in assistance | 149 |
| 3-1 Utilization of the achievements of past assistance | 149 |
| 3-2 Assistance from a regional perspective | 150 |
| 3-3 One measure to recover the confidence of Zambia and donor countries | 152 |
| 《List of Table》 | |
| Part I. | |
| Table 2-1 Past development plans | 4 |
| Table 2-2 Current strategies and plans by sector | 4 |
| Table 4-1 Major economic indexes of Zambia | 40 |
| Table 4-2 Export profits of non-traditional exports (1987-1998) | 40 |
| Table 5-1 Importers of copper products from Zambia | 52 |
| Table 5-2 Privatized mining assets and countries of foreign buyers (as of 1999) | 52 |
| Table 5-3 Breakdown of Total Added Value for the Manufacturing Industry by Product (Based on the 1994 price) | 54 |
| Table 7-1 Changes in poverty indicators for Zambia | 70 |
| Table 7-2 Changes in major social indicators in Zambia | 72 |
| Table 7-3 Poverty reduction programmes in Zambia | 78 |

Part II.

| | |
|---|-----|
| Table 1-1 Japan's ODA to Zambia | 125 |
| Table 2-1 Changes in the amount of ODA to Zambia by major donors | 128 |
| Table 2-2 The Amount of Bilateral ODA to Zambia According to Sectors (on the commitment basis) | 131 |
| Table 2-3 Outline of SIPs in Zambia (as of the end of 1999) | 130 |
| Table 2-4 Assistance Strategies and Plans of the World Bank Country Assistance Strategy to Zambia for the 2000-2002 Period | 133 |
| Table 2-5 Outlines of PFP targeting at the 1999-2001 period | 132 |

Part III.

| | |
|---|-----|
| Table 1-1 Matrix of the Issues and Targets for Assistance to Zambia | 141 |
|---|-----|

《List of Figure》

Part I.

| | |
|---|----|
| Figure 4-1 Changes in trade conditions and the GDP growth rate of Zambia | 24 |
| Figure 4-2 Proportion of agricultural budget and fiscal deficit - GNP ratio of Zambia | 26 |
| Figure 4-3 Inflation rate and fiscal expenditure | 26 |
| Figure 4-4 Trade, current account and overvaluation index of Zambia | 28 |
| Figure 4-5 Debts of Zambia (million US dollars) | 28 |
| Figure 4-6 Mechanism of Zambia's economic difficulty | 32 |
| Figure 4-7 Scenario of economic reform and development in Zambia | 44 |
| Figure 5-1 The map of the Copperbelt area | 54 |
| Figure 7-1 Changes in the number of employees in the formal sector in Zambia | 76 |

《List of Box》

| | |
|---|-----|
| Box 1 Dispatch of Regional Project Formulation Advisors in Poverty-related Issues | 149 |
| Box 2. Zambia-Malawi-Mozambique Growth Triangles (ZMM-GT) Initiative | 150 |
| Box 3. Impact of Instability in Southern Africa on Zambia | 150 |

Members List of the Study Committee

Chairperson Hideo ODA President, Keiai University

Members of Sub-Study Committee (South Africa and Mozambique)

Politics and Administration Mitsugi ENDO Associate Professor, Advanced Social and International Studies, Graduate School of Arts and Sciences, Tokyo University

Economy, Industrial Development and Development Planning (Mozambique) Koji HAYASHI Professor, Faculty of International Studies, Keiai University

Economy, Industrial Development and Development Planning (South Africa) Katsumi HIRANO Senior Research Fellow, Area Studies Department II, Institute of Developing Economies(IDE)- JETRO

Social Development and Civil Cooperation Makoto SATO Professor, Faculty of International Relations, Ritsumeikan University

Urban Development Eiichi YOSHIDA Research Fellow, Area Studies Department II, Institute of Developing Economies(IDE)- JETRO

Rural Development and the Environment Koichi IKEGAMI Professor, Faculty of Agriculture, Kinki University

Human Resources Development Nobuhide SAWAMURA Associate Professor, Center for the Study of International Cooperation in Education, Hiroshima University

Health and Medical Policy Yasuo UCHIDA Professor, Graduate School of International Cooperation Studies, Kobe University

Infrastructure and Energy Satoshi IJIMA Chief Representative, Representative Office in Paris, Japan Bank of International Cooperation(Former Director, 3rd Division, Operations Department III)

Aid Trends Noriko SUZUKI Director, Africa Division, Regional Department IV (Africa, Middle East and Europe), Japan International Cooperation Agency

Members of Sub-Study Committee (Zambia)

| | | |
|---|-------------------|--|
| Vice Chairperson (Zambia) | Mitsuo OGURA | Professor, Director, Graduate School of International and Cultural Studies, Tsuda College |
| Politics and Administration | Masahisa KAWABATA | Dean, Faculty of Law, Ryukoku University |
| Economy | Motoki TAKAHASHI | Associate Professor, Graduate School of International Cooperation Studies, Kobe University |
| Mining and Industrial Development | Koichi SAKAMOTO | Professor, Faculty of International Economics, University of Hamamatsu |
| Agriculture, Forestry and Fisheries | Kazuo HANZAWA | Associate Professor, Department of International Development Studies, College of Bioresource Sciences, Nihon University |
| Development Planning, Rural Development and the Environment | Shiro KODAMAYA | Professor, Faculty of Social Sciences, Hitotsubashi University |
| Human Resources Development | Nobuhide SAWAMURA | Associate Professor, Center for the Study of International Cooperation in Education, Hiroshima University |
| Health and Medical Policy | Yasuo UCHIDA | Professor, Graduate School of International Cooperation Studies, Kobe University |
| Infrastructure and Energy | Satoshi IJIMA | Chief Representative, Representative Office in Paris, Japan Bank of International Cooperation (Former Director, 3rd Division, Operations Department III) |
| Aid Trends | Noriko SUZUKI | Director, Africa Division, Regional Department IV (Africa, Middle East and Europe), Japan International Cooperation Agency |
| Advisor Regional Cooperation in Southern Africa | Akio NISHIURA | Lecturer in African Studies, Soka University |

Members List of the Task Force

| | | | |
|--|--------------------|--|--------------|
| Chief of the Task Force | Takao TODA | Senior Adviser, JICA | |
| Members of Sub-Study Committee (South Africa and Mozambique) | | | |
| Advisor (Politics and Administration) | Tatsuhiko YAZAWA | Part-time Lecturer, Keisen University | |
| Advisor (Economy and Industrial Development) | Yoichi SUZUKI | Senior Adviser, JICA | |
| Rural Development, Environment and Social Development (South Africa), Education and Human Resources Development (Mozambique) | Yoko KONISHI | Researcher, Japan International Cooperation Center | *Secretariat |
| Social Situation | Toshiyuki NAKAMURA | Deputy Director, Public Relations Div., General Affairs Dept., JICA (Former Staff of JICA South Africa Office) | |
| Social Development (Mozambique) | Akiko SHIMOHIRA | Associate Specialist, JICA | |
| Infrastructure and Energy | Toshiyuki IWAMA | Deputy Director, Second Project Management Div., Grant Aid Management Dept., JICA | |
| Education and Human Resources Development (South Africa) | Jun MATACHI | Associate Specialist, JICA | |
| Health and Medical Policy | Ikuo TAKIZAWA | Second Medical Cooperation Div., Medical Cooperation Dept., JICA | |
| Aid Trends | Kimio ABE | Planning Div., Regional Dept. IV (Africa, Middle East and Europe), JICA | |

Members of Sub-Study Committee (Zambia)

| | | | |
|---|------------------|---|-------------------|
| Chief of the Task Force* | Yusuke TADA | Senior Adviser, JICA | *until Dec. 1999. |
| Chief of the Task Force*, Economy and Development Program | Yoichi SUZUKI | Senior Adviser, JICA | *from Dec. 1999. |
| Advisor(Politics and Administration) | Tatsuhiko YAZAWA | Part-time Lecturer, Keisen University | |
| Advisor(Mining and Industrial Development) | Mitsuru HAGINO | Senior Adviser, JICA | |
| Advisor(Poverty Eradication and Social Development) | Shunji TABUCHI | Former Overseas Survey Specialist of Japanese Embassy in Zambia | |
| Infrastructure and Energy | Toshiyuki IWAMA | Deputy Director, Second Project Management Div., Grant Aid Management Dept., JICA | |
| Environment | Kaori MATSUSHITA | Forestry and Environment Div., Forestry and Natural Environment Dept., JICA | |
| Agriculture, Forestry and Fisheries | Shinji OBUCHI | Deputy Director, Senior Volunteers Div., Secretariat of Japan Overseas Cooperation Volunteers, JICA | |
| Education and Human Resources Development | Hisanao NODA | JICA Nigeria Office(Former Staff of First Project Management Div., Grant Aid Management Dept., JICA) | |
| Health and Medical Policy | Ikuo TAKIZAWA | Second Medical Cooperation Div., Medical Cooperation Dept., JICA | |
| Aid Trends | Kimio ABE | Planning Div., Regional Dept. IV (Africa, Middle East and Europe) JICA | |
| Secretariat | | | |
| | Rika UEMURA | First Research and Development Div., Institute for International Cooperation, JICA | |
| | Yoko KONISHI | Researcher, Japan International Cooperation Center | |

Background and Outline of The Study

1. Background of the Study

The situation surrounding Southern African Region has been changing radically. The end of the Cold War had consequently brought marginalization and unstabilization to whole Africa. The return of South Africa to the international community after the abolition of Apartheid has had tremendous social and economic impacts to the Southern African Region.

JICA set up a study committee for the Country Study for Japan's Official Development Assistance to Southern African Countries in June 1999 to grasp present situation of the region and examine Japanese future directions for development assistance, especially focusing on three countries; South Africa, which is the key to stability and development in the region; Zambia, which is the priority country for Japanese assistance among inland countries of the region; and Mozambique, which is one of the poorest countries and now has a great need for assistance resulting from its past civil war.

2. Composition of the Report

The Study Committee completed a report including its proposals, which consists of eleven volumes in total; seven volumes in Japanese (including three volumes of appendices containing analytic data), and four volumes in English of the main chapters only. (See the table below)

| Main Reports(Japanese and English) | | Appendix Data(Japanese only) | |
|--------------------------------------|-------------------------|--------------------------------|--------------|
| Volume I | Southern African Region | - | |
| Volume II | South Africa | Volume II -Appendix | South Africa |
| Volume III | Mozambique | Volume III-Appendix | Mozambique |
| Volume IV | Zambia | Volume IV-Appendix | Zambia |

3. Outline of the Report

(1) Volume I: Southern African Region

In order to establish new regional assistance policies, an accurate understanding of present situations is indispensable. Among the most important factors are historical antagonism between South Africa and the former frontline countries against the Apartheid system, as well as the political and economical influence of the new-born South Africa after the Apartheid.

Besides bilateral assistance which aims to meet each country's development needs, especially in the case of the Southern African region, special efforts should be placed on; i) cross-border issues and ii) issues common to the region by utilizing regional assets.

Basic direction for development assistance to the region include the following points; support for the formation of a new regional framework, attention to the sensitive relationships between South Africa and other countries in the region, the establishment of a constructive, complementary relationship with private economic activities, contributions to peace and stability of the region, and reinforcement of a good reciprocal relationship between the region and Japan.

(2) Volume II: South Africa

South Africa is a regional super power of overwhelming political and economic influence, but it is still suffering from the negative legacy of Apartheid. Japan's assistance policy to South Africa, based on the historic relationship between South Africa and other Southern African countries, should be directed towards stability and development for the whole region through the stability and development of South Africa, and ultimately towards the enhancement of relations between Africa and Asia. Therefore, Japan's development assistance to South Africa is not just bilateral cooperation, but has the potential to become a bridge between Asia and Africa.

Assistance priorities should be focused on the following areas; i) social stability through the provision of basic human needs for the poor black people and the creation of job opportunities, ii) support for capacity building in the government and local authorities as the core of a sustainable development system, and iii) cooperation beyond the framework of ODA and utilization of various forum and schemes to meet specific needs of South Africa.

(3) Volume III: Mozambique

Mozambique is blessed with natural resources, fertile soils and a geographical advantage as a corridor country. Since the end of the civil war, this country has been developed through foreign investments and international assistance. However, the influence of the civil war is still serious, the majority of people still live in absolute poverty. and the rapid social change has given rise to new disparities. Therefore, Japan's assistance policy should aim at the self-reliance of Mozambique while supporting its poverty alleviation efforts and social stability.

Assistance priorities should be focused on the following areas; i) rectifying regional disparities and the stabilization of society through support to the poorest groups, victims of the civil war, and the vulnerable, ii) direct support for regional stability, and iii) human resources development and the formation of systems for self-reliance in the mid- to long term.

(4) Volume IV: Zambia

During the era of Apartheid in South Africa, Zambia played the leading role among the former frontline countries. In the international political aspects, Zambia was highly praised by its contribution for the mediation of the civil war in the Democratic Republic of the Congo. However, as for its domestic economy, Zambia cannot extricate itself from the old copper-dependent economic structure. Structural adjustment and economic liberalization have had a negative impact, such as the weakening of social services and the increase in unemployment. Consequently, poverty is still spreading. Toward such situations in Zambia, foreign donors have been introducing the Sector Investment Programs to attain aid coordination. Japan should take a selective approach in accordance with the absorptive capacity and the aid implementation system of Zambia to make the most of assistance effect, based on the past experience of development assistance.

Assistance priorities should be focused on the following areas; i) poverty reduction, ii) support to the vulnerable, iii) efforts to achieve a well-balanced economic structure.

List of Contributors of the Study Reports

[Volume I] Southern African Region

| | Main person in charge |
|---|------------------------|
| Part I Outline of the Study | Secretariat |
| Part II Understanding Current Conditions in Southern Africa | HIRANO, NISHIURA |
| Part III Aid Trends | N. SUZUKI, Secretariat |
| Part IV Frameworks for Japan's Future Assistance to Southern African Region | TODA |

[Volume II] South Africa (Main Report)

| | Main person in charge |
|---|-----------------------|
| Part I Present Situations and Development Issues | |
| Chapter 1. General Remarks | ODA |
| Chapter 2. Politics and Public Administration | ENDO |
| Chapter 3. Economic Situation | HIRANO |
| Chapter 4. Social Development | SATO |
| Chapter 5. Rural Development and Environment | IKEGAMI |
| Chapter 6. Urban Development | YOSHIDA |
| Chapter 7. Medical Care and Health Policy | UCHIEDA |
| Chapter 8. Education and Human Resources Development | SAWAMURA |
| Chapter 9. Infrastructure and Energy | IIJIMA |
| Part II Aid Trends | |
| Chapter 1. Japanese Aid Trends | N. SUZUKI, IIJIMA |
| Chapter 2. Aid Trends of Other Donors | Secretariat |
| Part III Recommendations for Japan's Future Assistance to South Africa | |
| Chapter 1. Basic Perspectives on Development Assistance to South Africa | TODA |
| Chapter 2. Priority Areas for Development Assistance to South Africa | TODA |
| Chapter 3. Practical Measures and Considerations | TODA |

[Volume III] Mozambique (Main Report)

| | Main person in charge |
|---|-----------------------|
| Part I Present Situations and Development Issues | |
| Chapter 1. General Remarks | ODA |
| Chapter 2. Politics and Public Administration | ENDO |
| Chapter 3. Economic Situation | HAYASHI |
| Chapter 4. Social Development | SHIMOHIRA |
| Chapter 5. Rural Development and Environment | IKEGAMI |
| Chapter 6. Urban Development | YOSHIDA |
| Chapter 7. Medical Care and Health Policy | UCHIDA |
| Chapter 8. Education and Human Resources Development | SAWAMUEA |
| Chapter 9. Infrastructure and Energy | IWAMA |
| Part II Aid Trends | |
| Chapter 1. Japanese Aid Trends | N. SUZUKI |
| Chapter 2. Aid Trends of Other Donors | Secretariat |
| Part III Recommendations for Japan's Future Assistance to Mozambique | |
| Chapter 1. Basic Perspectives on Development Assistance to Mozambique | TODA |
| Chapter 2. Priority Areas for Development Assistance to Mozambique | TODA |
| Chapter 3. Practical Measures and Considerations | TODA |

[Volume IV] Zambia (Main Report)

| | Main person in charge |
|---|-----------------------|
| Part I Present Situations and Development Issues | |
| Chapter 1. General Remarks | OGURA |
| Chapter 2. Development Programs | KODAMAYA |
| Chapter 3. Politics and Public Administration | TAKAHASHI |
| Chapter 4. Economic Situation | KAWABATA |
| Chapter 5. Mining and Industrial Development | SAKAMOTO |
| Chapter 6. Agriculture, Forestry and Fishery Development | HANZAWA |
| Chapter 7. Poverty Alleviation and Social Development | KODAMAYA |
| Chapter 8. Environment | KODAMAYA |
| Chapter 9. Medical Care and Health Policy | UCHIDA, TAKIZAWA |
| Chapter 10. Education and Human Resources Development | SAWAMURA |
| Chapter 11. Infrastructure and Energy | IWAMA |
| Part II Aid Trends | |
| Chapter 1. Japanese Aid Trends | N. SUZUKI |
| Chapter 2. Aid Trends of Other Donors | Secretariat |
| Part IV Recommendations for Japan's Future Assistance to Zambia | |
| Chapter 1. Basic Perspectives on Development Assistance to Zambia | Y.SUZUKI |
| Chapter 2. Issues and Framework of Assistance to Zambia | Y.SUZUKI |
| Chapter 3. Practical Measures and Considerations | Y.SUZUKI |

Executive Summary – Zambia –

Part I. Current Conditions and Problems

1. General Remarks

Since Northern Rhodesia became independent to form Zambia in 1964, Zambia has played a central role as a former front-line state in Southern Africa. During this period Zambia has been exposed to attacks by the Southern Rhodesian Forces and the South African Forces, and sustained tremendous economic losses, which caused a heavy burden on Zambian society.

There is still concern about instability in the whole continent, including the conflict in Angola and a civil war in the Democratic Republic of the Congo to the north. In short, Zambia's geographical location determines Zambia's role that any national liberation movement and political conflict in Southern Africa can have an impact on it, and Zambia has always actively contributed to the solution of these conflicts.

Zambia's GNP per capita is far below the average for sub-Saharan Africa. Poverty has been getting worse since independence, but practical measures to overcome the dependence on copper are hard to find. Poverty reduction should therefore be the first priority of international assistance.

In the medium to long term, it is also necessary to examine how the copper-dependent economy can be changed. Furthermore various issues from marketing, finance, and technology to the land system should be considered for the production improvement at the level of small-scale farmers. Comprehensive examination of how external assistance can contribute to these issues are inevitable for future assistance.

2. Development Plans

- The 1980s: Economic crisis, Structural Adjustment and difficulties confronting development plans

Zambia, like other African countries, set up five-year development plans after its independence. In the 1980s, due to economic crisis and the introduction of the Structural Adjustment Programmes led by World Bank and IMF, it became difficult for the Zambian government to make long-term development plans. Once, The Kaunda-UNIP Administration abandoned the Structural Adjustment Programme, and formulated Zambia's own New Economic Recovery Programme and the subsequent 4th Five Year Plan (1989-93). However, around 1989, the Kaunda UNIP Administration returned back to the Structural Adjustment Programme under the IMF initiative. After the Chiluba MMD Administration took over the Kaunda government in 1991, the 4th Five Year Plan was substantially abandoned in the middle of the term, which was the end of five year development plans.

- The early 1990s: Establishment of the MMD Administration and the Structural Adjustment

The MMD Administration aggressively advanced economic liberalization policies and promoted programmes for economic stability and the Structural Adjustment Programmes since 1991, with setting up a three-year economic recovery plan called the New Economic Recovery Programme. Such Structural Adjustment Programmes aimed at leading growth within 2 or 3 years, and cannot be regarded as a mid- or long-term development plan. The programme depended largely on the financial support from World Bank, IMF and major donor countries, and financing was often discontinued according to the insufficient fulfillment of the collateral conditionality.

- Development Plans after the Mid-1990s

In the middle of the 1990s, the economic stability had been achieved to some extent, and the privatization of public enterprises and the liberalization of trade and distribution had been promoted. On the other hand, however, public services reduced and infrastructure deteriorated due to fiscal crisis, and the Structural Adjustment Programme caused increasing unemployment. As a result, social indexes such as education, public health and nutrition deteriorated, and poverty became serious. Thus poverty reduction measures and social development became urgent issues.

In terms of development assistance, poverty reduction again drew attention as a priority issue for development, and emphasis was laid on aid coordination among donors, partnership with and ownership of recipient countries.

- Sector Investment Programmes

One of the major changes in relation to development plans after the mid-1990s is the introduction of the Sector Investment Programmes (SIPs). SIPs were introduced as a measure to reduce the burden on recipient countries caused by the different aid procedures of donor countries. It also aimed at enhancing ownership and commitment on the recipient side.

A typical characteristic of such SIPs is the “basket fund.” However, the evaluation of the programme has not yet been formed, and not all the donors support them. This is because the SIPs has practical problems in securing transparency and in its required standard of management capacity of the ministries in charge.

In Zambia, four SIPs are currently in operation in four sectors: agriculture, basic education, public health and roads.

- Challenges Confronting Development Plans

In Zambia, a comprehensive development plan is necessary. In addition, coordination between sectors which cannot be achieved by current SIPs and a development plan for cross-sectoral issues are also necessary.

As for poverty, the Zambian government formulated a five-year National Poverty Reduction Action Plan. In this Plan, the Ministry of Community Development and Social Services is in charge of coordination, monitoring and evaluation of all the poverty reduction measures including programmes by the private sector and NGOs. The prospects of realization of the Action Plan, however, is not clear at this point of time.

- Challenges Confronting Japanese Official Development Assistance in relation to the development plan

The characteristics, significance and modality of development plans in Zambia have changed markedly since the 1980s. Under such circumstances, Japan has to make clear its view and stance on how the development plans in Zambia should contribute to future development process, on how Japanese assistance should coordinate Zambia’s own development plans, and on how Japanese assistance can support the planning and implementing process of the development plans.

It is also necessary for Japan to determine its attitude toward donor coordination through development plans, toward assurance of ownership of Zambia and toward active participation of stakeholders on the Zambian side. In other words, Japan must determine its evaluation of the SIP and basic policy for the participation or involvement in the SIP.

3. Politics and Administration

- Political Democratization

When Zambia became independent in October 1964, Dr. Kenneth Kaunda, leader of the United National Independence Party (UNIP), was elected as the nation's first president. In December 1972, the constitution that provided a one-party system dominated by UNIP was published and all opposition parties were consequently banned. Then, with the mounting public pressure for democratization, Frederick Chiluba, who had led a labor union movement opposing one-party rule by the Kaunda Administration, became a leader of the MMD. Chiluba wasted no time in gaining public support.

The Chiluba administration distanced itself from labor unions, which were its main constituency. Moreover, the administration accepted the Structural Adjustment Programmes by the World Bank and the IMF, cut subsidies for public enterprises, worked to privatize or at least streamline public enterprises, and began to back out of market and monetary intervention.

After being defeated in the 1991 election, Kaunda retired from the political arena. In 1995, however, the former president made a political comeback. He was taken into custody in October 1997, but was released in 1998 on condition that he would retire from the political world. Later, he retracted his earlier announcement that he would retire from politics. In May 1999, Kaunda expressed his intention to run in the 2001 presidential election. In response, the Chiluba Administration said that Kaunda was disqualified to run because he was not a Zambian national. The situation surrounding UNIP is unclear now that the party is divided between the pro-Kaunda faction and an anti-Kaunda faction.

- Problems in democratization

In recent years, graft and corruption are conspicuous among ministers and government officials under the Chiluba Administration. In order to combat these graft and corruption, an integrated approach is needed.

What Zambia needs is the rule of law, established fair legal procedures, prevention of abuses of power and fair trials. Besides, there are various problems: public apathy towards elections and politics in general, troublesome procedure for the registration of voters, the delay in the distribution of the election registration cards, short voting hours, and long distance to the polling stations for many Zambians. As for freedom of the press, the government even detained journalists. Human rights violations by police and security authorities are rampant.

At the center of the ethnic problems in Zambia are the Lozi people in the Western Province(Barotseland). The British colonial government had approved their self-determination in the Barotseland Agreement. But this was denied when Zambia became independent in 1964. The Agenda for Zambia(AZ)and the UPND support the autonomy of the Lozi people.

- Challenges for administrative reform

Zambia's administrative function and efficiency are low. They do not live up to what they are supposed to do and coordination between them doesn't work well.

The Zambian government launched a public service reform in 1992. As part of the reform, the government enacted the privatization law and established the Privatization Agency in June 1992. Starting in 1993, the World Bank and the IMF supported the reform, but their support did not lead to significant results. Donors blamed the slow progress on the lack of commitment of the Zambian government. The Zambian government formulated the Public Service Reform Programme(PSRP)to the CG meeting. However, the programme has not produced the expected results.

- Relationship with the surrounding countries

Zambia has actively promoted regional economic cooperation in Southern Africa. The nation is a member of both the Southern African Development Community (SADC) and the Common Market of Eastern and Southern Africa (COMESA), and a signatory to the Lome Convention.

Donor countries praise Chiluba's initiative in signing a truce (the so-called "Lusaka Agreement") concerning the civil war in the Democratic Republic of Congo.

The relations between Zambia and Angola are strained over the influx of refugees from Angola, arms smuggling allegations, and a series of bombings. Although Zambia brought the Angola peace process to a successful conclusion in 1994, relations turned sour in early 1999.

Relations with Namibia remain unsettled over the issue of the self-determination of the Lozi people. In April 1999, the governments of both countries criticized the secessionist movement by Lozis. Zambia and Namibia also agreed to work together to contain secessionist activities. In early August 1999, Lozi secessionists clashed with Namibian troops in Caprivi, and the Namibian government declared a state of emergency in the region. Tensions continue along the borders between Zambia, Angola and Namibia.

- Relationship with Japan

Japanese government maintains good relations with Zambian government. From the Kaunda Administration to the present Chiluba Administration, Japan has been regarding Zambia as a "priority country" in its assistance programmes. Zambia is said to have been pro-Japanese since the Kaunda Administration and the Chiluba Administration evaluates Japan's ODA highly. One of the guiding principles of Japan's ODA programmes is support for developing countries committed to democratization and this principle is laid down in Japan's foreign policy towards Africa and in the Official Development Assistance Charter. At issue in Japan-Zambia relations is whether the Chiluba Administration is working toward democracy and "good governance."

On the other hand, Japan is not taking a positive stance in policy dialogues with the Zambian government nor at donor meetings. Japan needs to attend important meetings and make its stance clear as a leading donor. In addition, private sector cooperation is greatly needed. Japan needs to study the possibility of using its ODA to facilitate economic activity in the private sector in Zambia and Japan, and to formulate ODA projects through the initiative of the private sector and local authorities.

4. Economy

- Defining the problems: Understanding the economic problems of Zambia

Before independence, Zambia had no particular industry except copper, but the copper boom up to the early 1970s brought about tremendous economic growth. The growth secured the political foundation and prestige of Kaunda-UNIP government, and enabled it to establish a government-led economic development structure. Zambia enjoyed growth in some manufacturing industries and commercial agriculture, although temporarily. In the mid-1970s, Zambia took pride in a relatively high average income standard in sub-Saharan Africa.

The Zambian economy stagnated because of the sudden fall on international copper prices and an extended low market in the 1970s. Such a rapid drop in average income is unusual even in sub-Saharan Africa, whose growth rate is generally low. It is evident therefore that a special approach must be taken to Zambia.

- Dependence on copper and the ‘Dutch disease’

Mining products—copper and its by-product cobalt—have amounted to more than 90% of Zambia’s total exports since the colonial era. After the independence of Zambia, the copper price increased substantially until the mid-1970s. This stimulated certain domestic manufacturing industries and commercial agriculture. At the same time, however, copper industry has caused instability and downward trend in Zambian economy.

Due to an excessive dependence on copper, the international copper market determines the state of the whole Zambian economy. This accelerated Zambia’s dependence upon imported products, and deprived competitiveness of other potential export industries.

As a result, rapid urbanization, dependence on imports, overvaluation of the currency and an imbalance in resource allocation have caused a strain on the economy, and restricted the development of other industrial sectors. This is a typical ‘Dutch disease’ condition in which the faltering development of one particular primary commodity is causing paralysis of other industries and the whole economy of the nation.

- Urban concentration and macro-economic imbalances

The urban concentration of population and labor is one of the most serious problems caused by the ‘Dutch disease’. The development of the copper industry increased employment in governmental and public sectors and absorbed the rural labor force. As a result, living conditions in urban areas quickly became worse. Partial, sporadic investment in social infrastructure accelerated the population flow into urban areas.

The copper boom and policy trends favoring cities expanded consumption-oriented government expenditures, such as swollen employment rolls and food subsidies. However, the sudden end of the copper boom drastically reduced the financial revenue. Political conditions did not allow a cut in such expenditures, and the result was a considerable financial deficit. The Zambian government tried to offset the deficit with additional issuance of currency. Inflation expanded as a result.

It was impossible to take budget austerity measures and other financial measures. Thus a deficit in the international account (current account) and external debts to cover the deficit were snowballing.

- Resource concentration in governmental/public enterprises

The mainstay of the government-led development after independence was nationalization of industries and the establishment of public enterprises. The extreme example is Zambia Consolidated Copper Mines (ZCCM) founded in the colonial era. Public enterprises founded under the Kaunda-UNIP government covered most industries in the formal sector, such as copper, electricity, transportation, communications, finance, commerce and tourism

Public enterprises took no account of market rules or profitability. Their inefficient management had no long-term plans or prospects. It was natural that most of them fell into poor financial conditions.

- The introduction of the Structural Adjustment Programmes and social unrest

In order to tackle above-mentioned problems, the Structural Adjustment Programmes has been promoted with supports by the World Bank and IMF since the 1980s. Through the Structural Adjustment Programmes, the government intended to stabilize macro-economy and create market-economy-oriented environment: domestic deregulation, external liberalization, privatization, and streamlining of the governmental sector. In the case of Zambia, the conditionality of the Structural Adjustment loans caused serious unrest to the Kaunda-UNIP regime, particularly the partial liberalization and devaluation of foreign exchange and the cut

in food subsidies. The promotion of the programmes devalued the Kwacha greatly, and accelerated inflation. The subsidy reduction led to a shortage in the supply of maize and an increase in consumer prices. Finally, in December 1986, the biggest riot ever after independence was staged by urban residents, and the government could not help but recall the reduction of the subsidy.

In 1990 the government adopted the Structural Adjustment Programme once again, and riots occurred again in June of the same year.

- Achievements and problems of the Structural Adjustment Programmes

Right after the inauguration in 1991, the Chiluba-MMD regime has consistently promoted the Structural Adjustment Programmes, and achieved fair results. Substantial achievement in macro-economic stability includes the control of inflation due to the devaluation of the currency, the liberalization of foreign exchange transaction, and the reduction of budget deficit. In addition, domestic deregulation and external liberalization diversified export. The Chiluba regime also achieved abolition of the staple food subsidy and the liberalization of food distribution. The implementation of these economic policies promoted the confidence of donor organizations as well as lightened the burden on the government finances.

On the other hand, deficit in current account has not been reduced. The most serious problem in macro-economy is heavier burden with interest payment in proportion to increase in debt. Also the privatization of public enterprises and the streamlining of the administrative sector have not been fully implemented. The streamlining of the administrative sector was required for the structural improvement of budget account. The government therefore set up the Public Sector Reform Programme (PSRP) in 1997 and dismissed 15,500 temporary employees by 1998. The personnel cut in the administrative sector and public enterprises, however, is likely to worsen the situation. This is because there are no well-developed private companies which can provide an alternative employment to secure the same living standards, and undeveloped systems such as unemployment insurance, job introduction and re-training made the cost of labor shift between sectors very expensive.

Besides, the Structural Adjustment Programmes have brought social costs such as a growing unreliability due to liberalization, greater strains on the socially weak, and the creation of new kinds of poverty.

- Long-term problems not solved by the Structural Adjustment Programmes: institution building and human resource development

Zambia's policies for economic reform and development are changing to focus on institution building. At the same time, the establishment of a market economy must be advanced with a comprehensive approach, and the administrative and judicial power must be strengthened in order to back up the functions of the economic system. In this matter, importance is placed on two systems: a bankruptcy law system which reallocates unused resources due to business failure and protects the interests of the parties concerned as far as possible and employment system which ensures smooth re-employment in labor market.

- Challenges for Economic Policies

The economic development scenario for Zambia to achieve continuous and equitable growth can be classified as follows.

- (i) to stabilize and maintain the domestic macro-economy;
- (ii) to correct external imbalances and weaknesses;
- (iii) to maintain and expand the framework of free private economic activities and competition through domestic deregulation and an external open-door policy,
- (iv) to privatize key national companies; especially to privatize and rebuild ZCCM as soon as possible,
- (v) to streamline the public sector and to build systems and institutional capacity in the sector to deal with the market

economy,

(vi) to establish the market economy system itself,

(vii) to develop human resources that can be the driving force of the market economy; especially to nurture private economic enterprises,

(viii) to develop infrastructure focusing on rural communities and local mid-sized cities

(ix) to develop industries including small-scale farming and food production

The range of these objectives are so wide that substantial foreign assistance should be required. Also, these nine categories should not be treated separately, because they are closely related to each other. Human resources are particularly important not only for the development of private companies but also for all of the categories (i) to (ix)

- Efficiency-oriented assistance

Now that the effectiveness of assistance is of great concern. Rather than to respond all to what Zambia asks for, it is proper to pursue assistance that is ultimately the most effective. Moreover, there is a limitation in the capacity of the Zambian government as a whole and of each counterpart ministry. Japan has to control its assistance while evaluating the absorptive capacity. 'Assistance from Points to a Phase' first, that is each single project must be placed and prioritized in relationship to development projects in other sectors. Japan has to pay attention to coordination with the development policies of the Zambian government in the same sector and to consistency with other related projects in order to avoid overlapping and to maximize the impact of each unit of input resources.

Besides, deep and effective involvement in a limited number of sectors is now required. The first point is to select sectors to assist, and to concentrate investment of assistance resources on them. The second point is to give priority to the sectors in which Japan is strong and has considerable experience. The third point is to give priority to existing issues while cautiously examining new issues. The last point is that serious consideration should be given on selection of the scope and sectors in terms of consistent effective assistance and cooperation among sectors.

In the relation to this last point, the issue is the preparedness of the Japanese embassy in Zambia and the JICA Zambia office. I dare to propose that Japan should form a structure in which several staff members of Japanese embassy and the JICA office handle one selected sector. Additionally, the decision-making authority of such aid related personnels in Zambia should be aggressively expanded.

- Human resource development for assistance and review and the application of lessons learned

It is essential to improve Japan's own capacity for assistance towards Zambia. This requires development and utilization of human resources, and above all, proper understanding of the current situation of Zambian development.

Because the technological gap between Japan and Zambia is so large, when the priority is given to grassroots development needs in villages and cities, Japan's advanced technology is not always suitable. Rather, Japan should search for people who can transfer appropriate technology in terms of the potential capacity to absorb the technology. Within Japan, resources should be identified at the local government level rather than at the national government level, and in the private sector rather than in the public sector. In this sense, a domestic cooperation system for international assistance is indispensable. Human resources in Southern Africa and people with appropriate technology in Asia will play important roles in what is called South-South Cooperation.

5. Development of the Mining and Manufacturing Industries

• Current conditions of the mining industry

Zambia is the seventh largest producer of copper in the world. Copper and its by-product cobalt, account for 70% of Zambia's total exports (as of 1997). Zambia is a major exporter of mineral resources, unlike other African nations dependent on agriculture. Thanks to its endowment of mineral resources, exports are generally larger than imports, recording a trade surplus or a small trade deficit at worst. The total added value in the mining sector represents 6-10% of GDP (during the second half of the 1990s).

Japan has been the largest or at least the second largest importer of copper produced in Zambia. Thailand, Malaysia and other Asian countries are important importers of Zambia's copper as well.

Copper production was falling sharply until recently due to inefficient management of ZCCM, the core entity in charge of copper production, and a slump in copper prices. Now production is expected to increase with the privatization of the ZCCM and the participation of foreign capital.

• Achievements of development policy and the future of the mining industry

The Zambian copper industry was entirely owned by the Anglo-American Corporation of the Republic of South Africa between around 1928 and 1969 when the Kaunda Administration nationalized it. Then the Kaunda Administration made heavy investments in development projects with foreign currency gained through copper exports and loans from abroad. But such efforts in economic development, which continued until the 1980s, ended in failure due to inefficient investment allocation and a drop of the international market price of copper, leaving huge debts behind.

The Structural Adjustment Programmes led by the IMF and the World Bank were resumed in the early 1990s. Since then, significant progress has been made in economic liberalization. However, there was little progress in ZCCM.

According to the Policy Framework Paper (PFP) for 1999-2001 published by IMF, the process of privatizing the ZCCM will be completed by December 1999. Its micro-economic forecast projects an annual average growth of 10% for copper exports as a result of the privatization of the ZCCM. So it is safe to say economic recovery hinges on the mining sector.

• Future challenges

The major constraints in the mining industry is social instability in the Copperbelt. The unrest has been caused by lay-offs by foreign affiliated companies and suspension of the supply of social services as a result of privatization. Zambia needs to revitalize the copper industry to overcome the heavy burden of external debts, the country's biggest problem. At the same time, Zambia should tackle environmental problems at mines. Support for small-scale producers should also be extended to expand the benefits of development.

As the private sector is taking the initiative in revitalizing the mining industry under the Structural Adjustment Programmes, Japan should direct its assistance towards matters beyond the private sphere and reducing the adverse effects of the privatization process. As an example of assistance project, a survey can be conducted to explore minerals for small-scale producers. As supplementary suggestions, assistance could be extended to other sectors/fields as well to complement assistance to the mining sector. Specifically, Japan could provide assistance in such fields as job training and social services in the Copperbelt to quell social unrest there.

- Achievements of development policy and the future of the manufacturing industry

Under the Structural Adjustment Programmes that was launched in 1992, tariff barriers were abolished. As a result, many domestic companies, especially apparel businesses, were forced to shut down, and many public corporations were privatized. As government policy, Zambia aims to privatize public enterprises, promote deregulation and foreign investment, and boost non-traditional exports.

In the field of regional cooperation, the country is slowest in lowering the tariffs among the member nations of the Common Market of Eastern and Southern Africa (COMESA). In the fiscal budget for FY1999, the government even raised some of its tariffs. Zambia has a similar problem of being slow in lowering the tariffs with member nations of the Southern African Development Community (SADC).

Zambia's manufacturing industry does not have much comparative advantage over its counterparts in other Southern African nations. Despite economic liberalization, Zambia's apparel industry is uncompetitive, according to a World Bank analysis. Zambia's manufacturing industry therefore, excluding segments based on agricultural and mineral products such as textiles, refined sugar and others, may lose its competitiveness depending on how far tariffs will be lowered by Southern African Development Community (SADC).

- Challenges and possibility of Japan's assistance in the manufacturing industry

Zambia is characterized by the large share of the manufacturing industry, which is urban-based in nature. Yet, Zambia's manufacturing industry does not have a comparative advantage over its counterparts among other Southern African countries. Under the Structural Adjustment Programmes, import tariff reductions and the process of privatization using foreign capital have prompted the "breakup" of the Zambian manufacturing industry.

Zambia, however, should make good use of the foundation provided by Zambia's manufacturing industry that has been built up over the years. Also, industrial development with local capital is necessary. It is preferable that Zambia's manufacturing industry will focus on the domestic market and wide job opportunities in the short- and medium-term, as well as contribute to the nation's exports in the long term.

Japan can extend technical and other forms of assistance in two areas: industrial technologies with a global competitive edge and government-led industrial promotion policy. In the long term, Japan should preferably send industrial policy advisers to Zambia's ministries and agencies in charge of development plans, as part of its comprehensive cooperation programmes covering training in industrial policy, foreign capital policy and taxation policy as well as third country training for South-South cooperation.

6. Development of Agriculture, Forestry and Fisheries

- Current conditions of agriculture sector

The agricultural sector accounted for an average of 17.7% of GDP during the 1980s. The growth rate of the agricultural sector averaged as low as 1.5% between 1965 and 1995. Now the growth rate has slipped into the negative. One factor for the decline was that under the Structural Adjustment Programmes since 1991, agricultural subsidies were cut and the distribution sector was liberalized and privatized. Another factor was drought.

Agriculture in Zambia is characterized by its extreme vulnerability to climate change. Agricultural production is generally by rainfed farming and is susceptible to droughts.

The cultivated acreage in Zambia accounts for only 7% of the country's total area. This means that Zambia has a high potential

for agricultural development in that unutilized land is abundant. Soil fertility, however, is basically not high. Therefore, pedological and ecological studies must be carried out before cultivating new land for farming.

- Land system

The land system in colonial times classified land into three categories: crown land, trust land and reserve land. Chiefs, or traditional rulers, had the authority to distribute trust land and reserve land. Although the government retained certain rights in trust land, traditional chief overwhelmingly controlled reserve land under customary law.

In 1995, the land law was revised, allowing individuals to acquire a land right. The government originally aimed to simplify and streamline the procedure for the acquisition of the land right. But traditional chiefs voiced objection against the government moves. As a result, the government incorporated into the land law a provision requiring individuals to obtain permission from the competent chief or headman before acquiring the land right. Yet the land system is expected to undergo gradual change.

- Shift from subsidy policy to liberalization

The Kaunda administration tried to boost production by artificially keeping the relative prices of fertilizers at low levels. Agricultural development was also aimed at rectifying export structures dependent on copper and coping with the consequences of depleting copper resources. By the end of the 1980s, however, direct subsidies for maize alone accounted for nearly 20% of the nation's fiscal spending. Then the new administration led by Frederick Chiluba addressed the reform of the distribution of maize as recommended by the World Bank and the IMF.

The policy of the Chiluba administration is to liberalize the marketing system in the agricultural sector. The idea is to emphasize price mechanisms and the market and to avoid government intervention. Partial liberalization of the marketing of maize and inputs was launched by 1993. Maize prices vary greatly depending on good or bad crop, and by region or season. Prices of chemical fertilizers are also on the rise due to decreasing supplies.

Agricultural production is being diversified in areas where maize production is economically inefficient, especially in outlying areas. In regions vulnerable to droughts, there is a shift from maize to sorghum and millet, which require no chemical fertilizers, to soybeans and sunflowers, which are non-traditional export crops, and to cotton.

Administrative services such as agricultural research and extension activities are falling far behind due to cuts in both the budget and work force at the Ministry of Agriculture. In the past, the government was in charge of agricultural loan programmes. The repayment rate by farmers was extremely low, but the fact remains that such loan programmes are crucial for ensuring food security in the light of unstable agricultural production in Zambia.

- Agricultural Sector Investment Programme

The Agricultural Sector Investment Programme (ASIP) was launched in January 1996 based on the recognition that former agricultural investments lacked integrity and consistency. The purposes of the ASIP are: 1) to coordinate agricultural investments, and 2) to improve the investment mechanisms and the policy framework.

The ASIP-I had some problems, including: 1) an inadequate support system for implementing the programme, 2) inadequate planning of the implementation and management systems, 3) the impact of the delayed reorganization of the Ministry of Agriculture, 4) insufficient capacity to implement the programme, and 5) reduction in the agricultural-related budget.

The ASIP-I was unprecedented, but ended leaving many problems unsolved. It is safe to say that the confusion associated with the reform prevented the ASIP from producing the expected results. The process of the ASIP-I was extended as the second phase (ASIP II), with bright prospects for an increase in exports of agricultural products and the diversification of the agricultural

sector.

- Agricultural cooperatives

After the liberalization and privatization of agricultural marketing, agricultural co-operatives deal in a much lower volume of agricultural products and inputs than before. However, private distributors are not filling the void as expected in many parts of the country.

If private distributors do not cover these regions for now, co-operatives should play such roles. The government attempts to promote the development of co-operatives. In order to achieve the original objectives of the cooperatives, public institutions should help them train and foster leaders and co-op members.

- Challenges in agricultural sector

Chemical fertilizers are important for maize production in Zambia. At the same time, the Zambian government needs support for long-term agricultural research aimed at promoting resource-recycling farming among other systems.

The policy shift towards agricultural marketing liberalization under the Structural Adjustment Programmes will result in unstable food production and subsequent turmoil in the market. For agricultural development in line with economic liberalization, the following six points are recommended:

- 1) Zambia should reconstruct the economy, raise the living standards of the people, alleviate poverty, and ensure domestic food security based on understanding actual state of the agricultural production structure.
- 2) Specifically, Zambia should obtain more foreign currency and improve the balance of payments through the promotion of export-oriented agriculture, ensure the stable supply of food to city dwellers, raise the living standards of rural dwellers, and reduce poverty.
- 3) With top priority given to small-scale farmers, Zambia should tackle problems under comprehensive rural development programmes. These programmes mainly aim to diversify crops, establish intensive farming, improve soil fertility, develop the livestock industry, and establish eco-friendly, resource-recycling farming systems.
- 4) Zambia should help medium-scale farmers ensure a stable food supply for city dwellers.
- 5) Assistance to large-scale farmers should be given for agricultural research and loan programmes considering the relationship with small- and medium-scale farmers.
- 6) Zambia should develop roads in rural areas and boost the food reserve capacity.

- Fisheries

Although Zambia is a land-locked country, fisheries are prospering, based on the country's rivers, lakes, marshes and fish farms. Fisheries play an important role in the Zambian diet, providing adequate nutrition to people, and creating jobs. Boosting fishery production, improving production efficiency, and developing and conserving the fishery resource should be high on the agenda in view of an expected increase in demand. The following three steps are recommended.

- 1) Zambia should train technicians and extension workers specializing in fish farming and administrative staff as a matter of urgency for fishery development.
- 2) Zambia should create the system to add value to fish. To this end, Zambia should construct economically viable refrigeration and processing facilities as part of infrastructure development, including the systematic development of transportation networks.
- 3) Zambia should urgently develop a fish farming industry that meets various local conditions. Boosting production of fry

and feed for fish farming should be dealt with immediately. As environmental conservation-oriented or resource-recycling development has been and will be an important concept, developing the fishery industry from such a viewpoint is very important.

7. Poverty Reduction and Social Development

• Current situation of poverty

Zambia's social development and human development underperforms compared with southern African neighbors, other African countries and developing countries. To make matters worse, Zambia's social indicators have been on the decline since the early 1980s. HIV/AIDS incidence is extremely high and by the year 2000, it is estimated that some 11 percent of children under 14 years will be orphans. Poverty in Zambia is in an extreme serious situation deserved to tackle with as soon as possible.

As of the year 1996, nearly 70% of Zambians are poor, and the percentage of the core poor was 53%—meaning that more than half the population of Zambia is in a state of extreme poverty.

Children (especially orphans and street children), women, the disabled, the elderly, and the sick (including AIDS patients) easily fall into poverty as they are more vulnerable to economic stagnation and economic liberalization, and climate changes including the incidence of droughts. In rural areas, households with inadequate access to services and markets due to their geographical isolation and those with limited production capacity are prone to poverty. Small farmers in outlying areas and isolated areas, female-headed households, and farmers lacking secure rights to land may fall under this category. Among the urban poor are street children, workers in the informal sector, those working for micro enterprises, people made redundant due to corporate streamlining, and retirees mostly comprise the poor in cities. The economic crisis and the Structural Adjustments during the 1980s hit urban population badly, and now, nearly half of the urban population is poor.

• Employment (the unemployed and the informal sector)

The number of employees in the formal sector increased after independence in 1964 until the mid-1970s before leveling off in the late 1970s affected by an economic crisis. The number decreased after 1992, when the MMD government began to implement the Structural Adjustment Programmes and economic liberalization in earnest. In the 1990s, even employees in the formal sector began to lose their jobs through lay-offs or early retirement due to the streamlining of the public sector, especially the privatization and liquidation of parastatals. Many of them fell into poverty and are often called the “new poor.”

The informal sector has been expanding since the 1980s. As of 1997, employees in the informal sector outnumbered those in the formal sector. While two-thirds of the male workers in the compound are employed in the formal sector, female workers account for some 80% of the informal sector. The income gap between men and women is wide within the informal sector.

• Poverty Reduction Policies and Programmes

The Zambia government formulated and published the “Social Action Programme 1990-1993” in 1990. This action programme aimed to alleviate hardships experienced by the poor and the vulnerable as an adverse effect of the Structural Adjustment Programmes. While stressing the rehabilitation and repair of basic infrastructure, the programme aims to make social services and employment opportunities available to the poor in the short term. Specifically, the programme covered: (i) health and nutrition, (ii) education, (iii) water and sewage roads, and markets, (iv) job creation through public works, and (v) small businesses development.

The Social Action Programme faced a number of difficulties. Firstly, statistical data were insufficient for designing a poverty

alleviation strategy and targeting beneficiaries. Secondly, the government politically manipulated the programme to win the 1991 general elections. Thirdly, due to inadequate funding from government budget, the SAP could not maintain relevant projects with government funds only.

The government drew up the “National Poverty Reduction Strategic Framework” in May 1998. The strategic framework is regarded as an umbrella for the Sector Investment Programmes (SIPs) and other poverty reduction efforts, and lays down five strategies: (i) achieving broad based economic growth through agricultural and rural development, (ii) providing public physical infrastructure, (iii) increasing productivity of the urban micro enterprises and informal sector, (iv) developing human resources, and (v) co-ordinating, monitoring and evaluating poverty reduction programmes and activities.

The Zambian government formulated the “National Poverty Reduction Action Plan 1999-2004” in December 1998 as a five-year plan to reduce poverty based on the National Poverty Reduction Strategic Framework. The plan laid down three goals: (i) to reduce the percentage of the poor from 70% to 50%, (ii) to enhance coordination of all the poverty reduction programmes, including those by NGOs and the private sector, and (iii) to monitor and evaluate the impact of poverty reduction programmes.

• Challenges

Poverty alleviation is Zambia’s most urgent and first priority issue. Poverty in Zambia is caused by multiple factors: low levels of economic development in general, persistent economic stagnation, disparities and inequalities associated with past economic development patterns, and problems associated with economic liberalization. Poverty also takes many forms in Zambia. Therefore, poverty reduction measures require a comprehensive approach, which may be cross-sectoral or an appropriate combination of various methods.

It is important to put limited resources to good use for poverty reduction, which requires a number of steps to be taken. The first step is to identify the poor and pinpoint the target (targeting). The second step is to coordinate poverty reduction measures to avoid needless duplication. The third step is to perform regular monitoring and evaluation on the effectiveness and relevance of poverty reduction measures.

The question is whether Zambia actually puts the comprehensive poverty reduction programme into practice and whether the programmes will produce the expected outcome. The following conditions are needed for the implementation of the programme: (i) continued commitment by the government, (ii) appropriate allocation of government budgets and donor funds, and (iii) capacity building of the Ministry of Community Development and Social Services in charge of coordinating and monitoring the programme.

• Challenges to Japanese assistance

Japan should extend assistance for poverty reduction and social development in line with the comprehensive strategic framework and the action plan Zambia has already formulated. Specifically, the framework and the action plan define the priority fields as: (i) agricultural and rural development, (ii) infrastructure development, (iii) increase of productivity of urban micro enterprises and informal sector, (iv) human resources development, and (v) coordination, monitoring and evaluation of poverty reduction programmes. Japan can help Zambia in many of these fields.

Japan should also decide on how to deal with the Sector Investment Programmes (SIPs) in its aid to reduce poverty because the SIPs constitute part of the National Poverty Reduction Strategic Framework and the National Poverty Reduction Action Plan.

8. The Environment

• Characteristics of environmental issues in Zambia

The following six points are major environmental problems in Zambia: (i)deforestation,(ii)depletion or extinction of wild-life,(iii)water pollution(particularly in urban areas),(iv)air pollution,(v)soil degradation, and(vi)waste disposal.

As for deforestation, the major causes are 1)the expansion of farmland brought by a high population growth rate and extensive farming based on shifting cultivation, 2)the collection of firewood and charcoal production in peri-urban areas, and 3)the use of timber and charcoal in copper mines for mining and metallurgical operations.

Other serious environmental problems are; 1)Pressures on farmland and natural resources caused by the high population growth rate, 2)environmental pollution caused by factories, 3)waste discharged by urban populations, water contamination by sewage, and air pollution, resulting from urbanization, 4)water contamination caused by drainage from copper mining industry that has been the mainstay of Zambian economy.

One of the major factors of environmental degradation is that Zambia's economic and subsistence activities are more dependent on the exploitation of nature, due to its lower level of economic development and general level of technical standards. Both economic development and people's livelihoods largely depend on natural resources, such as minerals, forests, land, lakes, and wildlife.

Another factor of environmental deterioration is inappropriate management of natural resources, due to lack of understanding of environmental issues, weak administrative and legal support structures, and a breakdown of the traditional practices that previously helped to ensure the sustainable use of nature.

• Depletion and extinction of wildlife

Notwithstanding the establishment of wildlife reserves, environmental deterioration of natural habitats and depletion of wild-life are significant. Thirty species or subspecies of animals are on the verge of extinction or are endangered. After the economic crisis in the mid-1970s, rural inhabitants increasingly poached wildlife because their income and employment opportunities decreased due to the economic crisis. In order to cope with this problem, management with community participation was introduced in the mid-1980s. However, in fact, community participation was not substantial, and only a traditional chief, and other influential people in the area, can participate in decision making at the Wildlife Managing Authority(WMA)and other management organizations.

• Water pollution

Drainage and waste discharged from mining facilities became the major causes of urban water pollution. While water pollution attributable to the mining industry decreased during 1970-1990, pollution attributable to the manufacturing industry has worsened.

Domestic wastewater also has caused water pollution, due to insufficient sewage disposal plant capacity and population growth in urban areas with no sewage disposal. Such insufficient sewage treatment capacity causes contamination of drinking water including well water, which is allegedly a factor contributing to an outbreak of cholera in urban areas since the late 1980s.

• Environment-related institutions

With the Environmental Protection and Pollution Control Act enacted in 1990, environmental plans, laws, and administrative

institutions were finally prepared to deal comprehensively with the environment and natural resources. The Ministry of Environment is, however, still ineffective, ranking low in the cabinet. It is therefore questionable whether it can function fully as a coordinator among related ministries. The implementation of the plans and the execution of the laws depend on administrative function.

Another challenge is how to proceed with environmental conservation and pollution control effectively within a new framework focusing on economic liberalization, market forces, and the private sector. Monitoring, advocacy, and environmental education by civil society organizations and NGOs are necessary to make private companies to keep environmental conservation as well as to make the Government to carry out the regulation and management of environmental conservation.

- Challenges of Japanese ODA

Environmental problems in Zambia have been caused by two factors: one is a vicious circle of poverty and environmental deterioration; and the other is related to the mining industry and urbanization. Therefore, when providing effective assistance in the environmental field, it is important to combine and coordinate various approaches, such as through agriculture, rural development, poverty reduction, gender, and improvement of low-income urban settlement. At the same time, when providing effective and efficient assistance to extensive environmental issues, it is necessary to narrow down the fields in which Japan has capacity and comparative advantage. As environmental problems cover a broad range of human activities, cooperation with other donor countries, multilateral agencies, and NGOs is required.

Follow-up of environmental assistance to the mining industry and infrastructure projects to which Japan provided assistance in the past, as well as assistance for environmental measures in the sectors such as the copper mining industry that Japan has economic relation with (which was not ODA), should be included for consideration. It is also important to incorporate environmental considerations into future assistance in various fields.

9. Public Health and Medical Services

- Critical Composition: essential points to be shared

At present, the health sector in Zambia is at a critical point. Traditionally, Zambia has been trapped in “low health standards” due to the interaction of poverty, malnutrition, and infectious diseases. New negative elements have been added to these, such as a decrease in health resources due to the economic crisis, and the rapid spread of HIV/AIDS. Consequently, health standards have dropped further. A “vicious circle” can be found between poverty and malnutrition as well as poverty and infectious diseases.

The health of the urban population is a conspicuous issue other than HIV/AIDS in the health sector in Zambia. Unplanned settlements around cities, in particular, where the poor population is concentrated have become a hotbed of infectious diseases, such as cholera and measles, due to deterioration of environmental sanitation in addition to the high population density.

While the health needs are largely increasing, health resources to meet such needs are declining rapidly. Thus, absolute scarcity and instabilization medical equipment supply and decreasing of the quality of diagnosis and medical care become serious problems in Zambia.

- Challenges on Japanese Official Development Assistance

(1) Anti-AIDS support: development issue which cannot be neglected

The spread of HIV/AIDS cannot be neglected in Zambia. Japanese cooperation in preventing infectious diseases has been limited to the project conducted at the virus laboratory of the University of Zambia Teaching Hospital (UTH). However, the measures against infectious diseases do not necessarily require a virus laboratory. Therefore, it is not always appropriate to

consider the virus laboratory as prerequisite when discussing Japan's anti-HIV/AIDS support for Zambia. On the other hand, it is important to utilize the experience of cooperation projects in the past. Thus, as cooperation utilizing the functions of the virus laboratory, participation in sentinel surveillance and accuracy management of HIV testing is suggested in a "Voluntary Counseling and Testing (VCT)" programme.

(2) Support for Health Care Reform: vision-sharing and participation in processes

In order to improve efficiency in the health sector through the correction of distorted resource distribution, it is necessary, first of all, to consider a contribution to the improvement of efficiency in the sector as the primary criterion.

The second step is participation in processes. Here, it is required to participate continuously and actively in planning and designing of a sector policy planning and Sector Investment programme, specifically declare the Japanese development assistance policy and its focus, and let the recipient government and other donor organizations and countries know such policy and focus. Assistance displaying "a policy and principle" is more important than assistance displaying Japan as "a provider."

Assistance that makes it possible to provide consumables that are extremely important to the health sector does not need to take account of current expenditures after provision. Also, it is easily incorporated into a framework of cooperation between donors. In accordance with the programming cycle of a development project in the health sector in a recipient country, Japanese active participation from the planning stage will enhance strategic and planned aspects of economic assistance, and the presence of Japanese cooperation will be increased as well.

(3) Urban public health support: measures against expanding health risks

The spread of education on sanitation and health combined with the development of infrastructure for environmental sanitation(water supply, sanitation, and waste disposal)may be an effective approach to the solution of urban health problems. Both securing safe water supplies and propagating the appropriate water use through health education are important. It is necessary to organize and systematize such experiences obtained through various approaches, in order to establish a Japanese assistance package.

Needless to say, it should be noted that focusing on the urban health problems must not lead to disregarding rural health problems. Traditional disparities in health standards between the urban and rural areas still remain in Zambia. In order to secure well-balanced assistance, it is necessary to discuss positively the expansion of a Community Empowerment Programme through local NGOs, and participation in Basket Funds. In this way, a system is expected to be established to make Japanese aid funds flow into activities in rural and remote areas which conventional projects cannot deal with.

(4) School health support: investment in the future generation

The "Critical Composition" surrounding the health sector in Zambia is so serious that even the Health Care Reform may not solve problems in a short time. For the improvement of health standards in Zambia, assistance based on a long-term vision is also necessary. As the primary school enrollment rate in Zambia is relatively high, an effective strategy is to provide health education through schools, targeting at many children. It should be noted that the target population for school health programmes is at the healthiest age.

Much attention should be paid to children who do not attend school. In the serious situation of the health sector in Zambia, indispensable approaches is to enhance the capacity of people carrying out basic health care on their own.

10. Education and Human Resource Development

• Outlook for Education

Educational opportunities were expanded steadily until the beginning of the 1980s. However, due to the economic crisis in the mid-1980s and the introduction of the Structural Adjustment Programmes, education in Zambia has been faced with a crisis. The school enrollment rate has remained low since the late 1980s and the deterioration of education is a serious problem.

The educational policy called “Educating our future” announced in 1996 aims to change from an overemphasis on higher education to a focus on a nine-year basic education.

An “Integrated Education Sector Investment Programme (ESIP)” started in 1996. However, little progress was made due to difficulties in coordination among the Ministries. Therefore, the Ministry of Education started a “Basic Education Sub-Sector Investment Programme (BESSIP)” in 1999, in cooperation with related aid agencies. At present, the related organizations are preparing to implement a “Training Sub-Sector Investment Programme (TSSIP)” for the training sector. Under these circumstances, it is inevitable that assistance to secondary education, aside from higher education, will decline to a certain degree.

• Current Conditions by Sub-sectors in Education

(1) Primary and secondary education

School lessons are generally provided in double or triple shifts. In Lusaka City, in particular, due to the shortage of school facilities, only 20% to 30% of applicants are permitted to enroll. Against this background, aside from public primary schools, the “community school” was established through community participation.

The gross enrollment ratio of primary school recorded 100% in 1985. Since then, it continued to decline and the number of children enrolled is also hovering at a low level.

The budget appropriated for primary education was considerably low until 1993, compared to that for higher education. This has been rapidly improved since 1994 and primary education accounted for 52% and higher education, 17% in 1997. However, 97% of the current budget for primary education is for personnel expenses including teachers’ salaries, and the supply of teaching materials and textbooks has been dependent on external aid resources. More efficient utilization of resources is expected through the improvement of the competence of the Ministry of Education.

(2) Higher education

As primary education is given priority in budget allocation, the budget for higher education is naturally declining. Reform of universities and colleges has been underway through the collection of tuition fees based on the cost-sharing principle. The current problem, that is, the low quality of education, will be inevitably worsened.

It is necessary to review the role of institutions providing higher education with rare sophisticated resources, and to discuss a scheme to actively utilize such resources for the development of the nation. Since the institutions for higher education are responsible for the training of primary/secondary school teachers, reinforcement of these teacher training institutions is needed to an appropriate degree in order to improve primary/secondary education quantitatively and qualitatively.

(3) Vocational training

The Ministry of Science, Technology and Vocational Training, in charge of vocational training, announced a Technical Education, Vocational and Entrepreneurship Training Policy in 1996. However, The Ministry of Education does not provide systematic and consistent vocational education.

It cannot be helped that skill acquisition does not necessarily lead to an employment opportunity in Zambia under the current

economic conditions. In such situation, it is necessary to review the functions and position of public training facilities in a society. In relation to this, five ministries and agencies related to vocational education are planning to implement a Training Sub-Sector Investment Programme (TSSIP) in cooperation with several aid agencies. This will have a major impact on the field of vocational training.

(4) Adult literacy programmes

The literacy rate improved slightly from 51% in 1969 to 54% in 1980, and 56% in 1990. The literacy rate for women is lower than that for men, and rural areas show a lower rate than urban areas. Continuous and systematic literacy education is extremely difficult in Zambia. Since the Ministry of Education emphasizes the primary school education, the educational policy barely refers to adult basic education as a part of life-long education and training. It is necessary to devise some measures to make literacy programmes more attractive by combining literacy programmes with community vitalization and skills development.

• Issues in Education

In conclusion, priorities in education and human resource development in Zambia are; i) enhancement of educational administrative capacity, ii) expansion of primary/secondary education, iii) rebuilding higher education, iv) adaptation of vocational training to meet employment needs.

• Challenges of Japan's Assistance

The policy of contributing to basic education, such as primary/secondary education, must include not only the construction of facilities, but a comprehensive approach including the software type of cooperation as well.

In the vocational training field, too, Assistance providing sophisticated vocational training with large dependence on equipment should be shifted to assistance focusing on the recipient country's needs and actual conditions. As previously mentioned, the focal point of educational assistance is basic education. Similarly, basic skill acquisition should be given priority in vocational training.

In fact, it is extremely difficult for Japan to select and dispatch personnel that can actively contribute to the field of education. Therefore, a system of public participation must be expanded in the pool of experts to be dispatched, and selection of potential personnel with language proficiency and coordinating ability is needed without specifying educational specialty in the narrow sense.

The Educational Sector Investment Programme (ESIP) started in 1996, led by the World Bank, is inevitable for educational assistance to Zambia. The final objective of donors' participation in the sector programme is to invest funds in a Common Basket. In view of the current capacity of the Ministry of Education, however, donors invest resources into a the Common Basket without any conditionalities, the funds might not be utilized efficiently, and moreover, the investment can be an excessive burden for the Ministry of Education. It is necessary to explain to related organizations that Japan does not deny the concept of the Common Baskets, but cannot directly invest resources into them due to the juridical restrictions of Japanese law.

The more critical problem is that impact and achievement, by the Japanese assistance are not fully recognized Zambia though Japan has provided the largest amount in donations to BESSIP as bilateral cooperation (14% of the total)

In conclusion, following four points are practical approaches for Japanese assistance: 1) to give priority to primary/secondary education, 2) to provide vocational training directly connected to job creation, 3) to improve and reinforce the efficiency of higher education, and 4) to actively participate in sector programmes.

11. Infrastructure and Energy

• Transportation infrastructure

During the colonial period, transport routes connecting the Copperbelt, a mining plantation area, and the ports along the Indian Ocean were the only major transport infrastructure. Except for these routes, the transport network linking major cities, which is the basis of domestic transport, has been neglected and transport infrastructure does not link the current high population density. While the routes in Zambia connecting to the ocean have been well developed for the purpose of national security and economic growth, transport routes for agricultural products have failed to connect the production areas and the consumer market effectively, thus hampering rural economic development.

Among various transportation modes, road is most conspicuous in transport amount. In the light of road traffic, 90% of traffic is concentrated on the roads that account for less than 20% of the total. Since road maintenance has not been sufficient, roads in adequate condition account for only 20%.

A railroad network connects various cities in Zambia to Democratic Republic of the Congo and ports in Mozambique, Angola, Tanzania, and South Africa. Routes to Angola and Mozambique, however, have not been fully utilized due to civil wars in these countries.

• Energy infrastructure

Major energy sources of Zambia are biomass (72%) and electricity (12%). Only 10% of the general population have access to electricity, consuming about 15% of the total energy.

Electric power generation slightly exceeds domestic demand; thus electricity is exported to Zimbabwe. However, due to insufficient maintenance of transmission and distribution systems and a shortage of skilled personnel, power failures occur frequently. Moreover, the charges for electricity have been set well below the actual cost, and even these charges have not been collected appropriately. Therefore, Zambia Electricity Supply Corporation (ZESCO) has a substantial deficit, which hinders economic growth.

As for the oil sector, the government has formulated policies for energy development and security. Refining, supply, and setting the charges for oil are commissioned to each public corporation.

Although about 70% of urban residents have access to water supplies, people in the urban outskirts and in the Compounds rarely have access to water supplies. Urban water and sewage facilities are in so poor condition that urgent repair is required. Moreover, appropriate charges should be set and their collection assured. In rural areas, only 10% to 30% of local people have water supplies though there are some differences among Provinces.

• Problems of the infrastructure sector

The most serious problem common to the infrastructure sector in Zambia is insufficient financial resources.

Reforms in the infrastructure sector are now underway to cope with insufficient capacity and flexibility of the existing administrative organization. These reforms are characterized by enhancement of the private sector and deregulation that the British administration adopted. Zambia endeavors to follow this British model closely. This is natural, as Zambia currently depends on Europe and the United States for most of the necessary technical and administrative skills. This must be fully taken into account when Japan provides assistance in the infrastructure sector.

As the Zambian people themselves must operate infrastructure facilities in the future, personnel training will be an urgent task for the country. In Zambia, the existing public sector, including its structure, personnel, and wage system, are lacking in flexibil-

ity for future development. Thus, the first requirement would be the commercialization of public organizations and personnel training in the private sector.

- Points of assistance

Key issues for development in Zambia are stabilization of the macro economy, reform of the public sector, and promotion of exports. In the infrastructure sector, too, carrying out major structural reform and privatization is inevitable. On the other hand, poverty reduction is another important issue of assistance to Zambia discussed at donor meetings. It is necessary to prevent the aggravation of poverty in the course of implementation of a the Structural Adjustment Programmes.

In the infrastructure sector, Sector Investment Programmes(SIPs)for roads have been implemented as ROADSIP. Compared to SIPs implemented to other countries and sectors, ROADSIP does not anticipate common implementation procedure or use of basket funding. The only rule in selecting an investment project is to respect the economic aspects of the projects as much as possible. When Japan implements road projects in the future, it needs to evaluate the projects based on their economic impact, and confirm whether the projects are included in the SIP or not.

- Future aid direction

Road infrastructure definitely serves as a basis for economic activities and a prerequisite for national development. In developing countries, including Zambia, where economic activities have been underdeveloped, infrastructure itself creates employment. Particularly in rural areas where the means for cash acquisition is rare, road maintenance through community participation will have a considerable economic impact in these areas. Therefore, when providing assistance to the infrastructure sector, it is necessary to consider not only the road network itself, such as a new construction for complementing a missing link, but also the impact on the regional economy. For this, attention should be paid on i)necessity of staff training, ii)development of rural roads at the community level, and iii)role-sharing between the government and the private sector by regarding the road development as a business.

The Zambian Government is unlikely to allocate further expenditures for the infrastructure sector whose future needs and profitability are unpredictable. Therefore, the introduction of new financial sources(like user fees)is urgently required. The development of physical infrastructure including maintenance is necessary. However, the priority should be given to improvement in the operational bodies. Under these circumstances, assistance to the road sector would be considered because setting up a clear target is easy in the sector and also it complies with the ODA principle.

Part II. Japan's aid trends

Japan has been actively providing assistance to Zambia for the following reasons: i)Zambia is one of the influential member states of the Organization of African Unity(OAU) taking a leadership position in Southern Africa, ii)under the guidance of the World Bank and IMF, Zambia is actively promoting the Structural Adjustment Programmes, such as liberalization of financial regulations, privatization of public corporations, and abolition of price controls, and iii)for Japan, Zambia is an important country as a provider of minerals such as copper and cobalt and Japan and Zambia enjoy long-established favorable relations. The cumulative amount of assistance up to 1998 from Japan reached 96.543 billion yen for third-ranking Loan Aid, 74.180 billion yen for second-ranking Grant Aid, and 29.815 billion yen for third-ranking Technical Cooperation within the Sub-Saharan region. Due to the economic crisis and heavy external debts in Zambia, Loan Aid has not been provided since 1984 except for debt payment rescheduling. However, in 1992, in order to support Zambia's efforts toward democratization and economic reform, Japan started

commodity credit through joint financing with the World Bank.

For future assistance, Japan will focus on administrative capacity and good governance of the Chiluba Administration whether they can deal with the opposition party. In June 1996, in the process of adopting constitutional amendment, Japan decided to put off balance-of-payments assistance, in concert with the United States and Germany, as the government had not held discussion with the opposition party.

At present, Japan has provided assistance focusing on the following fields: promotion of private economic activities, development of social infrastructure(public health and medical care, education, personnel training, and environmental conservation), and improvement of productivity in agriculture.

Part III. Recommendations for Japan's ODA to Zambia

1. Basic Perspectives on Development Assistance to Zambia

- Recognition of present conditions of Zambia in the historical context of development exercises and identification of development issues

Zambian economy has been heavily dependent on minerals, mainly copper until recent years. Therefore, resources were mostly invested in the mining sector in specific areas and cities. Accordingly, urbanization has progressed further than in any other African countries, resulting in the expansion of disparities between urban and rural areas.

However, due to the inefficiency of investment allocation based on state-owned enterprises, and plummeting international market price of copper as the primary product, Zambia faced an economic crisis with huge amounts of the external debts. Thus, Zambia's the copper-dependent economic development process up to the end of the 1980s has resulted in failure.

Since the early 1990s, the Structural Adjustment Programmes aimed at macroeconomic stabilization have been implemented to expedite a streamlining of the government and economic liberalization, including privatization, liberalization of the marketing system, and abolishment of subsidies.

While there has been some diversification in products and export items, the negative impacts of the Structural Adjustment Programmes and economic liberalization have emerged, such as a decline in social services and an increase in unemployment in the process of economic reform, and the spread of poverty in both urban and rural areas.

From the macroeconomic viewpoint, the largest bottleneck in industrial development in Zambia is the excessive burdens of external debt. The Zambian government strongly hopes to apply for a Heavily Indebted Poor Countries(HIPC)Initiative.

- Harmonization with various cooperation actors and enhancement of Japan's role

Poverty reduction and support for the vulnerable must be carried out in close connection with the Sector Investment Programmes (SIPs). Planning and implementation of SIPs require cooperation and coordination with other donors, involving various development organizations and recipients, thus enhancing ownership of the development process on Zambian side. In such cases, it would be possible for Japan to actively participate in SIPs, through the contribution in some important issues. This approach could provide an opportunity to show the essence of Japanese assistance as one of "visible support with policies and principles of cooperation," though assistance has so far been stressing the importance as an aid provider.

- Integration and utilization of Japan's accumulated resources for assistance

In order to improve the effectiveness of approaches for these cross-sectoral and multi-layered issues, Japan should coordinate

and combine the accumulated bases and achievements of many forms of its assistance provided to Zambia. In addition, it is necessary to make best use of various assistance methods, forms, and assets both in Japan and in Zambia. It would also be effective to utilize Japan's experience as a donor country in Asia, as well as assistance resources of Asian countries, with the inclusion of South-South cooperation that is already in operation. At the same time, through the utilization of assistance resources in the region, mainly in Southern Africa, regional interdependence and cooperation can be promoted. These steady but real and practical approaches would eventually contribute to regional stabilization.

2. Issues and Framework of Assistance to Zambia

- Support for poverty reduction: Serious poverty in rural areas; Assistance to correct Large regional disparities in poverty

About 80% of the population is extremely poor. Their reserves are scarce, and they are vulnerable to drought conditions. Accordingly, small farmers in rural areas especially suffer from severe poverty. Besides, there is a large regional disparity due to the past form of economic development too much dependent on the copper industry.

The fundamental issue of poverty in rural areas is the security of staple foods. In particular, the low nutrition level of the poor leads to disease, resulting not only in a decline in agricultural productivity, but also a drop in average life expectancy rate.

The urban poor include those affected by a decline in the copper industry, the new poor resulting from the Structural Adjustment Programmes and liberalization, and people engaged in the informal sector, including those coming to cities from local or rural areas. It is necessary to revitalize formal private economic activities in urban areas so as to absorb surplus labor. Therefore, it is effective to provide support for skill upgrading or technical training that is required at such stages of industrial recovery.

- Support for the vulnerable group (in relation to a decline in social services in education and health sectors.)

(1) Focus on primary and secondary education

Policies during the socialist regime put the emphasis on education. As a result, the educational level in Zambia is higher than in neighboring African countries, and the literacy rate exceeds the average of developing countries. However, due to financial difficulties since the late 1980s caused by the decline in the copper industry and the subsequent economic crisis, budgetary appropriations for the educational sector have been curtailed. Consequently, the educational sector is faced with difficulties both in quality and quantity, such as shortages of teachers due to wage reductions, decrepit school buildings, and insufficient teaching materials and tools.

Besides in rural areas, primary and secondary education especially has worsened in urban areas. School facilities have become insufficient due to a population influx into urban areas. In Lusaka and the Copperbelt, primary school enrollment rate has fallen to the level of the 1960s. Although secondary school enrollment has somewhat recovered in the late 1990s, the proportion of dropouts is still high, and human resources are inadequate to meet the labor needs demanded during economic liberalization. Moreover, since gender disparity in the rate of enrollment from primary to secondary education has expanded, some measures must be taken.

Japan should also endeavor to make a substantial participation in the Basic Education Sub Sector Investment Programme, and consistently integrate Japan's assistance methods into the framework of the Programme.

(2) Formulation of cost-minimum/cost-effective health and medical care services; Promotion of health education

The improvement of budgets for health care cannot be expected in the short and medium term, and a mechanism of direct cost recovery, in general, does not work effectively for the social sector investment. Therefore, improved efficiency in resource distribution is the key to solve these problems, thus the essence of Health Reform in Zambia should be the pursuit of this

efficiency. In other words, Health Reform aims to provide cost-effective preventive and treatment services at relatively low cost through public health care systems all over the country.

Considering the above-mentioned situations, the basic directions of support for the health sector in Zambia should be as follows:

- from quantitative expansion of services towards promoting efficiency in services
- from independent and individual approaches to integrated approaches
- from a priority on hospitals to a focus on primary health care
- from centralization to decentralization
- high-level medical services should be covered by user-fees

It is also necessary to participate in Sector Investment Programmes based on the above directions.

• Support for the efforts to formulate a well-balanced economic base and structure

(1) Stable food supply to urban areas; Promotion of crop exports in Rural areas

This theme relates to the production activities of commercial farmers who serve as a driving force in the market economy. Medium-scale farmers focus on the sale of farm products in the domestic market and cash crop food production (particularly high-yielding maize) for urban areas. They raise and utilize cattle, including by ranching, and consume relatively large amounts of modern agricultural inputs. Large-scale farms have more capital-intensive operations, occupying favorable geographical locations, such as land along the railroads and in the suburbs of cities. They are also exporting farm products. Thus medium and large scale farmers contribute to stable food supply to urban areas and the production of crops for export. Support for them will lead to the improvement of long-term Zambian economy.

(2) Maintaining industrial activities in connection with rural areas and Urban areas

In order to break away from the past copper-dependent economic structure, the Zambian government has given priority to industry, in particular, to the manufacturing industry. The international or regional comparative advantage of Zambia in terms of industry is not equal to that of South Africa and Zimbabwe. The manufacturing industry is, in principle, led by the private sector. However, from the strategic viewpoint of securing a foundation for domestic industries, maintaining the linkage between industries, and absorbing unskilled labor, the manufacturing industry is significant due to its character of providing sustainability based on rather low value-added products.

(3) Industry in general (Policies of industrial technology and industrial promotion; Promotion of small- and medium-scale businesses; Industrial policies linked with liberalization)

The manufacturing industry, in principle, is led by the private sector. However, as the Structural Adjustment Programmes and liberalization of the economy and trade are underway in Zambia, experiences in Asian countries including Japan can contribute to future policy making, such as for industrial development business activities and industrial technology at the international level. What is required here is the formulation of specific industrial policies in line with the performance of the Structural Adjustment Programmes.

3. Practical Measures and Consideration

• Active participation in Sector Investment Programmes (SIPs) and contriving Japan's contribution methods

Sector Investment Programmes (SIPs) are promoted in Zambia more actively than in other African countries. In the programmes,

a special focus has been placed on “donor coordination”(coordination among donors)and “capacity building” on the Zambian side through promotion of the concept of ownership of the development process by Zambia itself.

The Japanese assistance organizations have been discussing the necessity of a programme-type approach, in order to clearly position each provision of assistance in an appropriate framework of development programme.

In view of the current state of assistance, it is essential for Japan to clearly indicate its attitude toward active participation in SIPs. “Information sharing” and “setting goals with the focus on achievements”, which are the basic concepts of SIPs, should be applied to Japanese assistance policies as well. Though it is difficult to fully participate in Common Basket Funds at this stage, and “to adopt a functional assistance mechanism as a methodology”, some measures could be devised.

On this occasion, Japan should clarify problems and issues inherent in the SIP system in collaboration with the Zambian side and other donors, and actively contribute to the formulation of any necessary measures to the effect. Japan could clearly and reasonably indicate its assistance policy and concerns, and thereby contribute to making overall assistance in Zambia more effective. This could be the essence of “Japanese Visible assistance of policies and principles.” In participating SIPs, necessary expertise should be secured at Japanese embassy in Zambia and JICA Zambia offices, and they should participate in sector meetings as representatives of Japan. Moreover, it is necessary to improve and strengthen the coordinating functions of JICA overseas offices.

- Selection of approaches that match recipient’s absorptive capacity for assistance and implementation systems

In order to provide effective assistance, continuous support for improving and building of absorptive capacity for assistance (e.g. support for reinforcement of government personnel)is indispensable. However, in the short run, it is also effective to support fields in which such systems and schemes to absorb assistance are well prepared as well as where the counterpart institutions have a relatively high absorptive capacity for assistance.

Zambia, under severe financial difficulties, is heavily dependent on external assistance. Therefore, Japan should study the kind of assistance it can provide to nurture Zambia’s efforts in a relatively easy way. When providing assistance in the social sector, this kind of consideration must be particularly taken into account. Prior examination of a project is important, based on the maximum level of impact at the minimum cost or limited cost.

When identifying or formulating a specific project, in order to accurately assess the capacity and needs of the Zambian side, a dialogue-based process, not a request-based or offer-based one, would be effective.

- Improvement of efficiency in assistance

(1) Utilization of the achievements of past assistance

Japan has provided assistance to Zambia for more than 20 years in various fields and in various ways. As for future efforts, what is important is to incorporate past experiences and achievements into future assistance through linkage with and integration of previous projects, focusing on priority fields of assistance. As past Japanese assistance shows, it cannot be denied that fragmentation among agencies in assistance projects has caused inefficient allocation of assistance. In future, regardless of the system of assistance and limited framework of each organization, assistance should be provided through mutual coordination, otherwise, an effective approach to the development issues in Zambia cannot be formulated.

When considering Japanese assistance comprehensively, it is also important to promote cooperation with private companies. Therefore, support related to the proposed issue should be provided in connection with mines, mining cities, and the metal industry.

For the effective assistance as a major donor country in Asia, it is important that Japan should utilize its relationship with Asia and the assistance resources available in Asia.

(2) Assistance from a regional perspective

For the development of Southern African countries, regional stabilization and development including Zambia is essential. Economic aspects of regional interdependence have been intensified due to cross-border trade and production through the division of labor.

Needless to say, for Zambia as an inland country, relationships with the surrounding countries are extremely important both politically and economically. In the Southern African region with many small countries including Zambia, it is inefficient for each country to independently establish institutions for research and higher education that require high maintenance costs, in terms of finance and the volume of demand.

Japan must actively provide support in order to reinforce a network of cooperation and promote exchanges with the surrounding countries in the region. By combining these Japanese assistances provided to Zambia and Japanese experts dispatched to countries within the region, support should be provided to form a comprehensive cooperation system in itself, including the identification and exploitation of cooperation resources in the region.

Abbreviations

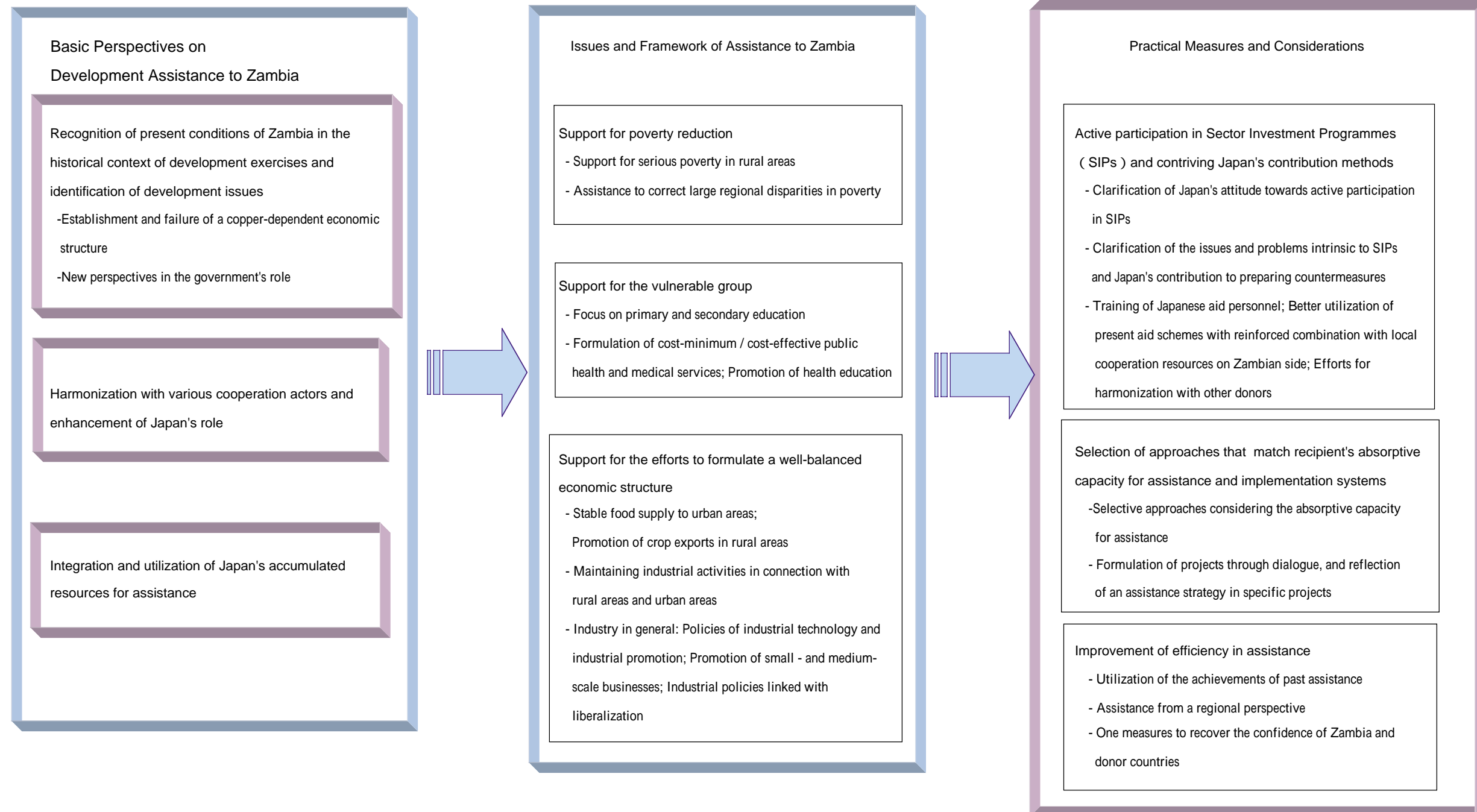
| | |
|---------|--|
| AAC | Anglo-American Corporation |
| AfDB | African Development Bank |
| AFRONET | Inter-African Network for Human Rights |
| AIDS | Acquired Immune Deficiency Syndrome |
| ASIP | Agricultural Sector Investment Programme |
| AZ | Agenda for Zambia |
| BESSIP | Basic Education Sub-Sector Investment Program |
| BHN | Basic Human Needs |
| BPF | Barotse Patriotic Front |
| CAS | Country Assistance Strategy |
| CDF | Comprehensive Development Framework |
| CG | the Consultative Group |
| CIDA | Canadian International Development Agency |
| COMESA | Common Market of Eastern and Southern Africa |
| CSO | Central Statistical Office |
| DAC | Development Assistance Committee |
| DANIDA | Danish International Development Agency |
| DFID | Department for International Development |
| ECZ | Environmental Council of Zambia |
| ESAF | Enhanced Structural Adjustment Facility |
| ESIP | Education Sector Investment Program |
| EU | European Union |
| FAO | Food and Agriculture Organization |
| FINNIDA | Finnish International Development Agency |
| FRA | Food Reserve Agency |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| GTZ | Deutsche Gesellschaft für Technische Zusammenarbeit/ German Agency for Technical Cooperation |
| HDI | Human Development Index |
| HIPCs | Heavily Indebted Poor Countries |
| HIV | Human Immunodeficiency Virus |
| IFAD | International Fund for Agricultural Development |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| INDECO | Industrial Development Corporation |
| IOR-ARC | Indian Ocean Rim Association of Regional Cooperation |
| JBIC | Japan Bank for International Cooperation |
| JICA | Japan International Cooperation Agency |
| JOCV | Japan Overseas Cooperation Volunteers |
| KfW | Kreditanstalt für Wiederaufbau |
| LDF | Local Development Fund |
| LPF | Liberal Progress Frontline |
| MENR | Ministry of Environment and Natural Resources |
| MMD | Movement for Multiparty Democracy |
| NCBP | National Capacity Building Plan |
| NCC | National Citizens Coalition |
| NECEEM | Network for Citizens Education and Election Monitoring |
| NGO | Non-Governmental Organization |
| NHSP | National Health Strategic Plan |
| NORAD | Norwegian Agency for Development Cooperation |
| NP | National Party |
| NPRAP | National Poverty Reduction Action Plan |

| | |
|---------|--|
| NPRSF | National Poverty Reduction Strategic Framework |
| NRB | National Roads Board |
| OAU | Organization of African Unity |
| ODA | Official Development Assistance |
| OECD | Organization for Economic Co-operation and Development |
| PFP | Policy Framework Paper |
| PRSP | Poverty Reduction Strategy Paper |
| PSRP | Public Service Reform Programme |
| RIF | Rural Investment Fund |
| RMI | Road Maintenance Initiative |
| ROADSIP | Road Sector Investment Program |
| SADC | Southern African Development Community |
| Sida | Swedish International Development Co-operation Agency |
| SIP | Sector Investment Program |
| SPAW | Strategic Plan for the Advancement of Women in Zambia |
| SRF | Social Recovery Fund |
| STD | Sexually Transmitted Diseases |
| TICADII | Second Tokyo International Conference of African Development |
| UNAIDS | United Nations AIDS Program |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNFPA | United Nations Fund for Population Activities |
| UNICEF | United Nations Children's Fund |
| UNIP | United National Independent Party |
| UNITA | União Nacional para a Independência Total de Angola |
| UPND | United Party for National Development |
| USAID | United States Agency for International Development |
| UTH | University Teaching Hospital |
| VCT | Voluntary Counseling and Testing |
| WFP | World Food Programme |
| WHO | World Health Organization |
| WWF | Worldwide Fund for Nature |
| ZAP | Zambia Alliance for Progress |
| ZARD | Zambia Association for Research and Development |
| ZCCM | Zambia Consolidated Copper Mines Limited |
| ZCI | Zambia Copper Investments |
| ZCTU | Zambia Congress of Trade Unions |
| ZDP | Zambia Democratic Party |
| ZEAP | Zambia Forestry Action Plan |
| ZESCO | Zambian Electricity Supply Corporation |
| ZIMT | Zambia Independent Monitoring Team |
| ZPA | Zambia Privatization Agency |

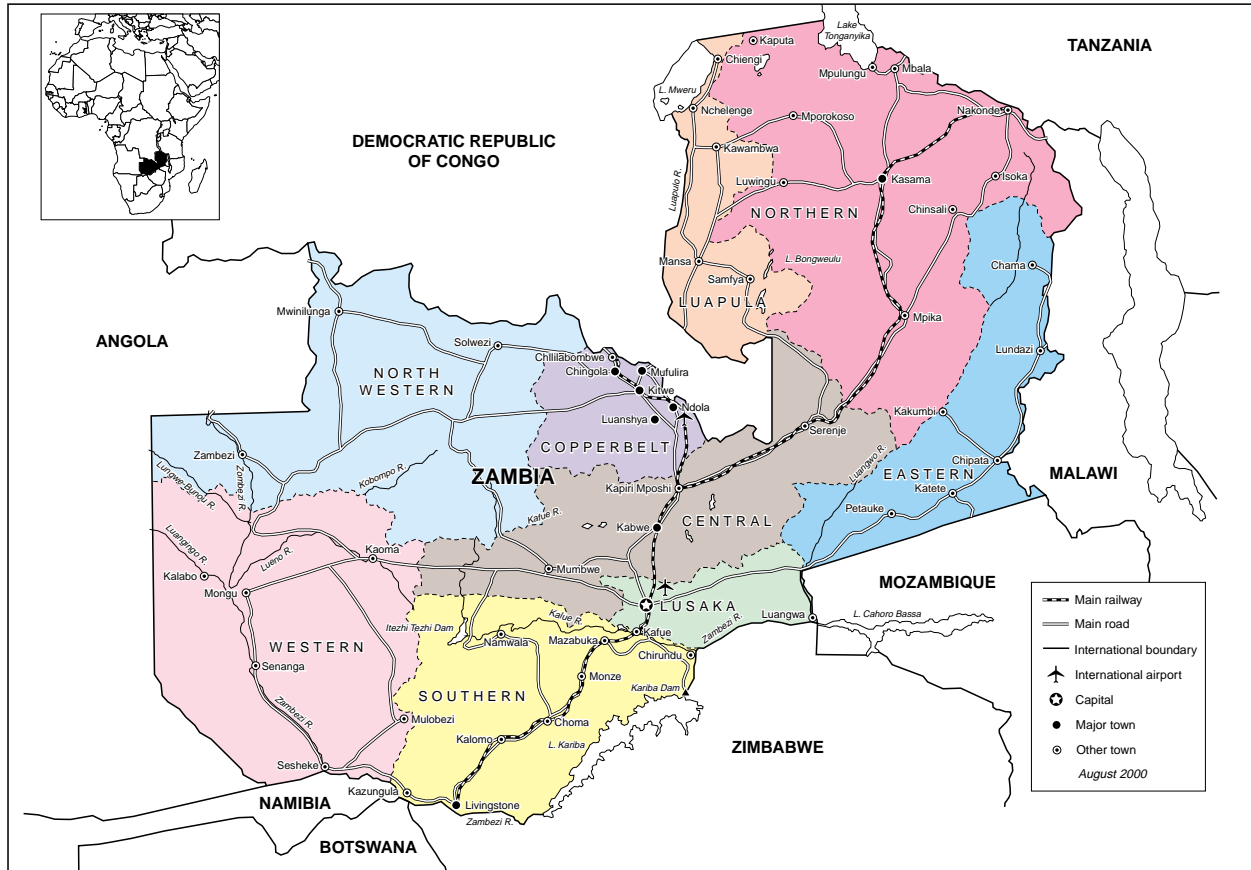
Currency Currency = kwacha: K US\$ 1 = 4,110.00 K(as of Dec. 1, 2000.)

| | |
|----------|---------------|
| Province | Province |
| | Northern |
| | Luapula |
| | Eastern |
| | Lusaka |
| | Central |
| | Copperbelt |
| | North Western |
| | Southern |
| | Western |

Basic Concepts of the Report



Map of Zambia



Reference: Economist Intelligence Unt Limited(2000) *Country Profile: Zambia, 1999-2000.*

Part I. Current Conditions and Problems

Chapter 1. General Remarks

Mitsuo OGURA (Tsuda College)

Since Northern Rhodesia became independent to form Zambia in 1964, there has been coherent international view on the evaluation of Zambia and its government: an appreciation of its contribution to the liberalization of Southern Africa, and at the same time criticism of its failures in internal, especially economic, management.

Zambia has played a central role as a front-line state in the tense situation of Southern Africa. When Zambia became independent due to the collapse of the Federation of Rhodesia and Nyasaland, which might have been a second Southern Africa, neighboring countries such as Angola, Mozambique and Zimbabwe were still under colonial rule. Since that time, Zambia has experienced the unilateral declaration of independence by Rhodesia and its consequent blockade of the border, and the illegal rule of Namibia by South Africa and the liberalization movements that followed, as well as long-lasting civil wars in Angola and Mozambique after their independence. Zambia has been exposed to attacks by the Southern Rhodesian Forces and the South African Forces, and sustained tremendous economic losses, which caused a heavy burden on Zambian society. This difficult situation was not resolved by the independence of Southern Rhodesia as Zimbabwe, but only after the abolition of apartheid, the establishment of the Mandela government, and the end of the Mozambique Civil War and the subsequent general election.

The conflict in Angola is still continuing. A new disorder has appeared derived from a civil war in the Democratic Republic of the Congo to the north. What is worse, several African countries have dispatched their troops to the Congo War, which may lead to instability in the whole continent.

In short, Zambia's geographical location is such that any national movement and political conflict in Southern Africa can have an impact on it. Fortunately, however, Zambia, as well as Botswana and other few countries in this region, have none of the potential land problems which can cause serious disputes as seen in Zimbabwe and South Africa as a negative legacy of their history. In this

situation, Zambia has played and will continue to play an important role in international relations and peace building in Central and Southern Africa. Both the former and the present regimes should be appreciated in this contexts.

Compared with its international contribution, criticism is concentrated on the economic policies of the Kaunda government. It is true that there were many historic and current restrictions for which the government was not liable. These include the extreme mono-culture economy inherited from the colonial era, the dual economic structure, the Oil Shock, and the socialist trend in Africa in the 1960s and 70s. Still, the decline in the Zambian economy has been nothing but tragic in comparison with its brilliant role in the liberalization of Southern Africa. The crushing defeat of the incumbent president in the 1991 election was the inevitable result.

In spite of agreed international evaluation of Zambia's external relations and economic policies, opinions vary about its internal politics. There is strong criticism of the shift toward one-party rule in 1972 and suppression of the opposition under this monopoly of political power. In truth, after the recovery of the multi-party system by Chiluba, people came to enjoy political freedom, aside from the evaluation of the Structural Adjustment Programme which Chiluba positively promoted. In this sense, criticism of Kaunda administration is justified. But it is also true that Zambia succeeded in maintaining social stability, while racial and regional conflicts in many African countries resulted in civil war. Although there were several other factors, some people give credit for this to Kaunda.

Japan has attached importance to Zambia, not only because the two countries have had good relations through the copper trade, but also because Zambia is a key factor in the stability of Southern Africa, as we have seen so far.

Zambia's GNP per capita is far below the average for sub-Saharan Africa. Poverty has been getting worse since independence, but practical measures to overcome the dependence on copper are hard to find. The social impacts of the Structural Adjustment Programme have tended to

extend for a long period of time. In this context, poverty reduction should be the first priority of international assistance for the purpose of social stability in Zambia. In this, the characteristics of poverty in Zambia must be properly understood. For example, the high proportion of urban population due to rapid urbanization and the recent increase in people returning from urban to rural areas should be considered in anti-poverty measures.

In the medium to long term, it is also necessary to examine how the copper-dependent economy can be changed. This includes comprehensive examination of how assistance can contribute. Production improvement at the level of small-scale farmers, for instance, includes various issues, from marketing, finance, and technology to the land system. The recent economic liberalization in Zambia and the reform of South Africa are facilitating foreign investment from South Africa and other countries, and the role of private-sector funds is gaining more importance. Foreign assistance should not interrupt such private economic activities, but rather it should develop physical and institutional infrastructure to promote such activities. Of course, the significance of poverty reduction and social development is increasing all the more, because the gaps between regions and between social classes are expanding.

As for the recent changes in aid approaches, assistance that causes an increase in current expenditure must be limited, and project-type assistance also needs to be reexamined. Although sector investment programmes, which is going to be discussed in this edition, are worth considering as a means to assist Zambia and other African countries, it is different from the Japan's assistance approach, and the donor side is not fully ready for that. At any rate, at least it is appropriate to say that Zambia, with which Japan has had a long relationship of assistance, will be a touchstone of Japan's assistance when such new approaches to assistance are sought.

Chapter 2. Development Plans

Shiro KODAMAYA (Hitotsubashi University)

Introduction

A series of dramatic changes occurred from the 1980s to the 1990s in Zambia's political and economic basic framework (liberalization of economy and democratization) in the relationship between donors and the Zambian government, and in the preferred model of assistance. Consequently, the characteristics of development plans in Zambia also changed significantly, such as:

- 1) the shift from comprehensive five-year plans made under the National Committee for Development Plans (NCDP) to sector investment programmes (SIP) made by each relevant ministry;
- 2) the appearance of a comprehensive Poverty Reduction Plan, which includes sector investment programmes. This is almost equivalent to a general development plan in the sense that it coordinates projects by ministries, NGOs and the private sector, although it is aimed at only poverty-related programmes and projects;
- 3) more emphasis on role-sharing and harmonization between the government and private sector and civic social organizations and NGOs, so that these stakeholders can participate, or at least have their opinions heard from the planning stage, and organizations independent from the government (such as 'Boards') taking charge of the implementation of plans. No more does the government determine and enforce all plans; and,
- 4) more stress on assurance of the ownership of the Zambian side and donor coordination.

1. The Kaunda-UNIP Administration and Development Plans

1-1 Before the 1980s: Era of five-year plans

After independence, most African countries, whether or not they were under socialist government, set up a five- or seven-year development plan, emphasizing the role of the government in development and economic management. Zambian government made the Temporary Development Plan (1964-66) right after its independence, and continued with the 1st Five Year Plan (1966-71), the 2nd (1972-76) and the 3rd (1980-84) five year plans (See Table 2-1)

1-2 The 1980s: Economic crisis, Structural Adjustment and difficulties confronting development plans

In the 1980s, due to economic crisis and the introduction of structural adjustment programmes led by World Bank and IMF, it became difficult for the Zambian government to make long-term development plans. Instead of five-year development plans, the government started to set up two- or three-year economic recovery programmes based on the Structural Adjustment Programmes.

The beginning of the 3rd Five Year Plan was put off for three years because of the economic crisis in Zambia caused by the fall of the international copper price and the Oil Crisis. After the 3rd Plan, there was a five-year interval before the 4th Five Year Plan began. During the interval, the Kaunda UNIP Administration abandoned the structural adjustment programme led by World Bank and IMF in 1987, and formulated Zambia's own New Economic Recovery Programme (Interim National Development Plan 1987-88), and the subsequent 4th Five Year Plan (1989-93). However, around 1989, the Kaunda UNIP Administration returned back to the Structural Adjustment Programme under the IMF initiative. After the Chiluba MMD Administration took over the Kaunda government in 1991, the 4th Five Year Plan (1989-93) was substantially abandoned in the middle of the term, which was the end of five year development plans.

In this way, economic crisis and the introduction of the Structural Adjustment Programme gradually made it difficult for the Zambian government to make five-year development plans. Instead, under the strong influence of World Bank and IMF, the government started to adopt the Structural Adjustment Programme depending on the assistance by major donor countries. The Kaunda UNIP Administration temporarily disobeyed the World Bank and IMF and set up its own economic recovery plan, but without financial assistance from World Bank/IMF and donor countries this resulted in failure.

2. The MMD Administration and Development Plans

In the 1990s, in accordance with the shift from the socialist-oriented Kaunda UNIP Administration to the MMD Administration aiming to advance economic liberaliza-

Table 2-1 Past development plans

| Name of the Plan | Period | Outline |
|-------------------------------|-----------|---|
| Temporary Development Plan | 1964-1966 | — |
| 1st National Development Plan | 1966-1971 | Although economic growth rate (10.6%) could not reach the target figure (11.7%) investment amounts exceeded the plan target by 16% and the plan was fairly successful. |
| 2nd National Development Plan | 1972-1976 | During the period, the reduction of foreign exchange reserves due to the first oil crisis and the slump of the international copper price, transportation problems due to the border blockade by Rhodesia, and other significant problems occurred successively. Economic growth was only half the target, and Zambia's dream from the time of independence—diversification of the economy and correction of a dual economic structure—was not realized. |
| 3rd National Development Plan | 1980-1984 | This plan should have started in 1977, but because the previous plan was not accomplished, it started in January 1980 after a three-year delay. The copper price fell due to international economic recession caused by the 2nd oil crisis, and the Zambian economy faced a serious foreign exchange shortage. Real GDP average growth was 0.2%, and real GDP growth per capita was -3%. |
| New Economy Recovery Plan | 1987-1988 | Due to the lack of success of the previous plan, Structural Adjustment Programme by the IMF/World Bank was conducted between 1983 and 1985. Various liberalization policies were carried out, including devaluation, interest rate liberalization, abolition of price controls, and the abolition of subsidies for maize for financial reform. The removal of subsidies accelerated inflation through the price increase of maize, which led to riots in the Copperbelt, and discontent with economic policies became obvious. The Zambian government decided to withdraw from the IMF plan in May 1987, and embarked on its own plan, the New Economic Recovery Programme. The main aspects of this plan were the revival of price controls to stabilize prices and the restriction of repayment of external debt to reduce the financial deficit. |
| 4th National Development Plan | 1989-1993 | Based on the New Economic Recovery Programme, the 4th National Development Plan was enforced in 1989, suspended just before the election in 1991, and then stopped due to the shift of political power. Aiming at economic independence, continuous growth and greater social equity, the plan sought structural adjustment (privatization of national companies, abolition of subsidies, improvement of investment environment and liberalization of exchange), localization of human resources and technology, eradication of poverty and correction of regional disparities. |

Source: JICA internal documents.

tion, the five-year development plans were abandoned, and the characteristics of development plans also changed. However, such a change was not unique to Zambia, it rather reflects the global trend: governments used to be thought of as playing a central role in making development plans and in providing economic management and social services— whether or not they were socialist states—but now the participation of citizens, private companies and NGOs/civil society organizations is given more importance while limiting the role of governmental in the field of development and economic management. On the other hand, since the 1980s, especially in the 1990s, development plans of Zambia have shown a strong influence of World Bank/IMF and major donor countries in terms of the basic framework, strategies and financial sources of development plans.

2-1 The early 1990s: Establishment of the MMD Administration and Structural Adjustment

In comparison with the Kaunda UNIP Administration in 1980, which swung back and forth in adopting the Structural Adjustment Programmes, the MMD Administration

aggressively advanced economic liberalization policies and promoted programmes for economic stability and Structural Adjustment since 1991. In order to implement the Structural Adjustment Programmes supported by IMF/World Bank, the government issued a three-year Policy Framework Paper and Public Investment Programme.

Instead of the five-year plans of the Kaunda-UNIP era, a three-year economic recovery plan called the New Economic Recovery Programme 1992-1994 was launched in March 1992 by the Chiluba Administration, which targeted at realizing fundamental economic reform. The target of the programme was to achieve economic growth of 2% in 1992, 3% in 1993 and 4% in 1994. The policy aimed at macroeconomic stabilization through efficient governmental disbursement, liberalization of the economy and privatization of public sector. Unfortunately, severe drought all over the Southern African region in 1992 and the consequent emergency food imports expended substantial foreign currency reserves that would otherwise have been used for industrial development. The fall of the international copper price and the decline of copper production made the economic growth rate in 1992 as low as

Table 2-2 Current strategies and plans by sector

| Sector | Strategies & Policies | Plans | Content |
|-------------|---|--|--|
| Poverty | National Poverty Reduction Strategic Framework (1998) | National Poverty Reduction Action Plan (1999-2004) | Macro policies in favor of low-income earners, agricultural & rural development, provision of infrastructure, urban small enterprises and informal sector, human resource development, and co-ordination/monitoring/evaluation of anti-poverty projects. |
| Agriculture | | ASIP*(1st phase: 1996-1999) | Food security at the state and district level, maintenance and improvement of agricultural producing infrastructure, creation of revenue and employment by developing the domestic and foreign market, contribution to self-sustaining industrial development and contribution to the acquisition of foreign currency through agriculture. |
| Health | Health Reform Policy (1992) | National Health Strategic Plan* (3 year strategies, revised annually) | Fair cost-effective basic health services, establishment of a decentralized administrative system with the district as a unit, improvement of health service supply at the district level, and reinforcement of monitoring and evaluation. |
| Education | Educating our Future: National Policy on Education (1996) | BESSIP* (1st phase: 1999-2002) | Provision of good basic education to all children, increase of school enrollment rates and correction of gender and regional disparities. |
| Roads | National Transport Policy | ROADSIP* (1998-2002) | Maintenance of 15,700 km of roads in good condition, regular inspection of 6,500 km and repair of 1,500 km |
| Gender | National Gender Policy | Strategic Plan for the Advancement of Women in Zambia (1996-2001) (SPAW) | Alleviation of poverty burden on women, reinforcing resource access for women, correction of gender disparities for access to education/training, equal access to health services, equal opportunity to positions of power and decision-making, and promotion of rights of girls. |
| Children | | National Plan of Action for Children (NPAC) (1994) | Reduction of infant mortality/maternal mortality/total fertility rate, increase of primary school enrollment rate/adult literacy rate, care for children under 5 years old, reduction of child malnutrition, facilitation of access to clean water, and support for street children/orphans/disabled children. |
| Youth | | National Programme of Action for Youth | Skill training to 17,000 young people between 15 and 25 years old until 2002, and establishment of the Youth Development Fund. |
| Environment | National Environment Action Plan (1994) | Environment Support Programme (1st Phase: 1997-2001) | In the first phase, reinforcement of the system and regulatory framework of environment protection and natural resource management, and conduct of community environment control projects. |
| Forestry | | Zambia Forestry Action Plan (1997) | Prevention of deforestation and land deterioration, review of forest resource control policy and administrative system, establishment of forest resource control technology, cooperation with NGOs and other organizations, and efficient use of wood fuel. |
| Water | National Water Strategy | | Urban and rural water supply, river basin management, irrigation, and water pollution control. |
| Tourism | Medium-term Tourism Development Strategy (1997) | | Promotion of the private sector in tourism, and establishment of an economically, environmentally sustainable tourism sector. |

*Sector Investment Programme

Source: prepared from internal documents of the Government of Zambia.

-2.5%. At the end of this year, the first priority issue for the government became the control of inflation, and in 1993 various measures were taken including the introduction of a cash-budget system for fiscal management and deficit cuts, the reduction of loans and the postponement of the payment of matured government bonds. By these measures, the inflation rate was reduced in the latter half of 1993, and continued decreasing in 1994.

The Structural Adjustment Programme aims to correct economic imbalance as well as to lead growth within 2 or 3 years, and this programme cannot be seen as a mid- or long-term development plan. The Programme depends

largely on the financial support from World Bank/IMF and major donor countries, and financing is often discontinued according to the insufficient fulfillment of the collateral conditionality. In the era of the Kaunda-UNIP government, the Programme was interrupted by the disagreement in the view toward economic management between the Zambian government and donors. Therefore, the period from the late 1980s to the early 1990s is said to be the era without development plans.

3. Development Plans after the Mid-1990s

In the middle of the 1990s, that is, in the second term of the Chiluba MMD Administration, the direction of development and economic management by the Zambian government with liberalization of economy as a keynote was gradually taking root in Zambia. Under the Structural Adjustment Programme, the economic stability had been achieved, and the privatization of public enterprises and the liberalization of trade and distribution had been promoted. On the other hand, however, economic growth was not yet under way, after the chronic stalling of the economy from the late 1970s, the reduction of public services due to fiscal crisis, the deterioration of infrastructure, and increasing unemployment caused by the Structural Adjustment Programme. As a result, social indexes such as education, public health and nutrition deteriorated, poverty became serious, and poverty reduction measures and social development became urgent issues.

In the global trend of development, the era of emphasizing Structural Adjustment and market economies in the 1980s was over, and the role of the state was again given focus in the 1990s, though with some limitations. Since poverty gained more attention as a priority issue for development, social development, human development and participatory development were also spotlighted. In terms of development assistance, emphasis had been laid on aid coordination among donors, with partnership and ownership of recipient countries.

With these internal and external changes, development plans in Zambia are departing from the single guiding principle of "structural adjustment" in short-term plans aiming at the stabilization and liberalization of the economy as seen in early 1990s. That is, since the middle of the 1990s, there has been a clear demand for a wider, longer vision toward development-related issues including poverty, social development and human development. The ownership of Zambia and the participation of stakeholders in the planning and implementing processes have also been given more attention. Plans concerning development are now formulated in accordance with these changes.

3-1 Sector Investment Programmes

One of the major changes in terms of development plans after the mid-1990s is the introduction of Sector Investment Programmes (SIPs). SIPs were introduced as a measure to reduce the burden for recipient countries

caused by the different aid procedures of donor countries. It also aimed at enhancing ownership and commitment on the recipient side.

The major principles of the Sector Investment Programme are as follows:

- it must cover *all* sector expenditures, both current and capital;
- a SIP has to be based on a clear sector strategy and policy framework;
- local stakeholders, meaning government, direct beneficiaries, and private sector representatives have to be fully in charge;
- all main donors must sign on to the approach and participate in its financing;
- implementation arrangements should to the extent possible be common to all financiers;
- local capacity, rather than long term technical assistance, should be relied upon as much as possible, for the project.

A typical characteristic of such SIPs is the "basket fund." However, the evaluation of the programme has not yet been established, and not all the donors support them. This is because the Programme has practical problems in securing transparency and in its required standard of management capacity of the ministries in charge.

The following four SIPs are currently in operation in Zambia:

- 1) the Agricultural Sector Investment Programme (ASIP), the 1st phase (1996-99);
- 2) the Basic Education Sub-Sector Investment Programme (BESSIP), the 1st phase (1999-2002) and the 2nd phase (2002-05);
- 3) the National Health Strategic Plan; and,
- 4) the Road Sector Investment Programme (1998 - 2002)

3-1-1 Agricultural Sector Investment Programme

The preparation of the Agricultural Sector Investment Programme (ASIP) started in October 1992. Under the initiative of the Zambian government, a task force consisting of NGOs, commercial farmers and university professionals discussed the content of the programme. Before the introduction of ASIP, Zambia had had about 180 agricultural projects provided by donor countries—far beyond the coordinating capacity of the Ministry of Finance and the Ministry of Agriculture.

ASIP has five main objectives:

- 1) to ensure food security at the levels of the state and districts,
- 2) to maintain and improve agricultural production infrastructure,
- 3) to expand the domestic and external market and to create revenue and employment,
- 4) to contribute to sustainable industrial development, and
- 5) to contribute to the acquisition of foreign currency through agriculture.

To achieve these objectives, it is necessary to reorganize the Ministry of Agriculture, Food and Fisheries and to promote the decentralization of the government. However, the reorganization of the ministry has not been completed because of the lack of understanding toward ASIP due to delays in staff training and anxiety about dismissal through reorganization. Consequently, the programme has not shown the anticipated results so far.

3-1-2 Basic Education Sub-Sector Investment Programme

The Basic Education Sub-Sector Investment Programme(BESSIP)is based on a National Education Policy called “Educating our Future” published in 1996. It aims to provide a high-quality basic education to all children, with the objectives of higher school enrollment rates and equal educational opportunity(reduction of gender and regional disparities). In order to achieve these objectives, the programme included construction and improvement of school facilities, provision of one textbook on major subjects for two children at least, improvement of health and nutrition conditions of students, establishment of a scholarship for low-income families, and the foundation of district education boards.

In 1999, the government raised educational expenditure to 20% of the national budget and will increase the proportion of the education budget spent on primary education from 47% in 1997 to 60% in 2001. This will be achieved by reducing costs in university education, which accounted for 18% of the educational budget.

3-1-3 Road Sector Investment Programme

The Road Sector Investment Programme(ROADSIP) launched in January 1998 has a five-year operational period from 1998 to 2002. ROADSIP aims to support economic growth and diversification through proper investment in road infrastructure and the establishment of a

sustainable finance and management system for the development of the road network. Specifically, it aims to develop the major road network to 33,500km, to maintain at least 50% of roads in good condition, and to reduce the roads in poor condition to less than 10%.

The National Road Board is responsible for planning and coordination, while the Ministry of Public Works is responsible for the implementation of the ROADSIP.

3-1-4 National Health Strategic Plan

As a part of administrative reform, the public health sector has been undergoing reform since around 1992. A three-year strategic plan called the National Health Strategic Plan(NHSP)was launched in that year, and has been revised every year.

NHSP aims to provide cost-effective and high quality basic health services fairly and impartially. To achieve this aim, the plan includes:

- 1) developing an effective, efficient system of supply, storage, distribution and regulation of medicine,
- 2) establishing a decentralized administrative system with the district as a unit,
- 3) establishing health service supply capacity at the district level,
- 4) increasing budget distributions to districts
- 5) improving the information dissemination system
- 6) developing human resources
- 7) increasing the participation of local authorities in health services

3-2 National Poverty Reduction Action Plan (1999-2004)

Another change in development plans after the mid-1990s is a focus on poverty in planning.

The Kaunda-UNIP Administration made the Social Action Programme(1990-93)to tackle with the social influence brought by the Structural Adjustment Programme. However, in this programme, poverty reduction measures and social development only served as a complementary role to alleviate the negative effects of structural adjustment.

Giving more stress on poverty issues, the Zambian government set the objective to reduce the population below the poverty line from 70% down to 50% during the period between 1999 and 2004. To achieve this objective, the National Poverty Reduction Strategic Framework (NPRSF)was launched in May 1998. The concluding section of the NPRSF stated: “The Zambian government

sets poverty reduction as its first priority in its objective of sustainable development.” A report on government policies presented by the Zambian government in the Consultative Group Meeting in May 1999 (“Zambia; Economic Growth with Equity”) defined NPRSF as a comprehensive plan generalizing sector investment plans and other poverty reduction efforts.

NPRSF listed the following as five poverty reduction strategies:

- 1) achieving broad-based economic growth through agriculture and rural development;
- 2) providing public physical infrastructure;
- 3) increasing productivity of the urban micro enterprises and informal sector
- 4) developing human resources; and,
- 5) coordinating, monitoring, and evaluating poverty reduction programmes and activities.

In December 1998, based on NPRSF, the National Poverty Reduction Action Plan 1999-2004 was established as a five-year cycle plan. The principle goals of the plan are to:

- 1) to reduce poverty which is currently estimated at 70 per cent coverage of the population of Zambia to 50 per cent by the year 2004;
- 2) to enhance the coordination of all poverty reduction programmes in Zambia that are carried out by the Government, non-governmental organizations (NGOs) and the private sector; and
- 3) to monitor and evaluate the impact of these programmes.

The action plan emphasized the importance of self-help efforts of the poor, and noted support for such efforts.

4. Challenges Confronting Development Plans

4-1 Necessity of a comprehensive development plan

It is now clear that it is unrealistic to compile general development plans on the assumption that the government should (or can) plan and implement ‘all’ aspects. The role of government in development must be limited, and the independence and initiative of private companies, NGOs and local communities should be emphasized. Nevertheless, an integrated, comprehensive plan is still needed in the sense that the government should coordinate and integrate the plans and programmes conducted by each ministry or department. The role of government is

not to do all, but to identify the development needs and to show which part of the government is to take charge of through development plans.

4-2 The necessity of coordination between sectors, and the necessity of cross-sector development plans

Even if comprehensive development plans are not needed, coordination of plans between sectors or ministries is necessary. Even though coordination within the sector is included in Sector Investment Plans, it is anticipated that cross-sectoral coordination is weak, and such a vertical administrative structure may cause harmful effects. It is more difficult to deal with cross-sectoral issues, such as the environment, gender, poverty without coordination (though former five-year development plans and the National Committee for Development Plans did not always functioned as such). Moreover, in the planning and implementation of development, no coordination will bring the disparity between sectors with a Sector Investment Plan and those without.

Among such cross-sectoral issues, the government formulated a five-year National Poverty Reduction Action Plan, which covers all the poverty reduction measures and programmes including Sector Investment Programmes. In this Plan, the Ministry of Community Development and Social Services is in charge of coordination, monitoring and evaluation of all the poverty reduction measures including programmes by the private sector and NGOs. The degree of realization of the Action Plan, however, and the ability of the ministry to coordinate and evaluate are not clear at this point of time.

5. Challenges Confronting Japanese Official Development Assistance

As mentioned above, the characteristics, significance and modality of development plans in Zambia have changed markedly since the 1980s. Under such circumstances, Japan has to make clear its view and stance on the role of development plans in Zambia, on the coordination between assistance and Zambia's own development plans, and on the possibility of assistance in the planning and implementing process of the development plans.

It is also necessary for Japan to determine its attitude toward donor coordination through development plans, toward assurance of ownership of Zambia and toward active participation of stakeholders on the Zambian side. In

other words, Japan must determine its evaluation of SIP and policy for the participation or involvement in SIP. Japan appears to have no objection to the basic ideas of assistance cooperation, assurance of ownership and participation of stakeholders that are the fundamentals of SIPs. Furthermore, Japan needs to look carefully at the effectiveness of the SIPs for the realization of their objectives and to which extent Japan can support them with the present Japanese assistance system. If Japan decides to provide assistance apart from the SIPs, the following points must be made clear:

- *How can Japan coordinate Zambian development plans and Japanese assistance?
- *How can Japan extend aid coordination?
- *How can Japan make a system to promote and assure ownership on the Zambia side?
- *How can Japan promote and assure the participation of stakeholders such as the private sector and NGOs in the planning and implementation of the projects supported by Japan?

References

- Government of Zambia(1990)*Social Action Programme 1990-1993*.
- Government of Zambia(1999)*Economic Growth with Equity: policies of the government of the Republic of Zambia*(Report presented to the Consultative Group Meeting for Zambia convened for 26th to 28th May, 1999 in Paris)
- Harold, P. *et al.* (1995)*The Broad Sector Approach to Investment Lending: Sector Investment Programs*. World Bank Discussion Paper No. 302: Washington D.C.
- Ministry of Community Development and Social Services (MCDSS)(1998a)*National Poverty Reduction Action Plan 1999-2004*. Lusaka.
- Ministry of Community Development and Social Services (MCDSS) (1998b)*National Poverty Reduction Strategic Framework*: Lusaka.
- Ministry of Finance (1992)*New Economic Recovery Programme: Economic and Financial Framework 1992-1994*: Lusaka.
- World Bank, Ministry of Agriculture(1998)*Progress Report on the Implementation of Major Recommendations of the ASIP Mid-Term Review*, Meeting of June 1998.

Chapter 3. Politics and Administration

Masahisa KAWABATA (Ryukoku University)

1. Political Democratization

1-1 The Chiluba Administration and Democratization

When Zambia became independent in October 1964, Kenneth Kaunda, leader of the United National Independence Party (UNIP) was elected as the nation's first president. In December 1972, the constitution that provided a one-party system dominated by UNIP was published and all opposition parties were consequently banned. During the 1980s, the economic depression prompted the Zambian government to ask the IMF for a bailout. In line with the prescriptions set by the IMF, Zambia undertook austerity measures, such as cutting maize subsidies, resulting in chaos in the nation. The chaos prompted the Kaunda Administration to revert to their subsidy-oriented policy. The administration also criticized the IMF and eventually severed relations with the international institution. Then the administration worked out economic recovery programmes on its own initiative, but the programme ended in failure. After winning the 1988 presidential election, the Kaunda Administration devalued the Kwacha, the nation's currency, abolished the price control system, and cut maize subsidies. Although insurgencies and strikes ensued, the IMF and other donors resumed assistance in 1990.

With the mounting public pressure for democratization, Kaunda, in May 1990, promised a shift from the one-party system to a multi-party system. The ban on forming an opposition party was removed in December 1990, labor unions and other groups opposing the UNIP formed the Movement for Multi-Party Democracy (MMD). Frederick Chiluba, who had led a labor union movement opposing one-party rule by the Kaunda Administration, became leader of the MMD. Chiluba wasted no time in gaining public support. In the multiparty elections of October 1991, following the enactment of the new constitution in August 1991, Chiluba was elected president of Zambia, winning 76% of the vote. The MMD gained 125 of the 150 seats of the National Assembly. Although the voter turnout was low, the international election monitors declared the elections free and fair. Because the transition of power was carried out through elections and with little confusion, Zambia was called a "model of democratization."

The reputation of Zambia as a model of democratization, however, was eventually tarnished. In 1992, the Chiluba Administration began to be tainted by graft, prompting some MMD members to defect the party. The administration became notorious for being riddled with graft and corruption. In December 1993, donors expressed serious concern over a series of graft cases involving many incumbent ministers. The Administration reshuffled the cabinet in January 1994. The administration also distanced itself from labor unions, which were its main constituency. Moreover, the administration accepted the Structural Adjustment Programmes by the World Bank and the IMF, cut subsidies for public corporations, worked to privatize or at least streamline public corporations, and began to back out of market and monetary intervention.

Kaunda resigned as head of UNIP in September 1992, but he made a political comeback in October 1994. In June 1995, Kaunda was reelected as head of UNIP, and he announced his candidacy for president in July the same year.

The MMD tried to block Kaunda from running. To this end, the ruling party presented a bill to revise the constitution to parliament in January 1996, inviting backlash from opposition parties. The MMD rammed the bill through parliament in May 1996. The revised constitution had two provisions that effectively disqualified Kaunda from running for president. One provision limits a president to two terms (five years per term). The other provision allows only citizens whose parents must be Zambian to run for president. The constitutional revision heightened the tensions between the ruling and opposition parties.

In November 1996, Chiluba scored an overwhelming victory in the presidential race. The MMD won 131 out of the 150 seats contested, because major opposition parties boycotted the elections in protest against the MMD over the new provisions of the constitution and irregularities concerning poll books. Kaunda said the elections were invalid and called on donors to impose economic sanctions on Zambia. NGOs monitoring the elections said the elections were not free and fair.

In August 1997, Kaunda was shot and injured by police officers. On October 28, 1997, a group of army officers calling themselves the National Redemption Council attempted a coup. They stormed the state broadcasting cen-

ter and claimed to have overthrown President Frederick Chiluba, but the coup was quelled by government troops. This is so-called “the coup attempt.” Then the government declared a state of emergency—which was lifted on March 17, 1998. In December 1997, the government arrested Kaunda and Dean Mung’omba, head of the small Zambia Democratic Congress party, on suspicion of conspiring with the army officers to stage the coup. The United States, Britain and some other countries criticized the Chiluba Administration, saying that the detention lacked legal grounds. In January 1998, the Chiluba Administration formally indicted Kaunda. A few months later, the administration removed him from security imprisonment and placed him under house arrest without any explanation. The administration also indicted 82 soldiers alleged to have been involved in the coup. In June 1998, Kaunda was released from house arrest. The former president expressed his intention to retire from political life—a remark he later withdrew.

The major political parties in Zambia consists of the Movement for Multi-Party Democracy (MMD), the United National Independence Party(UNIP) the United Party for National Development(UPND), and the Zambia Alliance for Progress(ZAP). In the 1996 presidential election. the MMD took primary position of the vote, followed by the Zambia Democratic Congress(ZDC)and the National Party(NP), since the UNIP boycotted the election. In the National Assembly election, the MMD also topped the list, followed by the ZDC and the NP. In the local elections in December 1998, the MMD took 71% of the vote, UNIP 19%, and the UPND 2%. No opposition parties boycotted, but the voter turnout was low. Some electoral districts postponed the election until June 1999 due to heavy rain on the election day. In the June 1999 election, the MMD took 21 seats, UNIP three seats, UPND two seats and other parties one seat. In the by-elections held during 1999, the MMD secured five seats, the UPND four seats and the ZAP two seats. Yet the UNIP and the UPND achieved good results in the by-elections held in December 1999 and January 2000. In recent years, the strength of the MMD has slumped, the UPND and the ZAP are making strides, and UNIP is on track towards recovery.

The MMD, though hastily formed, won the 1991 elections amid mounting criticism against Kaunda. After the elections, business leaders joined the party, making the neo-liberals more powerful than the unionists within the party. Bemba people from the Copperbelt and the north-

eastern part of the country took most of the major portfolios of the Chiluba Administration. Now the MMD has an overwhelming majority in the parliament. The party says it is committed to the modernization and democratization. Opposition parties say the MMD is authoritarian and undemocratic.

After the defeat in the 1991 elections, UNIP became the largest opposition party. Kaunda’s leadership declined and the intraparty struggle intensified. Now the party is mostly divided between pro-Kaunda and anti-Kaunda factions. There is criticism within the party against the authoritarian politics and failed economic policies under the UNIP rule during the 1980s. UNIP has also yet to come up with new policies that can challenge the MMD.

The UPND was formed just before the local election in December 1998. The party made great strides to the position of the third largest party after taking 28 seats. The party leader, Anderson Mazoka, was the Managing Director of the Central African Division of the Anglo-American Corporation. The UPND makes its stance clear to its supporters: the party is not content with UNIP and is opposed to the Chiluba Administration. The UPND succeeded in absorbing defectors from other parties but failed to form an alliance of opposition parties.

The Zambia Alliance for Progress(ZAP)was formed in May 1999. The ZAP comprises the ZDC, the Agenda for Zambia(AZ), the National Citizen’s Coalition(NCC), the Labour Party, the LIMA Party and the National Party (NP) The ZAP says it will field a candidate in the 2001 presidential election as one party.

The other political parties in Zambia, totaling more than 30, includes the Zambia Democratic Party (ZDP)and the Liberal Progressive Front(LPF)

NGOs are drawing attention as players in the process of democratization and civil society building in Zambia. In the mid-1990s, NGOs gained momentum for the democratization and formulation of civil society in Zambia. In March 1996, 27 NGOs held a citizens’ meeting and adopted the citizens’ charter called the “Citizens’ Green Paper.” In defiance of the charter, the government established the new constitution. NGOs including the Inter-African Network for Human Rights(AFRONET), the Zambia Independent Monitoring Team(ZIMT), Hope of Africa, the Foundation for Democratic Process(FDP)are active in such fields as human rights, democratization, issues of minorities, the election system, citizenship education and social awareness. Some NGOs in Zambia are supported by their counterparts in the United States

and Europe.

The relationship between NGOs and the Chiluba Administration became tense. In October 1999, President Chiluba criticized some NGOs, saying that they challenged the government with their financial support from other countries. The FDP refuted the argument, saying that they were committed to democratization, not criticism of the government. The AFRONET said they were denouncing the government because it was doing wrong.

Now the focus is on the general elections scheduled for 2001. Under the constitution, which limits the tenure of the presidency to two terms, Chiluba and Kaunda are not entitled to run. The president Chiluba expressed his intention not to run in the 2001 presidential election in July 1998, but he is rumored to be aiming for a third term. As if to confirm the rumor, Chiluba is blocking moves within the MMD to select his successor. There is an intraparty group that supports Chiluba's third term. Another group opposed to his third term says Chiluba's reelection would go against the constitution and give opposition parties a perfect pretext to criticize the government. The group cites Environment and Natural Resources Minister Ben Mwila as a possible presidential candidate, no one can predict the future outcome.

Also at issue is what action Kaunda and UNIP will take. After being defeated in the 1991 election, Kaunda retired from the political arena. In 1995, the former president made a political comeback. He was taken into custody on suspicion of conspiring with army officers to stage a coup attempt in October 1997. In March 1998, Kaunda was released on condition that he would retire from the political world. Later, he retracted his earlier announcement that he would retire from politics. In March 1999, the Ndola High Court handed down a ruling that rendered Kaunda stateless. Kaunda appealed to the Supreme Court. In May 1999, Kaunda expressed his intention to run in the 2001 presidential election. In response, the Chiluba Administration said in June 1999 that Kaunda was disqualified to run because he was not a Zambian national. In October 1999, Kaunda declared that he would defy the constitution, run for president, and defeat Chiluba. But the UNIP Secretary-General Gray Zulu and other officials in the anti-Kaunda faction said that UNIP must field an alternative candidate to challenge the MMD. They even said that Kaunda should retire from practical politics. The situation surrounding UNIP is unclear now that the party

is divided between the pro-Kaunda faction and an anti-Kaunda faction. The extraordinary party convention slated for December 1999 was rescheduled for January 2000. But the convention was not held in January 2000. The UNIP chairman Malimba Masheke declared his candidacy for the post of the next UNIP chairman, who will run in the 2001 presidential election. Yet UNIP has difficulty deciding whether the party as a whole would push for Masheke. With the backing of Ken Kaira of the pro-Kaunda faction, Kaunda started his presidential election campaign in January 2000. The opposing factions have yet to find a compromise. UNIP has announced that it will hold a fourth extraordinary party convention in April 2000.

Another focus of attention is whether an opposition party alliance will be formed. In December 1999, the Labour Party invited the UPND to join an opposition party alliance. The prospect for a coalition is not necessarily bright. The UPND and ZAP, while increasing their criticism towards the MMD, are apparently hostile towards each other. That is benefiting the MMD.

1-2 "Governance Report" and democratization

The Zambian government in April 1999 drew up the so-called the "Governance Report" (Government of the Republic of Zambia, Governance: National Capacity Building Programme for Good Governance in Zambia, 12 April 1999). This important document for the democratization of Zambia comprises the following parts: (Chapter 1) Overview of Governance in Zambia;(Chapter 2)Human Rights in Zambia;(Chapter 3)Democracy;(Chapter 4) Accountability and Transparency;(Chapter 5)Economic Considerations;(Chapter 6)Capacity Building for Good Governance;(Chapter 7)Main Findings and Actions to be Taken;(Appendix 1)Matrices;(Appendix 2)Short, Medium, and Long Term Programme for Institutional Capacity Building for Governance Institutions and Supportive Bodies.

The Zambian government came up with the report as donors called for a report asserting "good governance" as aid conditionality. Here are the developments leading up to the submission of the report.

Donors decided that the revised constitution and the 1996 elections ran counter to the democratization process, although the Chiluba Administration called both the constitution and the elections valid. Citing the undemocratic

¹ Government of Zambia(1999)

measures the Zambian government took in the general elections, major donors such as Norway, the United States, Britain and the EU froze assistance designed to help rectify the balance of payments in June 1996. Japan followed suit. The IMF suspended the Enhanced Structural Adjustment Facility (ESAF) loans. In February 1997, the IMF started to extend ESAF loans, and other donors resumed assistance in July 1997. After the government issued a state of emergency in connection with the coup attempt in October 1997, donors froze assistance designed to help rectify the balance of payments again.

When the state of emergency was lifted in March 1998, donors pledged 530 million dollars in aid on condition that Zambia privatize the Zambia Consolidated Copper Mines (ZCCM). The United Nations Development Programme (UNDP) announced its "Capacity Building for Good Governance in Zambia: UNDP Support Programme" in May 1998. The meeting of the Consultative Group (CG) in May 1998 focused on the governance issue. At the meeting in Paris, the Zambian government submitted a report on the issue. International NGOs on human rights including Human Rights Watch and Amnesty International voiced their dissatisfaction. These international NGOs criticized the government for such administrative abuses as extra-judicial shooting and torture, recruitment of MMD supporters as police officers, and harassment towards journalists and opposition politicians by the government. The government was forced to ban on torture and reform of the government security forces. With human rights and corruption high on the agenda, donors demanded that the Zambian government come up with a policy on good governance. The Zambian government had no choice but to promise to draw up a report on governance.

The World Bank and the Zambian government released a policy document on governance in March 1999. The next month, the Zambian government completed and released the "Governance Report".

The Zambian government submitted the "Governance Report" to the CG meeting held from May 26 to 28, 1999. At the meeting, donors gave high marks for the report. Zambian Finance Minister Edith Nawakwi, for his part, disregarded reports submitted by NGOs on human rights and criticized donors that supported the NGOs. Legal Affairs Minister Vincent Malambo played down Nawakwi's remarks, saying the remarks did not represent the Zambian government. The Zambian government requested 660 million dollars in assistance. Donors pledged

a total of 630 million dollars in development assistance and assistance for the balance of payments on condition that Zambia improve governance and carry out economic reforms. (For its part, the IMF planned to provide 350 million dollars in ESAF loans over three years.) Under the assistance programme, some 390 million dollars would go to development projects and the remaining 240 million dollars would be used to redress the balance of payments. Donors implied that additional assistance would be possible if they saw substantial progress in privatizing public corporations.

Prior to the meeting, International NGOs such as Human Rights Watch and Zambian NGOs like the ZIMT had distributed documents on human rights. They demanded that donors consider a better human rights record as a precondition for resuming assistance. The CG agreed to hold a quarterly meeting to monitor the Zambian government in implementing the plans laid down in the "Governance Report".

President Chiluba wanted to show donors that the government took the issue of governance seriously. In June 1999, Chiluba put Home Affairs Minister Katele Kalumba in place of Finance Minister Edith Nawakwi, who had continued to criticize NGOs advocating human rights even after his return home from the CG meeting. Nawakwi became labor minister.

Evaluation of the contents and the characteristics of the "Governance Report" is complicated. The Zambian government says the report will help improve governance in Zambia. Yet the report, prepared with the guidance of donors, was designed to please them, although it is good in content. Most Zambian people do not know of the existence of the report, let alone its contents. In preparing the report, the government did not listen to what NGOs and citizens had to say. So citizens could not be involved in the process. Many NGOs including the Inter-African Network for Human Rights (AFRONET) refused to sign on to the report. They said they were not consulted on the report. They also pointed out that the process of preparing the report was not transparent. Only the Zambia Reconstruction Organisation (ZAMRO) signed the "Governance Report".

Some NGOs praised the CG meeting for making Zambia's human rights record and good governance preconditions for resuming assistance, although they questioned the commitment of the Zambian government to these issues. To put the governance principles into practice, the government set up the anti-corruption commis-

sion, the permanent human rights commission, and the independent election monitoring commission. The question is whether these commissions will serve their purposes. At least for the next two years, the Zambian government is required to prove to donors that political freedom and transparency are assured. For their part, donors will monitor the situation every three months. Analysts say that even if the Zambian government has not made substantial progress in improving the human rights situation and governance, donors are ready to extend assistance once stability in the nation is secured. This is because donors put regional stability first. Although Zambia is relatively stable, its neighbors are not.

1-3 Problems in democratization

Zambia was once called a "model of democratization" because it achieved a peaceful transition of power from Kaunda to Chiluba through the 1991 elections. But the democratization process will not be smooth. The path to a democratic government and civil society that supports such a government will be thorny.

Zambia is a republic based on the principle of separation of powers. Yet the power of the president is enormous with its five-year tenure. The bill to revise the constitution was rammed through parliament in 1996 despite resistance from opposition parties, groups of human rights activists, labor unions, churches, independent broadcast stations and newspapers, associations of law practitioners, foreign countries and international organizations. While the 1973 constitution was favorable to UNIP, the 1996 constitution favors the MMD. The 1996 constitution stipulates that the president may dismiss Supreme Court judges for "wrongdoing." In March 1999, a high court ruled Kaunda stateless to prove the judicial independence is being jeopardized. President Chiluba calls himself a firm believer in democracy. He even published a book called, "Democracy: the challenge of change" (a summary of his doctoral dissertation) in 1995. But intraparty democracy is questionable. The MMD members who criticized Chiluba were expelled from the party.

Graft and corruption are conspicuous among ministers and government officials under the Chiluba Administration. Half the portfolios resigned in connection with graft and corruption, although an intraparty power struggle also played a part. In 1993, Home Affairs Minister Sata, Public Works Minister Chibwe, Agriculture Minister Guy Scott, Commerce, Trade and Industry Minister Penza made profits by bid rigging in connection with the Zam-

bia National Tender Board. In 1994, Foreign Minister Mwangi, Community Development Minister Nakatindi Wina and Deputy Speaker of the National Assembly Sikota Wina resigned in connection with drug trafficking. In 1995, Legal Affairs Minister Remmy Mushota embezzled political funds. In 1997, the vice-president of Zambia University resigned after embezzling funds from the university. In the same year, senior officials of the Small and Medium Enterprise Development Agency accepted slush funds. In 1998, Ben Kapita, head of the opposition LIMA Party criticized President Chiluba for using slush funds. And the list goes on. With most ministers also serving as corporate managers, graft and corruption are rampant. An integrated approach is needed to combat these graft and corruption.

What Zambia needs is the rule of law, established fair legal procedures, prevention of abuses of power and fair trials. For example, the government is exerting pressure on some active anti-government NGOs by threatening to retract their status as NGOs. Two suspects died while in custody before the December 1999 conclusion of a trial in which soldiers involved in the 1997 coup attempt were charged with treason.

Public apathy towards elections and politics in general is also a major problem. The voter turnout was 51% in the 1991 elections and it has been declining since then.

There are various reasons for the extremely low voter turnout. For example, the procedure for the registration of voters is troublesome. The distribution of the election registration cards is also often delayed. The voting hours are short, 6:00 a.m. to 6:00 p.m. in a single day. The polling stations are too far away for many Zambians. The voting slips are often unreliable.

To raise the voter turnout, some NGOs teamed up and formed the Network for Civic Education and Election Monitoring (NECEEM) in June 1999. The NECEEM launched a campaign to raise political awareness among the public. The campaign's objectives were to revise the election law and to improve the election system.

Freedom of association and assembly is vital to democracy and civil society and Article 20 of the constitution guarantees such freedom.

In reality, however, freedom of association and assembly often seem to be denied. Police sometimes do not allow people in opposition parties to hold open-air meetings or stage demonstrations, although the ruling MMD seems to be free to do so. When students at Copperbelt University took to the streets in October 1999 in protest

against a two-week delay in meal allowances from the government, police arrested 26 students. When about 500 teachers held a meeting to call for better working conditions in the same month, police blocked the meeting using tear gas.

The Chiluba Administration is often under fire for persecuting leaders of opposition parties. Nevers Mumba organized the National Christian's Coalition in September 1997. When he applied to the government for registration of the coalition as a political party, the application was turned down. Mumba had to change the name of the coalition from "National Christian's Coalition" to "National Citizen's Coalition" before his organization was registered.

The Chiluba Administration seems to disregard the principle of a multi-party system. It does not permit an opposition party alliance to prevent the eventual formation of a strong political party. When the Zambia Alliance for Progress (ZAP), an opposition party alliance, applied for registration as a political party in June 1999, the government refused the application. The government said that the platform of the ZAP violated the constitution. The government argued that the Zambian constitution prohibited individuals from belonging to two or more political parties. The ZAP platform had stipulated that individuals may belong to both the ZAP and one of the parties that formed the ZAP at the same time. The ZAP had no choice but to amend its platform for the registration.

Freedom of the press, freedom of expression, freedom of religion, and human rights are at stake. The government and the MMD generally control the major media and limit people's access to information. The government once harassed the editorial staff and reporters of *The Post*, an independent newspaper. The government even detained journalists. Despite the freedom of religion guaranteed by the constitution, the government declared Zambia a Christian state. An Islamic political party was denied registration as a political party in 1998. As for the issue of human rights, the Permanent Human Rights Commission (PHRC) held a national convention in October 1999. At the convention, the PHRC adopted the national action plan designed to ensure human rights and freedom. The government approved this strategic plan. The question is whether the government will implement the plan and protect human rights in its administrative activities.

NGOs have an important role to play here. AFRONET, which began its activities in 1994, conducts human rights monitoring, makes recommendations to the government,

and raises public awareness of human rights issues. Its publications include the annual "Zambia Human Rights Report," and magazines such as "Southern Africa Human Rights Assessment" and "AFRONET File."

Human rights violations by police and security authorities are rampant. Torture by police is systematic and so widespread that it is called an "epidemic." Innocent people are killed by such torture. Fair investigations into these cases are never carried out. Police use the public order law as an excuse for exerting pressure on citizens who want to hold a gathering. NGOs at home and abroad singled out the issue for criticism and the CG meeting in May 1998 called on the Zambian government to deal with human rights violations. Under pressure from donors, the Zambian government ratified the convention against torture in August 1998.

Deteriorating public security is another concern. As the neighboring countries are plagued by regional conflicts, firearms are finding their way into Zambia. In this context, Former Finance Minister Ronald Penza was shot dead in late 1998.

At the center of the ethnic problems in Zambia are the Lozi people in the Western Province (Barotseland). The British colonial government had approved their self-determination in the Barotseland Agreement. But this was denied when Zambia became independent in 1964. A secessionist movement then became active. In August 1998, the Barotse Patriotic Front (BPF) drew public attention when it defied the government and circulated pamphlets claiming Barotseland's self-determination.

In recent years, people are taking a fresh look at the role of traditional chiefs in local politics. The Zambia Independent Monitoring Team (ZIMT), an NGO, held workshops under the title of "traditional leadership and democracy" between April and June 1997. The Agenda for Zambia (AZ) and the UPND support the autonomy of the Lozi people. To show its support to them, UPND President Anderson Mazoka met with Lozi King Litunga Ilute Yeta in late June 1999.

2. Administrative Reform

2-1 Challenges for administrative reform

Zambia's administrative function and efficiency are insufficient. According to the World Bank:

- The cost-effectiveness of the public services has been declining over the past ten years.
- Employees in the public service sector are not always

skilled although their pay is relatively good.

- Competent employees are not put to good use due to inappropriate human resources management.
- The public services do not meet social needs.

To rectify the situation, Zambia moved towards administrative reform with the help of donors. The government worked on a capacity building programme for the public sector. In May 1999, the Zambian government and donors confirmed the National Capacity Building Programme (NCBP). This comprehensive approach aims to promote decentralization and strengthen public finances. The Zambian government agreed with the IMF to reform the public sector, including the spin-off of the Zambian Wildlife Authority. The World Bank's "Country Assistance Strategy 2000-2002" called for better governance. Strategic Priority II of the strategy focused on four areas: securing transparency and reliability, public sector efficiency and capacity building, local government capacity building, and support for decentralization.

The Zambian government released a document concerning its decentralization policy in 1998. This document aims to improve local government finances and relocate the functions of government employees as part of the decentralization process with maintaining the quality of public services. Although decentralization including stronger local governments is important, the policy framework for decentralization is not yet completed. The World Bank plans to support Zambia in this area. Specifically, the bank is expected to support the Local Development Fund to be established by combining the Social Recovery Fund (SRF) and the Rural Investment Fund (RIF).

2-2 Delay in the public service reform

The Zambian government launched a public service reform in 1992. As part of the reform, the government enacted the privatization law and established the Privatization Agency in June 1992. Starting in 1993, the World Bank and the IMF supported the reform, but their support did not lead to significant results. This prompted the World Bank and the IMF to work out a policy framework paper for the structural adjustment programme for 1999-2001. Donors blamed the slow progress on the lack of commitment of the Zambian government. In July 1997, the Zambian government submitted a draft of the Public Service Reform Programme (PSRP) to the CG meeting. The draft aimed to reduce expenditures, trim public sector salaries, slash government employees (from 139,000

in June 1997 to 80,000 by the end of 1999), introduce new policies and improve performance management systems. In September 1997, the Zambian government formally adopted the PSRP aimed at reducing employment in the public sector, limiting public sector salaries, controlling the public payroll, and improving management. However, the programme has not produced the expected results. Between December 1997 and the end of 1998, the Zambian government cut only 15,500 government employees. The government spent 80 billion Kwacha in the PSRP.

The plan to reduce government officials is confronting big obstacles. The World Bank started to support the PSRP in April 1998. A director general was appointed in early 1998 to oversee the implementation of the programme. In May 1998, the Zambian government submitted to the CG meeting a Progress Report on the Implementation of Zambia's PSRP. The Zambian government planned to cut the number of government employees by 7,000 in 1999 at an estimated cost of 112 billion Kwachas. This plan, however, was not accompanied by social safety nets for, and retraining of, employees let go by the government. In May 1999, a cabinet official said the number of government employees decreased from 139,000 to 111,000, well above the planned figure of 80,000. In October 1999, Deputy Minister of Finance Malambo said that because core workers were excessively dismissed under the PSRP, some ministries had trouble in performing their duties. Malambo also said the government would review the PSRP, although it would cut the workforce by an additional 7,000 as planned. The Zambian government also plans to launch the Public Sector Capacity Building Programme (PSCAP) for 2000-2012 in cooperation with the World Bank, the UNDP, the Department for International Development of the UK, and Irish Aid, the Irish Government's Official Development Assistance (ODA) Programme. The objectives of the programme are: leadership capacity building, public sector capacity building, reduction of the government workforce to an appropriate level, training of government employees, increasing revenues, and improving payroll systems.

3. Relationship with the surrounding countries

3-1 Southern Africa and Zambia

Zambia plays a delicate role in regional economic cooperation in Southern Africa. The nation is a signatory to

the Lome Convention, and also a member of both the Southern African Development Community (SADC) and the Common Market of Eastern and Southern Africa (COMESA)

Trade among SADC nations is not so active except for South Africa, with which Zambia has a trade imbalance. Zambia is in charge of the mining sector in SADC, but it does not seem to be performing its function fully in coordinating various matters among member nations.

COMESA is losing its power to close ranks. SADC is shifting its emphasis from project-based cooperation to market integration and a common market. Because of this, COMESA and SADC are now overlapping. Southern African nations that attach greater importance to SADC are distancing themselves from COMESA. Mozambique and Lesotho have already left COMESA. South Africa and Botswana were not COMESA members in the first place.

With the value of COMESA fading as a regional organization, Zambia is in a delicate position in Southern Africa. This is because Zambia puts a high value on COMESA. The nation hosts the secretariat of COMESA and organizes COMESA meetings.

The Indian Ocean Rim Association of Regional Cooperation (IOR-ARC) was established in March 1997. Its objective is to form a broad-based economic community. Zambia is not a member of IOR-ARC, but it will not be able to remain indifferent to the development of economic exchanges between Africa and Asia across the Indian Ocean. Recently, 14 countries belonging to COMESA, SADC and/or IOR-ARC formed the Cross Boarder Initiative aimed at lifting tariff barriers and liberalizing markets for goods and capital. The 14 countries are Burundi, Comoros, Kenya, Malawi, Madagascar, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Uganda, Tanzania, Zimbabwe, and Zambia.

3-2 Relationship with neighboring countries

Zambia's peacemaking efforts in the civil war in the Democratic Republic of Congo are attracting attention. President Chiluba is serving as a neutral mediator in the war that broke out in August 1998. The war divided the SADC member nations into the pro-Kabila group (Zimbabwe, Angola and Namibia) and the anti-Kabila group (the rest of the member nations). Since Zimbabwe dispatched its troops to the Democratic Republic of Congo, the SADC Organ, which is responsible for the security in Southern Africa, abandoned its peacekeeping efforts.

Then Zambian President Frederick Chiluba, who took a neutral stance, came to the rescue. Chiluba played a leading role in peacemaking diplomacy. The Lusaka Summit was held between June and July 1999, and a truce (the so-called "Lusaka Agreement") was signed. Yet the countries hostile to the Kabila Administration showed reluctance in signing the cease-fire document. It remains to be seen whether both the Kabila Administration and anti-Kabila countries will continue their commitment to the agreement. Donor countries, which put peace and stability in Southern Africa first, praise Chiluba's initiative in the peace process. Skeptics say Chiluba used the Congo civil war to his own advantage. They argue that he just tried to appeal to the international community because he has no opportunity to achieve success in national politics.

The relations between Zambia and Angola are strained over the influx of refugees from Angola, arms smuggling allegations, and a series of bombings in Lusaka. Although Zambia brought the Angola peace process to a successful conclusion in 1994, relations turned sour in early 1999. Angola criticized Zambia for allowing arms to be channeled to UNITA rebels. Zambia refuted the criticism. However, it is possible that some people in Zambia are involved in arms smuggling on an individual basis. In February 1999, a series of bombings rocked Lusaka. American and German intelligence agencies say a secret operation force of the Angola government was responsible for the bomb blasts. In May 1999, intelligence officials of Zambia and Angola had talks through the mediation of Swaziland King Mswati. They agreed to continue defense and security talks between the two countries. Currently Angola's criticism of Zambia is low-key now that the Angolan government is busy coping with domestic problems rather than regional problems. At the end of 1999, the internal conflict in Angola intensified, prompting more refugees to cross the Angola-Zambia border.

Relations with Namibia remain unsettled over the issue of the self-determination of the Lozi people. Skirmishes involving Lozis have been reported along the Zambia-Namibia border in recent years. In April 1999, the governments of both countries criticized the secessionist movement by Lozis. Zambia and Namibia also agreed to work together to contain secessionist activities. Some Lozis in Caprivi Strip, Namibia, are asserting their independence. Under pressure from the Angola government, they have fled to Botswana and Zambia. Right after the talks between UPND President Anderson Mazoka and Lozi King Litunga Ilute Yeta in June 1999, police in

Mongu transferred Lozis from Namibia they had kept in custody to Lusaka, for fear of their connection with Lozis in Zambia. In early August 1999, Lozi secessionists clashed with Namibian troops in Caprivi, and the Namibian government declared a state of emergency in the region. Tensions continue along the borders between Zambia, Angola and Namibia.

4. Relationship with Japan

4-1 Japan and Zambia

Japanese government maintains good relations with Zambian government. From the Kaunda Administration to the present the Chiluba Administration, Japan has been regarding Zambia as a "priority country" in its assistance programmes. The Japanese government cites three reasons for its commitment to Zambia. First, Zambia is an important member of the Organization of African Unity (OAU) and a leader in Southern Africa. Second, Zambia is committed to the Structural Adjustment Programmes prescribed by the World Bank and the IMF. Third, Zambia provides Japan with copper and cobalt. In this sense, Japanese government highly values both countries' good relationship. In December 1999, Japanese Ambassador to Zambia Yoshihiro Nakamura announced a plan to cancel four million dollars in debt. Nakamura mentioned that Zambia was the fourth largest recipient of Japan's Official Development Assistance (ODA) among African countries. He also said Japan appreciated President Chiluba's initiative in the peace process in Congo. Zambia, which is said to have been pro-Japanese since the Kaunda Administration, has been accepting Japan's assistance. The Chiluba Administration evaluates Japan's ODA highly.

4-2 Issues in development assistance

Generally speaking, many donors prefer to attach political requirements (so-called conditionality) when they extend development assistance to developing countries. The actual requirements to be attached are open to debate.

One of the guiding principles of Japan's ODA programmes is support for developing countries committed to democratization and this principle is laid down in Japan's foreign policy towards Africa and in the Official Development Assistance Charter. The ODA Charter announced in June 1992 emphasizes democratization and

human rights as one of its four principles. Japan's Medium-Term Policy on Official Development Assistance announced in August 1999 stresses Japan's commitment to democratization efforts in developing countries.

Japan has been supporting the democratization of African nations and paying attention to the aspect of governance. At issue in Japan-Zambia relations is whether the Chiluba Administration is working toward democracy and "good governance."

In this context, a series of remarks President Chiluba made recently deserve attention. In December 1999, Chiluba said he did not understand good governance and that it is not applicable to Africa. In February 2000, the president said IMF reforms resulted in poverty in Zambia. At the center of his criticism was that the "Governance Report" prepared by the Zambian government was forced upon Zambia by donors.

In fact, the "Governance Report" was heavy in rhetoric and light in substance and little progress has been made in good governance.

How is Japan dealing with the issue of governance in its assistance programmes? The Chiluba Administration evaluates Japan highly, saying that Japan is not forcing democratization and good governance upon Zambia. In December 1999, President Chiluba praised Japanese assistance at the ceremony to hand over the Bauleni (Takamado) Basic School² built with Japan's ODA. The president said although many donors attached many conditions to their aid programmes, Japan was trying solely to help Zambia without attaching any conditions³. Is Japan really attaching no conditions?

It is quite natural that Japan takes a different approach from that of the U.S. and European countries. But this does not mean that Japan's aid policies do not require Zambia's commitment to democratization and good governance as preconditions for assistance. Japan's stance toward Zambia is summarized in Japan's ODA Annual Report 1998. The report says that graft within the Chiluba Administration, its administrative capacity and its attitude towards opposition parties are prompting Japan to think twice about its aid policies for Zambia. The report adds that Japan plans to closely watch Zambia's commitment to good governance in the light of its ODA Charter. In 1997, the Japanese government stopped short of providing assistance designed to boost food production after

² the school was named after Japanese Prince Takamado-no-miya.

³ The Post, December 8, 1999.

some doubts were raised about Zambia's handling of counterpart funds.

Japan should make it clearer that it has serious concerns about the democratization process in Zambia. In particular, Japan should not be indifferent to developments that go against democratization and good governance, such as graft and corruption, unfair elections, violation of the freedom of association and assembly, and violation of human rights. For example, Japan should note that as recently as January 2000, Zambian police used tear gas to quash a demonstration by opposition parties organized to support doctors who had been illegally dismissed.

The principles of governance and the ODA Charter play an important role in reviewing Japan's aid policy toward Zambia. In the light of these policies, Japan joined other donors in suspending assistance designed to help rectify the balance of payments in June 1996. The Japanese government said the Chiluba Administration had not had talks with the opposition parties before revising the constitution. Japan needs to continue to watch political developments in Zambia in view of the ODA Charter. Some observers say President Chiluba will revise the constitution again before the 2001 presidential election to set the stage for his third term in office. In relation to the surrounding countries, the President Njoma of Namibia amended the constitution and was reelected. On the other hand, President Mugabe in Zimbabwe failed to amend the constitution after a referendum. Based on the current constitution, Chiluba cannot run for the Presidency. If Chiluba tries to amend the constitution again, this will trigger a serious crisis. It is necessary to reconfirm the principles of ODA including democratization and good governance.

Japan can provide various kinds of assistance to support democratization and good governance. To build the capacity of the government to achieve the rule of law and good governance, Zambia needs to reform the public service, establish a local governance system, strengthen the tax collection mechanism, develop the legal system, and bolster the financial structure. Japan can help in these fields. As for democratization, Japan can help simplify the election system to boost voter turnout; the complicated system is blamed for the declining turnout. As a traditional society still exists in Zambia, democratization and community development based on tradition and custom are important. In this sense, Japan can support community development including the establishment of community schools through small-scale loans and efficient use of community development agencies.

Japan is not taking a positive stance in policy dialogues with the Zambian government nor at donor meetings. Japanese Embassy and JICA officials miss many of the policy dialogues with the Zambian government and various donor coordination meetings held in Lusaka, including the ambassador-level CG meetings, study meetings on the Sector Investment Programme (SIP), and donor meetings. Although they do not need to attend all of these meetings, they need to attend important meetings and make Japan's stance clear as a leading donor. Through these donor meetings and policy dialogues, Japan should play its due role in the policy formation process for development cooperation in Zambia. To this end, improving the system for economic cooperation and assistance is necessary. This requires capacity building on the part of officials at the Embassy and JICA office in charge of economic cooperation and development assistance as well as adequate personnel distribution. In other words, it is necessary to train and dispatch experts with overall expertise in economic cooperation and assistance and with a good knowledge of the local situation. It is also necessary to define the roles of the Japanese Embassy and JICA Zambia Office establish good coordination between them.

Each assistance project should be flexible and fine-tuned to the needs of Zambia. Critics say Japan attaches stricter "tying" conditions to its grant aid than other donors. They say other donors use construction companies in the recipient countries. In the case of Japan's grant aid, however, local companies cannot receive the contract as a main contractor. In this case, Japan may need to consider loosening the "tying" conditions. Because JICA gives priority to "promotion of the private sector," it is necessary to look at assistance in terms of fostering local companies. Japan also should look into the possibility of working out projects that cover two or more countries in Southern Africa.

Private sector cooperation is greatly needed. Japan needs to study the possibility of using its ODA to facilitate economic activity in the private sector in Zambia and Japan (trade, investment, etc.) and to formulate ODA projects through the initiative of the private sector and local authorities.

NGOs are required to play a greater role in ODA projects. Few Japanese NGOs are working in Zambia. In contrast, international NGOs are playing an important role in Zambia, for example, in the empowerment of local people in the water supply projects in and around Lusaka City. Japan should consider involving NGOs in its ODA

projects, using its ODA funds to bolster NGOs and even contracting out its ODA projects to NGOs. The Japanese government has little experience in helping Zambia build a civil society. For this, the Japanese government should seek support from NGOs.

At the turn of the century, Japan's assistance towards Africa should shift its emphasis to:

- Human-centered development,
- Building an autonomous society based on African culture and the citizen's wishes,
- Alleviation of poverty,
- Symbiotic relations rather than mere aid relations,
- Cooperation with respect,
- Mutual understanding,
- Citizen-to-citizen cooperation rather than government-to-government cooperation, and
- Creation of new ideals.

References

《Japanese》

Ministry of Foreign Affairs (1999)“*Seifu kaihatu enjo nikansuru chuuki seisaku*”

《English》

Afronet (Inter African Network for Human Rights and Development) (1998)*Afronet File: Human Rights and Development Publication.*

Afronet (1999)*Zambia Human Rights Report 1998.*

Government of Zambia (1998a)*Good Governance: Achieving Accountability and Transparency: The Zambian Perspective.*

Government of Zambia (1998b)*Progress Report on the Implementation of Zambia's Public Service Reform Programme: A Paper Presented to the Consultative Group Meeting: Paris.*

Government of Zambia (1999)*Governance: National Capacity Building Programme for Good Governance in Zambia.*

UNDP (1998)*Second Africa Governance Forum: Accountability and Transparency in Africa.*

World Bank (1999)*Zambia: Country Assistance Strategy.*

Chapter 4. Economy

Motoki TAKAHASHI (Kobe University)

1. Introduction—Defining the Problems and Outline of the Chapter

1-1 Understanding the economic problems of Zambia

According to World Bank, Zambia's GNP per capita is 370 US dollars (1997), lower than the average of sub-Saharan Africa, which is 510 US dollars. Zambia's GNP per capita based on parity in purchasing power is 910 US dollars (1997), which is lower than the average for sub-Saharan Africa (1,460 US dollars). Moreover, as much as 84.6% of its population live in 'poverty' according to the definition of World Bank (people whose income is less than one dollar per day based on purchasing power parity).

There is one thing that should not be forgotten when examining the Zambian economy. That is, the current critical situation is the result of a declining process.

Before independence, Zambia had no particular industry except copper, but the copper boom up to the early 1970s brought about tremendous economic growth. The growth secured the political foundation and prestige of Kenneth Kaunda's United National Independence Party (UNIP) government, and enabled it to establish a government-led economic development structure. Zambia enjoyed growth in some manufacturing industries and commercial agriculture, although temporarily. In the mid-1970s, Zambia took pride in a relatively high average income standard in sub-Saharan Africa.

The Zambian economy stagnated because of the sudden fall on international copper prices and an extended low market in the 1970s. According to World Bank statistics, the Zambian population increased at an annual rate of 3.1%, and almost doubled between 1975 and 1997. On the other hand, its GNP grew only 0.04% a year on average, or an increase of 1.1 times in the same period. This means that the average production (income) per capita decreased by approximately 45%².

Such a rapid drop in average income is unusual even in sub-Saharan Africa, whose growth rate is generally low. Besides countries at war such as the Democratic Republic of the Congo (former Zaire), only a few countries such

as Côte d'Ivoire, Nigeria and Niger have recorded a sharper drop than Zambia. It is evident that a special approach must be taken to Zambia. The approach must be different from the one taken to Mozambique, which has recorded the world's highest growth rate since the end of the civil war, and from that towards rapidly-growing countries in Southeast Asia.

Both the growth and stagnation of Zambia are derived from its heavy dependence on copper. Zambia's old and new challenge is to free itself from this dependence on the copper industry by utilizing the benefits from it. However, the heritage of the copper industry is declining, and now the heritage itself is an obstacle to development. Just like other sub-Saharan African countries blessed with natural mining resources, the heavy dependence on a single resource has caused a strain in the incentive system for the domestic economy, which has disrupted the development of other industrial sectors. In short, Zambia has been suffering from what is called 'Dutch disease.'

After the independence, the Kaunda-UNIP government had been recognized the necessity to overcome its dependence on copper, but his government was founded on the basis of the government-owned copper industry and government-led resource allocations. Consequently, his attitude to economic reform was half-hearted and inconsistent. It was only after the political reform through democratization in 1991 that economic reform came into its stride, when political power shifted from Kaunda's UNIP to Frederick Chiluba's Movement for Multi-party Democracy (MMD).

1-2 Beyond the negative legacy

This chapter focuses on economic reform in Zambia after democratization. As long as Japan's efforts in international cooperation and policy negotiation are designed to support and supplement the Zambian economy, the review of economic reform is indispensable. The first point of review is the status of economic reform as a process to eliminate the negative legacy of the era of the governmental leadership in the economy and financial matters and Zambia's dependence on copper.

The second point is whether the ongoing economic and

¹ The World Bank (1999). World Bank defines 'poverty' as daily income less than one US dollar a day (incorporating parity in purchasing power)

² The World Bank (1998)

development reform can contribute to the long-term development of the country, especially to the establishment of a market economy. Overcoming the negative legacy is quite insufficient to escape from the current severe conditions and to proceed with future development. The market economy in Zambia is in a germination period because this country had virtually no other industry than copper and a government-controlled economy. However, the market economy is the only way for Zambia to be able to continuously reallocate domestic resources according to sectoral profitability in an extremely fluctuating environment. Only by doing this can Zambia be free from the historic rigidity of resource allocation in a long term.

Another determining factor for economic reform is poverty, which is the most important issue for development. As mentioned above, Zambia has been suffering the unusual decline in national living standard since the 1970s. In spite of temporary growth of average income due to the copper boom, the recent depression of living standard has a significant implication for the people who are suffering serious poverty since the colonial era. What is worse, current economic reforms are depriving some sections of the population of the benefits of government intervention. This can be called 'the second wave of poverty.' In this sense, Zambian economic reform can be subject to criticism.

The following part of this chapter consists of 6 sections. Section 2 examines the initial conditions of development in order to clarify the problems in development and economic policies. This section also refers to the problems revealed before the economic reform by the MMD government. Section 3 discusses the outline and current status of economic reforms as a way to overcome past problems. Section 4 provides a critical review of the current economic reform policy. Section 5 defines the objectives that the future reform policy should achieve. Finally, section 6 provides recommendations for Japan's development assistance policy.

2. The Zambian Economy and its Problems before Economic Reform

2-1 Initial conditions for the development of Zambia

(1) Problems in resources endowment

Before reviewing Zambian development policies, it is necessary to examine initial conditions, including the endowment of production factors.

In general, sub-Saharan Africa is relatively abundant in land and labor compared with capital (including human capital in terms of technology and knowledge). Exports and development become efficient when these wealth factors are made the most of. Based on this idea, the Structural Adjustment Programme has placed a priority on agriculture rather than industry, and on labor-intensive light industry rather than capital-intensive heavy industry.

The problem is that the copper industry requires huge capital investment for its management and development, which has not yet been accumulated in Zambia (The copper industry itself will be referred to below in this chapter and Chapter 5). The existence of the copper industry does not fit endowment-oriented development at all. It can be called a kind of 'enclave.' The copper industry may have had more influence on Zambia than a mere enclave, as discussed below, but in any case, the existence of the copper industry cannot be regarded as a heaven-sent opportunity.

The population density of Zambia is only 12.7 inhabitants/km² (1997). Not only Zambia, but sub-Saharan Africa in general, has been considered to have an abundance of land in comparison with labor as well as capital. It has been said that this abundance enabled extensive agriculture to prevail, such as shifting agriculture, and therefore, no technology or inputs were necessary. The abundance of land has been considered to provide a promising basis for the potential of agriculture in Zambia.

However, these views on agricultural development in sub-Saharan Africa are changing. The definition of relative abundance of land must take into consideration the richness of the soil³. This is similar to the viewpoint that skill needs to be included as part of an assessment of labor, and that quality-oriented concepts (such as human capital) need to be included in production factors.

Zambia has no deserts, mountains or jungles, and seem-

³ See Cleaver, K.M. and Schreiber, G.A. (1994).

ingly a lot of unused arable land, but it is doubtful that this country is relatively 'rich' in lands that can be utilized. It is necessary to consider why relatively few people have settled in Zambia in its long history of population movements. The issue of soil conditions will be discussed in Chapter 6 in detail.

(2) Undeveloped market economy

The former sub-Saharan African development strategies looked merely at resources endowment as a initial condition of development, and they ignored the existence and the kinds of institutions and systems. Obviously it is necessary to consider the relative resource endowment. The purpose of economic reform and the Structural Adjustment Programmes is to reallocate and utilize inefficiently distributed resources, and in the end to establish a system for continuous automatic reallocation of resources — that means functioned market economy. Zambia, however, has never experienced a process of the development and diversification of domestic private industries (i.e. advanced social division of labor). Zambia's problem is that the country does not have the required system in which a market economy mechanism can work to distribute resources throughout the whole society. Figuratively speaking, there has been consideration of the muscles and bones of society, but not about the nervous, digestive, or circulatory systems.

Even if policies for foreign exchange and domestic prices could successfully provide incentives for resources allocation, because Zambia has no system for resources transfer and reallocation, the transfer and change of factor inputs will not achieve what the policies intend. Moreover, Zambia has not experienced an advanced market economy at national economy levels, neither developed an administrative system for it. Therefore, the challenge for Zambia is not the remodeling of a system, but the establishment of a system itself.

2-2 Dependence on copper and the 'Dutch disease'

(1) Significance of the copper industry

In Zambia's development, the value of the copper industry has particular significance. Although the proportion of other exports goods has increased recently, mining products—copper and its by-product cobalt—have amounted to more than 90% of Zambia's total exports since the colonial era. The copper industry bears about

10% of added-value, and provides tens of thousands of jobs, including related industries. The industry is also the most important in terms of foreign currency earnings.

In spite of its importance, the copper industry has caused instability and a downward trend in the economy. As mentioned in 2-1(1), the copper industry needs intensive input of capital which Zambia lacks. Copper is not an ideal product to lead industrial development based on its resource endowment.

The copper industry is an 'enclave' in a sense. It started from vast, intensive foreign investment in the middle of the colonial era when there was no industry except commercial agriculture carried out by a limited number of settlers. But we must recognize that copper had a huge influence on other industries and the whole national economy. Because profitability (or capital productivity and labor productivity) of the copper industry was outstanding in Zambian economy, all production factors and input resources, including the labor force, strongly absorbed towards the copper industry. Other industries, and even politics and administration, were formed on the basis of the country's dependence on copper.

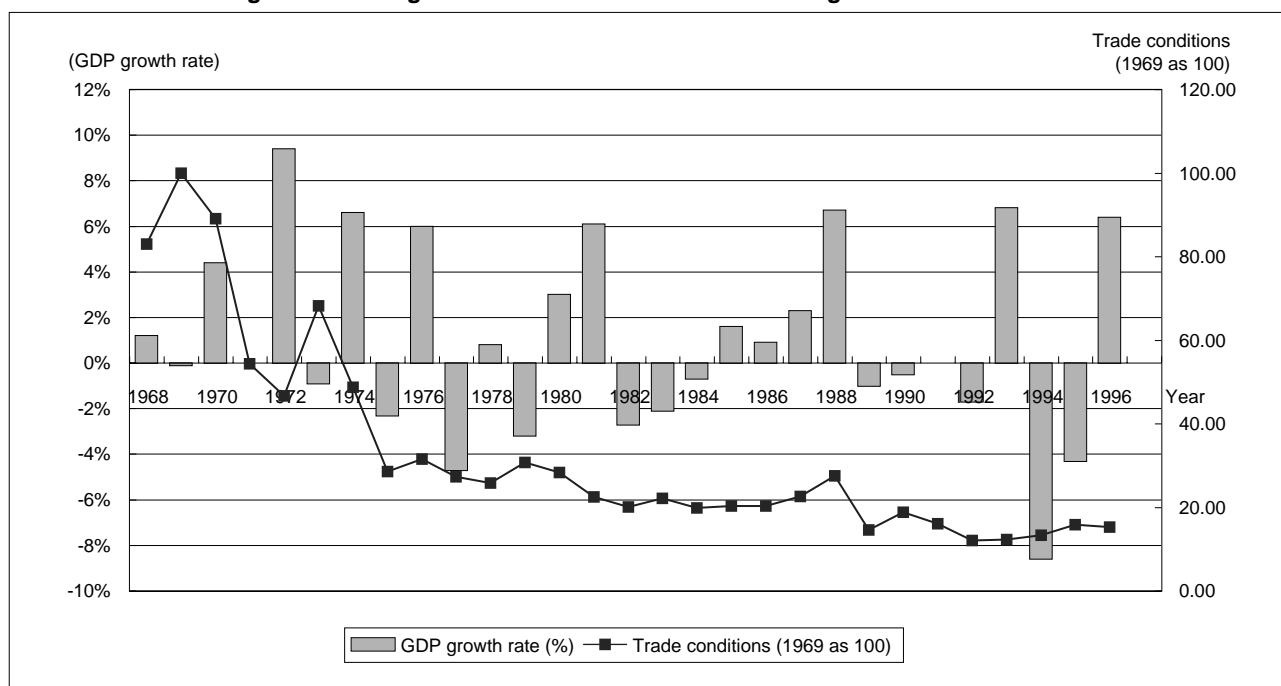
When reviewing the backgrounds for Zambian exports to be so focused on copper ('copper mono-culture'), the external dependence factors (capital) and the particular place of copper in the Zambian economy and its negative influence on other industries must be recognized.

(2) Dependence on copper and the Zambian model of the 'Dutch disease'

Right after the independence of Zambia, the market for primary commodities was relatively active. The copper price increased substantially until the mid-1970s, which was a kind of boom period. The new Zambian political and economic system was formed under this boom situation, in which copper maintained high profitability and led to high foreign currency earnings. For Zambia at that time, which had no noticeable industrial sector besides some commercial plantations and limited manufacturing, it was natural to rely on the benefits of the fortunate copper boom. Actually the expansion of the copper industry stimulated certain domestic manufacturing industries and commercial agriculture, but many problems arose later.

Retrospectively viewed from the end of the 20th century, the copper boom left a negative legacy rather than benefits, combined with a rigidity in the government-led economic system. The main problems can be enumerated

Figure 4-1 Changes in trade conditions and the GDP growth rate of Zambia



Source: World Bank (1990) pp.626-627, World Bank (1998) p.89.

as follows.

- 1) Due to an excessive dependence on copper, the international copper market determines the state of the whole Zambian economy
- 2) Massive inflows of foreign currency brought by copper exports accelerated Zambia's dependence upon imported products.
- 3) Though it means another side of 2), copper became dominant in foreign currency earnings, and strengthened Zambia's currency, the Kwacha, and deprived competitiveness of other export industries.
- 4) Import dependence of whole economy led to an intensified dependence on foreign loans, resulting in debt crisis.
- 5) The relative prosperity of the copper industry gave rise to the concentration of management resources and the labor force (both skilled and unskilled) on this sector.

The government conducted a job creation policy in governmental organizations and public enterprises to meet the job demand that persisted from the colonial era. This caused rapid urbanization. Such a concentration of human resources and urbanization in a sense deprived the agricultural and rural sectors of resources in the long run.

In this way, the copper boom and Zambia's consequent dependence on copper made the Zambian economy unstable and sensitive to the international copper market. The international copper price determined the performance of the Zambian economy, including its growth rate. Over time, as copper prices declined, Zambia's growth rate also suffered a decline (see Figure 4-1 and 2-4(2)).

Copper is imported mainly by advanced countries and Asian industrial countries to be processed. So its demand relies on the business conditions of these countries. Typical examples are the beginning of stagflation in advanced countries triggered by the First Oil Crisis in the mid-1970s, and the economic crisis in Asia in 1997-98. Whenever the demand for copper falls, the Zambian economy is influenced. In the long run, because of the development of good alternative materials such as optical fiber, no further increase is expected in the demand for copper. The prospects for the copper industry are therefore gloomy. The pressing need for the Zambian economy is to shift away from its dependence on copper.

These are not the only elements of the negative legacy of the copper boom. Dependence on imports, overvaluation of the currency and an imbalance in resource allocation (especially the labor force and human resources) has caused a strain on the economy, and re-

stricted the development of other industrial sectors. This is a typical 'Dutch disease' condition in which the faltering development of one particular primary commodity is causing paralysis of other industries and the whole economy of the nation. The accompanying introduction of foreign capital and loans led to the debt crisis after the stagnation of the copper industry.

(3) Government-led development and the failure of a policy of independence from copper

The necessity of economic independence from copper was recognized by the Zambian government early on. Even before independence, the Sears Report in 1963 proposed a policy of agricultural development to diversify Zambia's industrial base. The Second National Development Plan for 1972-77 gave priority to an increase in agricultural production, and the Third Plan for 1979-83 to rural development⁴.

However, for a long time, no effective, consistent policy was conducted to correct the resources concentration on copper and the urban sector. The reason can be found in the history and structure of the Kaunda-UNIP administration which had been in power since independence.

Like Tanzania and other allied nations, the Kaunda-UNIP administration aimed to nationalize key industries including copper, and ultimately to establish a government-led economic structure with substantial control, intervention and subsidization.

Such an economic structure was sought not only because socialist development policies were dominant in sub-Saharan Africa at that time, but also because the political history of Zambia from the colonial era needed such a structure. Before independence, Northern Rhodesia (former name of Zambia) was a member of the Central African Federation (the Federation of Rhodesia and Nyasaland) with two other British colonies, Southern Rhodesia (present Zimbabwe) and Nyasaland (present Malawi) Its foreign currency earnings were totally managed by the Federal and British governments. Northern Rhodesia provided a good market for the industrial products of Southern Rhodesia. So as the first step after independence, Zambia had to take the economic initiative back from non-Africans, to become self-supporting, and to urgently improve the national living standards.

Through nationalization and controlled intervention, the Kaunda-UNIP regime took the leadership in economic

management of the new-born country. It promoted job creation in the governmental and public enterprise sectors as well as the subsidization of consumption (mainly for the staple foods) in order to establish a resource allocation system. The copper boom, together with Kaunda-UNIP's ingenious control of the public mood, enabled him to promote his intentions, at least temporarily, and fortified the basis of his regime. Due to Kaunda's clever control on his reputation and resource allocation, finally a government-led economic structure was established in which governmental agencies and public companies occupied 80% of the formal economy.

In order to back up state-owned enterprises, the government regulated the economy, especially the financial sector, in various ways including exchange rate allocations, lending rate restrictions, and credit allocations. Needless to say, these measures inhibited the incentive of economic entities, and interrupted the development of production and exports.

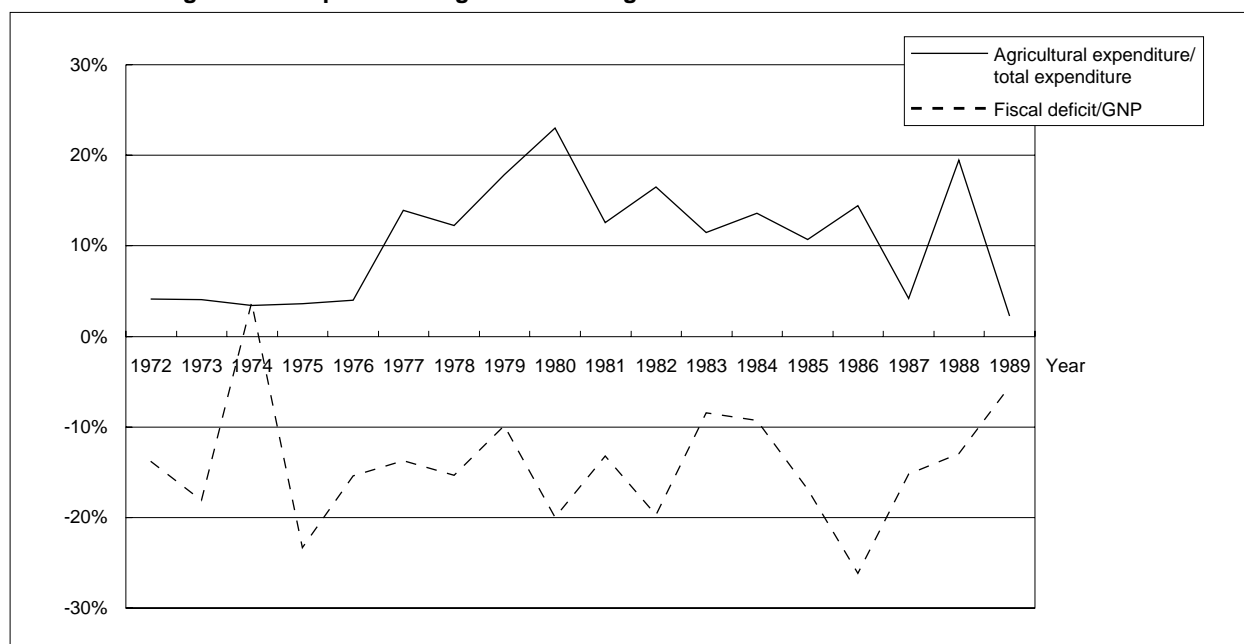
When copper price slumped in the mid-1970s, what the Zambian government should have done was to undertake resource reallocation for economic liberalization before the benefits of the copper boom had become dissipated. The government should also have reformed the systems dependent upon copper earnings, to correct the dependence upon imports, limit excessive employment and reduce subsidies on consumption.

However, such reforms were the last thing the government could do. The dependence on copper and governmental controls were built in to the political and economic structure of Zambia to support the authority of the Kaunda-UNIP regime. The governmental controls on the economy had already created huge vested interests, such as the government elite, the employees of public enterprises, and other urban residents. Additionally, there were keen conflicts with the white government of Rhodesia (present Zimbabwe) and the apartheid regime of South Africa, and these external factors made changes in domestic policies difficult. Achieving desirable economic reform also meant demolition of the basis of the Kaunda regime.

However, it would be unfair to ignore the positive values of the government agencies and public sector under government-led development. In one way, they were able to improve national living standards to some extent in terms of health, medicine, and education. A stable food supply based on subsidies and job creation by government-

⁴ Mitsuo, O. (1995)

Figure 4-2 Proportion of agricultural budget and fiscal deficit - GNP ratio of Zambia



Source: World Bank (various years), International Monetary Fund (various years)

tal agencies and the public sector secured a livelihood for some of the population, mainly workers in the urban formal sector, even if the gap with the rural population and informal sector expanded.

2-3 Urban concentration and the unbalanced political emphasis on the urban economy

The urban concentration of population and labor is one of the most serious problems caused by the 'Dutch disease' due to Zambia's dependence on copper, as mentioned in 2-2 (2). Zambia has the highest rate of urbanization (the proportion of urban population to the total population) in sub-Saharan Africa. According to the World Bank, the urbanization rate for Zambia was 39.8% in 1980, which was the second highest behind South Africa (48.1%), besides small countries with less than a two million population. The rate was as high as 43.3% in 1996, although some other countries recorded higher urbanization rates.

Such abrupt urbanizations are closely related to the unbalanced development of the copper industry and government-public corporation sector.

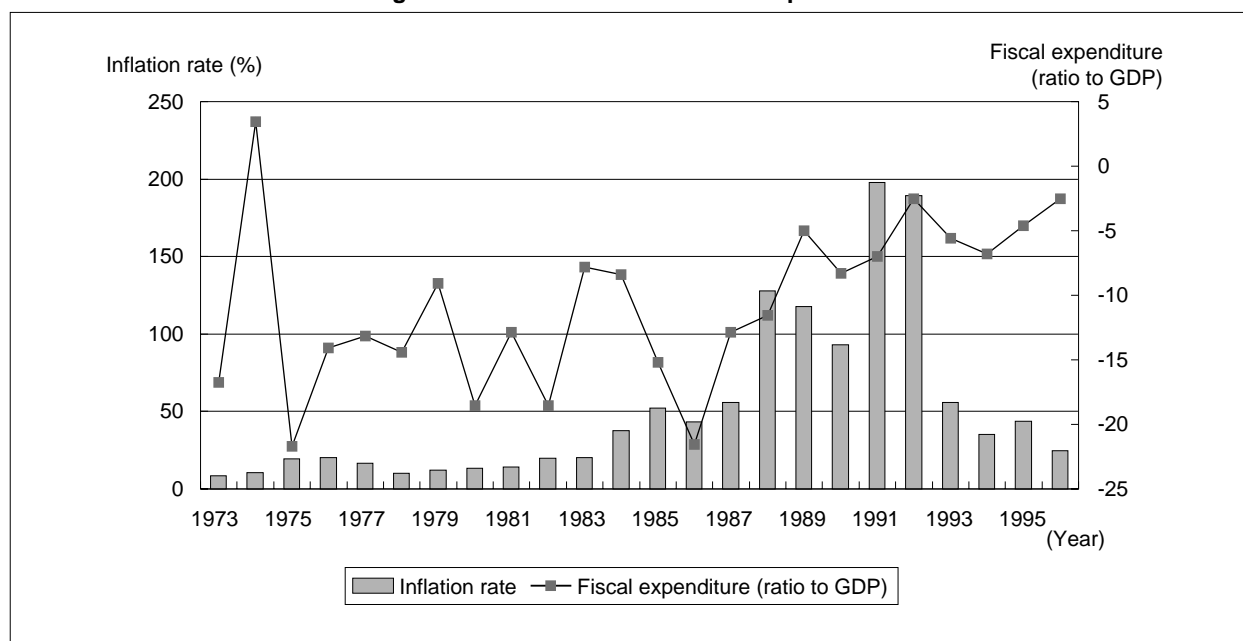
The flow of population from rural to urban areas is prominent in Lusaka, the capital city, and the Copperbelt Province including Kitwe, Ndola, Mufulira and Luanshya. Without doubt, the development of the copper industry and job creation in governmental and public sectors absorbed the rural labor force. It is remarkable that the flow

of labor occurred on a larger scale than the capacity of such formal sectors to absorb them. This is because rapid urbanization swelled the urban informal sectors which include numerous unemployed and semi-employed people.

The urbanization process in Zambia until the 1970s is a typical example of Todaro's labor migration model. Rural workers, especially the younger generation, move to the city attracted by job opportunities and high wages in urban formal sectors. But in reality not all of them can find a job, and the rest stay in the informal sector waiting for an opportunity in the formal sector. Most of them live in the slum. Migrant workers expect not only a job opportunity (expected possibility) but also the high wage they might get if lucky enough. So even if the job opportunity in formal sector is limited due to the high capital intensity and the exclusivism of labor unions, when the wage is high enough, workers keep on coming in at the risk of being unemployed in the informal sector.

The wage and working conditions of copper-mine workers in Zambia were highly privileged. This is because the copper industry is capital-intensive, and its labor-productivity is quite high. Also, the Zambian copper industry had exceptionally strong labor unions for sub-Saharan Africa. According to the Todaro Model, as the copper-mine workers improved their working conditions using their organizational power, ironically the number of urban unemployed and semi-employed population increased.

Figure 4-3 Inflation rate and fiscal expenditure



Source: World Bank(1990)pp.626-627, World Bank(1998)p.46, p.189, World Bank(1995)pp.740-741.

This had a serious impact on Zambian society and economy both in urban and rural areas, due to the following processes;

1) Urbanization meant disengagement of human resources from the rural areas. Workers who moved to the city had relatively high education standards, but such workers were indispensable for agricultural and rural development.

2) Living conditions in urban areas quickly became worse. The social infrastructure and housing supply could not catch up with the rapid increase in urban population, and extensive slums formed around the major cities, including Lusaka. Primary schools had more students than their capacity, or implemented double or triple lessons. As a result, the poor social infrastructure is carrying too great a burden.

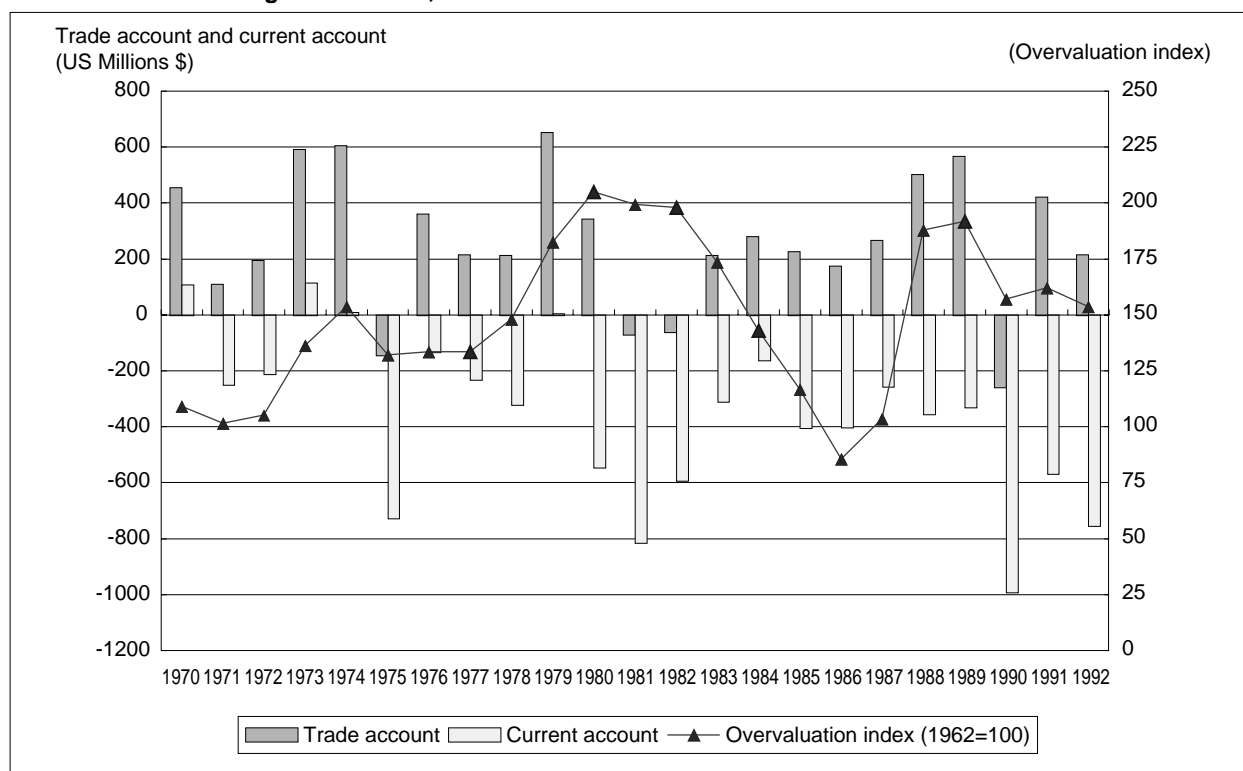
The tight state finances for the provision of the capital for the social infrastructure made the situation worse. Moreover, the urban living environment worsened due to the previous partial, sporadic investment in social infrastructure. For example, building a water and sewage system or a medical facility in a slum to improve the living environment made urban life more attractive for rural people. The population flow accelerated, and living conditions paradoxically became worse. This is a kind of vicious circle. According to theory, comprehensive mea-

asures including rural development are necessary in order to solve urban problems.

3) The urban concentration caused a dilemma for the Zambian government, which was promoting rural development. Its fiscal expenditure was under heavy stress. A typical example is the subsidy to maize, the staple food. The government could not leave the urban residents, whose central force was the labor unions of the mining industry, without good access to food, because that would have been a political threat to the Kaunda-UNIP regime. From the viewpoint of agricultural and rural development though, it seemed necessary to stabilize the purchase price of maize at a high level. Furthermore, with the intention of promoting national integration, a uniform nationwide purchase price was set without considering its production place. The only way to fulfill the two requirements, food supply at low price and a good stable purchase price, was that the government devoted vast amounts to subsidies. Inevitably, the staple food subsidy became the main reason for the financial deficit, and the biggest obstacle to economic reform. Figure 4-2 shows that agricultural expenditures, which include the staple food subsidy, are directly linked to the financial deficit.

Urbanization has caused serious problems in the Zambian economy. Recently, due to the dullness of the formal economy including the copper industry and the personnel reductions in the governmental and public sectors, the rate of urbanization is slowing down. These days, a return of

Figure 4-4 Trade, current account and overvaluation index of Zambia



Note 1: The overvaluation index is related to Zambia Official exchange rate.

Note 2: The data are calculated using the price index and official exchange rate in each year.

Source: World Bank (1990) pp.626-627, World Bank (1995) pp.742-743.

people from urban areas to work in agriculture is occurring. But this does not mean that the process of urbanization has been totally reversed, nor that rural areas are regaining the necessary human resources. It is not so easy for labor and human resources to be reintegrated into rural areas once they have been attracted by urban life under the influence of the 'Dutch disease,' comparing with its reverse case.

2-4 Macro-economic imbalances (financial deficit, inflation, current account deficit and debts)

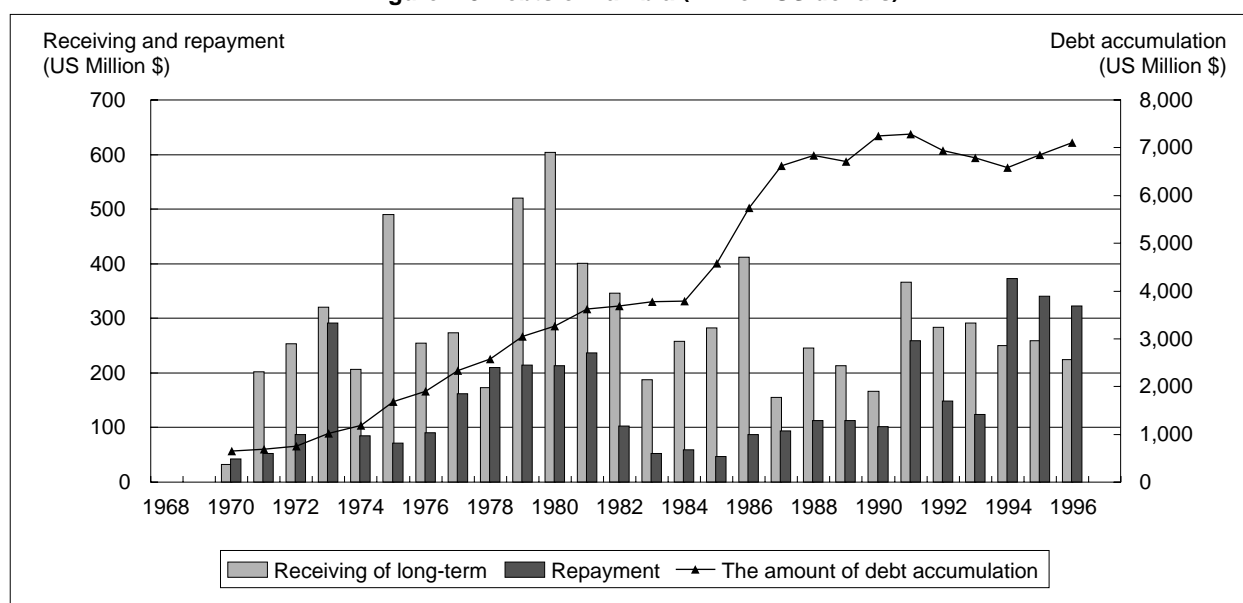
(1) Macro-economic imbalances and domestic political and economic structure

The former political/economic structure was characterized by a dependence on copper, government initiative, and overemphasis on urbanization. Such a structure naturally caused a chronic imbalance in macroeconomics. The copper boom and policy trends favoring cities expanded consumption-oriented government expenditures, such as swollen employment rolls and food subsidies. These were based on the substantial revenue from the na-

tionalized copper industry, which collapsed with the sudden end of the copper boom. However, political conditions did not allow a cut in such expenditures. The result was a considerable financial deficit. The only way of overcoming the deficit was to take out domestic and foreign loans. The Zambian government tended to rely on government loans from the central bank (Bank of Zambia), i.e. additional issuance of currency, because Zambia's fiscal credibility was declining and the domestic money market had not developed. Inflation expanded as a result. In the single year of 1991, in the later part of the Kaunda-UNIP era, loans from commercial banks increased by 264%, and that from the Bank of Zambia by 652%. The money supply rose by 98.2% in the same year, and inflation recorded a rate of 118% (see Figure 4-3)

When the inflation rate rose excessively, the real interest rate became negative due to political controls. It lost its meaning as an index of capital allocation. The long-term downward trend in copper exports earnings implies the same trend in the foreign currency earnings of Zambia. The credibility in the Kwacha which had fixed exchange declined, and the Kwacha came under the pressure of consequent devaluation. As a result, inflationary ex-

Figure 4-5 Debts of Zambia (million US dollars)



Source: World Bank (1990) pp.626-627, World Bank (1998), World Bank (1995) pp.742-743.

expectations mounted. The devaluation pressure is obvious in the exchange rate overvaluation shown in Figure 4-4. After the drop in copper prices in the early 1970s, overvaluation continued until the mid-1980s when foreign exchange was partially liberalized.

The dependence on imports, which resulted from a poor production infrastructure and consumption-oriented policies, made it impossible for the Kaunda-UNIP government to devalue the Kwacha for economic control. It was abundantly clear that import inflation due to the devaluation would have a serious impact on the economy, politics, and society. Of those who depended on imports, the most affected were urban residents and industries in the formal sector (most of them were public enterprises), and at the same time they also have the strongest political influence on the regime.

Under such circumstances, it was impossible to take orthodox measures to stabilize the macro-economy, such as devaluation of the currency and budget austerity measures. The result was another macro-economic imbalance; a deficit in the international account (current account).

There were no copper earnings, no orthodox control measures, and the deficit in the current account was left as it was. Consequently, external debts to cover the deficit were snowballing.

(2) Trade conditions, growth rates, current account and accumulated debts

Zambia's commodity trade conditions (export prices di-

vided by import prices) have worsened over a long period mainly due to the decline in international copper prices (see Table 4-1). Compared with the best price conditions in 1969 (100%), the relative price level in 1992 was only 17.2%.

The growth rate has also been declining over the long term. This is not only due to the direct cause, which is the decrease in exports themselves, but also to the decrease in investment for production due to the shortage of foreign currency and financial revenue from copper exports. This is discussed in detail in (3) below. The overvaluation from the 1970s to the 1980s was another factor in the decline of total export earnings.

It is noticeable that the Zambian trade balance is in the black, in spite of there being such a long-term decline in export earnings. The current account, on the other hand, has persistently been in the red, and this deficit has been expanding (Table 4-4 shows the current account, excluding public donations). The gap between the trade account surplus and the current account deficit is derived from the huge deficit in the balance for the service sector. Especially, the expenditures for insurance and transportation services and the payment of the interest on loans, dividends and returns on investment is often enormous, and far beyond the trade surplus. Note that the cost of transportation and insurance is large because Zambia is an inland country and isolated from overseas markets.

Other than direct investment, foreign loans and assistance are the only things Zambia can rely on to make

up the deficit. A consequence of the growing deficit was accumulation of debt and excessive dependence on assistance (See Figure 4-5). Zambia was locked in a vicious circle in which the payment of interest on huge debts aggravated the current account even more.

The government, which had been the largest borrower, suffered a heavy burden of repayments. Especially in 1986 and 1991, when many loans were due, more than 30% of total government expenditures were spent in the repayment of debts.

(3) Investment and saving

Total domestic investment in Zambia declined from the 1970s to the 1980s, in terms of both the ratio to the GDP and the absolute amount (real value). This had a serious long-term and mid-term significance for the productive capacity of Zambia.

There are several reasons for the low-level and continuous lowering of investment in Zambia. One is the limitations on the flow of foreign currency, as mentioned above. The difficulty in the international account led to shortages of foreign currency needed for imports. Because Zambia basically relied on imports for capital goods, the shortage interrupted investment a good deal.

A typical example is seen in the copper industry, which relies on imports for excavators and transporters. Actually the drop in the price of copper was not the only reason for the long-term decline of copper export earnings. Investment was held back due to the decline in copper earnings, and mining equipment became run down. Development of new deposits was delayed. The output of copper itself stalled or decreased, and earnings fell off again. Here was another vicious circle. Of course, not only was the copper industry affected, but also the general infrastructure such as transportation, communications and electricity was run down, due to the lack of investment in maintenance.

Another reason for low investment is the low savings rate, which has been decreasing in proportion to the stagnation of economic growth. This is equal to the decrease in domestic primary capital. The savings rate of Zambia in 1970s often recorded near 20%, but it felled to 8.5% on average in the 1990s.

The third reason is the underdeveloped system to collect foreign and domestic primary capital and to relate the capital to investment efficiently. This will be discussed in detail in the following section on the market economy system.

Another reason that can be pointed out is that foreign investors lost interest in Zambia, because of its long-lasting economic stagnation, exclusive and regulatory political intervention by the authoritative government, unstable macro-economy and run-down infrastructure.

2-5 Resource concentration in governmental/ public enterprises

As mentioned in 3-2-2 (3), the government-led development brought by the development objective and political process was based on nationalization of industries and the establishment of public enterprises. The extreme example is Zambia Consolidated Copper Mines (ZCCM) , a united company of several mining and refining facilities made in the colonial era. It is noteworthy that in nationalizing ZCCM, existing foreign capital from Europe and South Africa was not driven away. Instead the Zambian government obtained 51% of the stocks to secure management. That is, foreign companies including Anglo-American Corporation Ltd. of South Africa kept their rights in ZCCM even as minority shareholders.

The number of public enterprises founded under the Kaunda-UNIP government came to 280, covering most industries in the formal sector, such as copper, electricity, transportation, communications, finance, commerce and tourism. It was generally said that 80% of the formal sector was dominated by public enterprises. Although similar government domination of the economy was observed in many African countries before the Structural Adjustment Programmes, the level in Zambia was as high as 80% because the development of its private sector economy was far behind.

Public enterprises took no account of market rules or profitability. Their inefficient management had no long-term plans or prospects. It was natural that most of them fell into poor financial conditions. Typically, ZCCM suffered from such a deficit that it could not afford replacement of equipment or the development of new deposits. To make up the deficit, some public enterprises at first issued bonds in the markets. But basically, besides some political financing from national banking organs, they could not help but rely on fiscal compensation. That became another reason for the fiscal deficit.

Viewed from a different angle, these public enterprises performed the function of political resource allocation through the creation of employment. In spite of serious poverty among those who were not employed in the formal sector, the labor unions of public enterprises such as

ZCCM became very strong. It was politically out of the question to adjust employment for the control of fiscal conditions. Such rigid behavior of public enterprises has obstructed a flexible reallocation of the production factors of labor according to the changing profitability of sectors. However, it should still be noted that this situation secured the living standard of employees in the formal sector to some extent.

2-6 Unorganized systems and human resource development

(1) Undeveloped market economy

Zambia lacks systems necessary for the development of a nation-scale market economy, including a system for resource allocation. Specifically, a deficiency is observed in trade rules under legislation such as the commercial law, in the permeation of the monetary system, in the production factor markets of labor, capital and land, and in the development of various markets for goods and services. These elements must be considered when we analyze Zambia's economy and examine our development assistance policies.

A typical example of undeveloped systems of market economy is Zambia's capital market (=financial market). Production needs labor and land as well as capital, but capital is special because money—a medium of capital—has functions of scale and exchange value, and because money is easy to circulate. Therefore, an economic entity that has capital can get any resources that are for sale immediately. When shifting from one productive activity to another, capital transfer is the easiest means of resources transfer.

Unlike a village society where the physical transfer of labor, land and goods is easy and fast, an integrated national economy needs a capital market system which allows efficient internal allocation and transfer of resources. For example, systems such as a stock market which enables the issuance and circulation of stocks as a direct financial measure of companies, and a stock exchange as the center of the exchange economy are needed. In socialistic sub-Saharan African countries, government-owned banks were established to excess under the name of development, because they were a measure of indirect financing easily connected to credit creation by the government. A stock exchange, which directly reflects profitability or incentive for investment in industries and companies, was not established.

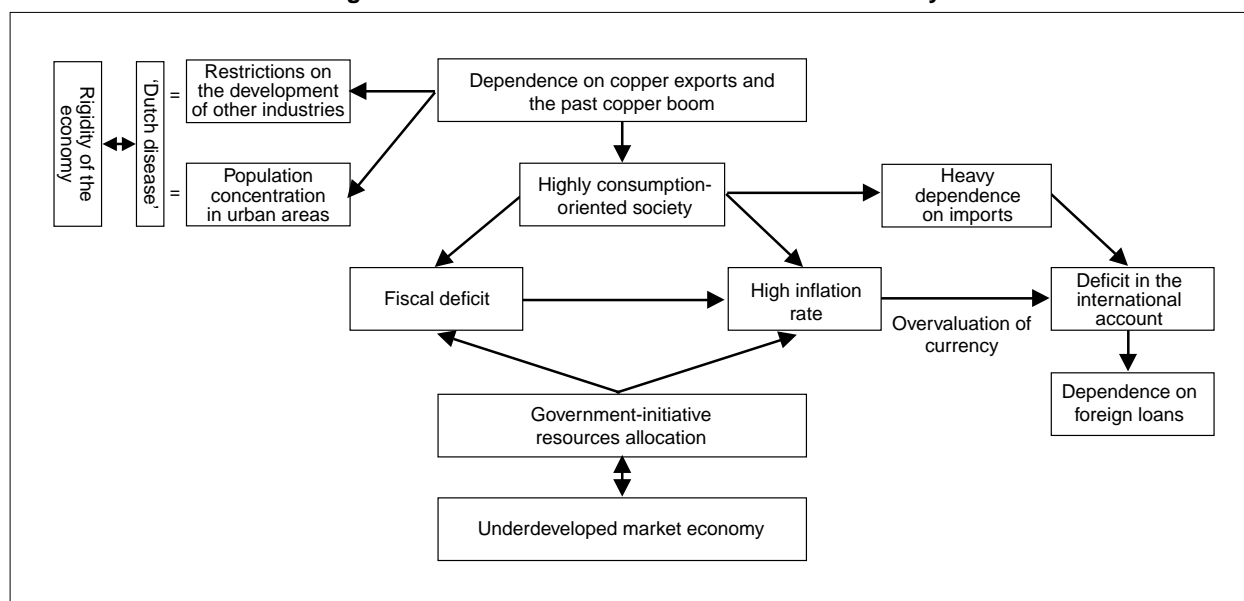
In Zambia, however, there are not many commercial banks of state owned or banks whose major stockholder is the government. In 1992, out of six commercial banks, two were state owned. The reason why Zambia didn't make so many national banks is probably that many of the funds for public enterprises were raised by cross-subsidy through governmental finances. Commercial banks, however, were under the strict regulation and intervention of the government such as control of the lending rate, in order to support the interests of the government and public enterprises.

A system for direct financing did not develop at all in Zambia. While the Nairobi Stock Exchange in Kenya has a history from 1954 in the colonial era and was once a model of liberal economic development in sub-Saharan Africa, the Lusaka Stock Exchange in Zambia was established in 1994, forty years later.

The underdevelopment of financial markets is evident in low indexes of financial depth, such as the ratio of money supply to GDP. Generally, the ratio increases when a market economy develops and people and companies subsequently depend on a monetary economy and financial markets. The ratio for Zambia in 1990 was 23.8%, which was lower average for sub-Saharan Africa of 33.3%, while high-income countries (advanced countries) have a ratio of 94.6%. When people (households) have trust in and easy access to the money and financial system of their country, the private savings rate which is appropriated in the national income account will be pushed upwards. When, on the contrary, money is unstable and the system is underdeveloped, as seen in Zambia, the savings rate will keep on decreasing.

In the presence of such a superficial financial system, the central bank does not have many systematic strategies to control the financial system. That is, the market of alternative financial measures to currency is too small for open market operations to become effective. Furthermore, because commercial banks were protected from insolvency and liquidation under the government-led development system, there has been no accumulated experience in overcoming bankruptcy, which is necessary for a dynamic market economy. At the same time, safety-net systems have not been established for the protection of the financial system itself and its credits. (Although scale and quality are totally different, Zambia and Japan in the 1990s have a similar problem. The decisive difference is that Zambia has no history of the development of a financial system based on market mechanisms.)

Figure 4-6 Mechanism of Zambia's economic difficulty



Source: Original

Zambia did not develop another safety-net system to support the transfer of labor between sectors (e.g. unemployment insurance, job introductions, vocational retraining, etc.) This is because employment was not adjusted according to the finances of companies, and because industries in the formal sector did not diversify. The lack of this safety net is serious when those who lose their job in the formal sector are immediately confronted by serious poverty.

Although the land system needs special consideration, the former government did not promote privatization and market-making based on the formal principles of the market economy.

(2) Legal and administrative system

It can be fairly said that the underdevelopment of the market economy means the lack of governmental administration for such an economy. The lack of safety nets in the financial and labor markets as mentioned above is a good example. Moreover, there was no legal and judicial system developed to back up the market economy. Zambia is in need of the development of civil laws, a company law including handling bankruptcies, a bills of exchange law, a stock exchange law, a grievance mediation system (judgment and mediation), an insurance system, an accounting system, a patent system, etc. Zambia actually has such laws and systems, but they were just inherited from the old colonial power, Britain, without modification. They have not been reshaped in accordance with the de-

velopment of a market economy in Zambia.

In Zambia, about 80% of the formal sector was dominated by deficit-ridden governmental/public enterprises, and people outside this sector live in poverty that is getting worse. Under these circumstances, Zambia's source of revenue was extremely limited. The copper boom right after independence helped the government secure revenue, but at the same time it diminished the government's incentive to expand tax sources.

The government could not capture corporate earnings and individual income and market trade. The government's tax collection capacity was also limited. In other words, its poor tax standing was derived from poverty and an undeveloped market economy. This then became the structural factor for the chronic fiscal deficit after the copper boom was over.

2-7 Conclusion

Here I would like to conclude the discussion so far, with reference to Figure 4-6.

The former Zambian political/economic system was formed on the basis of the government-led resources allocation and on dependence on the copper industry. Seeing that the economy was tossed up and down by the international copper market and the stagnation of the copper industry, such a structure should have been corrected at an early stage. The excessive dependence on copper gave rise to a resources imbalance such as the rapid increase of urban population and the concentration on gov-

ernment/national companies. The unfair overvaluation of the exchange rate interfered with the development of other industries. Even after the abundant revenue from copper was lost, resource allocation dependent on copper was not corrected. This made the macro-economic situation unstable, increased the dependence on external debts, and later resulted in a heavy burden of repayments.

The separation of resource development from the dominance of copper and the development of alternative industries was difficult, obstructed by vested interests as a part of the political/economic structure as well as the government-led economic system and the undeveloped market economy. Diversification of the industrial basis was substantially delayed. Investment necessary for the long-term reinforcement of production was noticeably dampened.

Consequently, the Zambian economy continued to decline as if in parallel with the international copper market. The only way to rescue Zambia from such a long downward trend was to correct the dependence on copper and the government-led economic/development system, to establish various industries based on agriculture and to achieve new economic resource allocations within the market economy framework. The concentration of resources in urban areas should have been dealt with, and rural development should have been promoted.

However, the Kaunda-UNIP government could not conduct any reform that would have meant the demolition of its own political and economic base. It only ran about in confusion between various policy options. Economic reforms to overcome the negative legacy began only after democratization, when the Chiluba-MMD regime took over.

The economic reforms after the change of regime will be reviewed and evaluated in the following sections.

3. The Progress and Outcome of Economic Reforms

3-1 The concept and framework of the Structural Adjustment Programmes

(1) Framework of the Structural Adjustment Programmes and Zambian economic reforms

As of 1999, the Zambian government is tackling economic reforms and the Structural Adjustment Programmes with the help of the World Bank and IMF. The Structural Adjustment Programmes has been promoted through

many complications since the 1980s. It must be significant in terms of overcoming the negative legacy mentioned in 2-2, apart from whether it can contribute the long-term development of this nation. Firstly, I will consider the framework and progress of the Structural Adjustment Programmes in Zambia.

There are two main elements in the Structural Adjustment Programmes of the World Bank and IMF.

One is a policy for stabilizing the economy. It aims to correct the macro-economic imbalances such as inflation, fiscal deficit and international deficit by introducing currency devaluation, budget and finance austerity and other measures. These are IMF's traditional approach for short-term stability.

The other consists of policies for the Structural Adjustment Programmes in a narrow sense. While the stabilization policy is for the demand side, the Structural Adjustment Programme in a narrow sense is addressed to the supply side. An economic crisis among developing countries, especially low-income countries, occurred after the 1970s, and could not be solved only by the short-term policies on the demand side. It has had to be treated with extensive policies with the supply side in view. This is obvious in the case of Zambia.

The World Bank and IMF adopted policies to reduce government intervention as much as possible in order to appeal to the supply side. This intervention has interrupted the function of the market-economy mechanism and the activities of private economic entities. The WB/IMF policies can be reasonably classified as follows, although other classifications are possible.

- (i) domestic deregulation
- (ii) external liberalization, especially liberalization of trade and capital transactions
- (iii) privatization
- (iv) streamlining of the governmental sector

Its concept can be largely defined as economic stabilization and structural change in a narrow sense. These two elements are, however, closely related each other, in case that the Structural Adjustment Programmes takes a long process as in sub-Saharan Africa including Zambia. In order to achieve and maintain balanced finances, it is necessary to solve the problem of wasteful expenditures and to privatize and liquidate inefficient public enterprises.

In the process of the Structural Adjustment Programmes, some groups in the society lose the benefits

they have enjoyed under the influence of the former policies. Because in sub-Saharan Africa the governments had a wide range of functions, the impact of the Programme is spread far beyond the elites with vested interests. Living costs are pushed up by various factors; such as unemployment due to the rationalization and privatization, the introduction of the principle that beneficiaries should pay for services provided and the abolition of subsidies. Usually, all these impacts give greater stress to the poor and vulnerable groups. This is what is called the negative social aspect of the Structural Adjustment Programmes. In the late 1980s, criticism to World Bank and IMF became clamorous, and such policies as the resolution of social issues and the refurbishment of social safety nets were added to the Structural Adjustment Programmes.

By the end of the 1980s, it became generally recognized that the Structural Adjustment Programmes had not been effective enough to activate the domestic and foreign private sectors and to reinvigorate the whole economy in sub-Saharan Africa. The focus of argument was the functions of the governmental and administrative bodies. For example, the Structural Adjustment Programmes would not succeed unless the government doesn't have a commitment to benefits for the whole society. The activation of the private sector requires human resources development, the supply of basic infrastructure, and the establishment of the rule of law and appropriate legal system by the government. Otherwise orthodox Structural Adjustment Programmes could have no positive result. The World Bank and IMF therefore added to their policy menu new fields such as economic governance and institution building. This is considered to be a shift to a second generation of the Structural Adjustment Programmes in the 1990s.

As a result, the Structural Adjustment Programmes in the 1990s includes various elements such as; (i) domestic deregulation, (ii) external liberalization, (iii) privatization, (iv) streamlining of the government, (v) dealing with social aspects, (vi) restructuring of economic governance, (vii) various institution building and (viii) maintenance of macro-economic stability.

Such framework of the Structural Adjustment Programmes was necessary to solve the negative legacy in Zambia as discussed in 2-2. The importance of economic stability was self-evident, in view of the macro-economic imbalance and confusion under the former government. The introduction of a market economy through structural change in a narrow sense is expected to take resources

back from the copper industry and the government/national companies. Ultimately it will lead to the continuous resource reallocation to the sectors with higher social benefit. The question is how the Adjustment Programmes have been actually conducted.

(2) Past circumstances

The Structural Adjustment Programmes and economic reform in Zambia originated in the 1980s, when the conditionality of structural adjustment loans caused serious concern to the Kaunda-UNIP regime. This laid the ground for the political shift in 1991. Generally speaking, such policies accompanied by the Structural Adjustment Programmes as budget austerity, sliming down in the public sector and liberalization of economy can be a political challenge for any government. In the case of Zambia, the partial liberalization and devaluation of foreign exchange and the cut in food subsidies gave rise to particular problems. This was because Zambia was heavily dependent on imports and because the economic interests of the urban population had a great political influence.

It was in 1985 that the World Bank provided a sector adjustment loan for the first time to Zambia, and in 1986 it provided a full Structural Adjustment loan. However, Zambia had already relied on IMF's credit facilities since the 1970s in order to make up its shortage of foreign currency. In the early 1980s, as the Zambian debt crisis was deteriorating, the World Bank and IMF practically began their joint policy according to the prescription Structural Adjustment Programmes.

In 1985, the government ventured into the foreign exchange auction system to meet the aid conditionality by the WB/IMF, and partially liberalized the foreign exchange market. In the next year, the subsidy for maize, the staple food, was reduced in part. Unfortunately, these two policies were severely unpopular to many people including urban residents. The auction system devalued the Kwacha greatly, and accelerated inflation conjointly with the liberalization of various prices. The subsidy reduction led to a shortage in the supply of maize and an increase in consumer prices. Finally, in December 1986, the biggest riot ever after independence was staged by urban residents, and the government could not help but recall the reduction of the subsidy.

After denouncing the agreement with IMF, the Zambian government introduced its own New Economic Recovery Programme, and started a fixed exchange rate system, price controls and a unilateral debt moratorium. However,

Zambia definitely lost the trust of donor countries, and the result of the original programme was a tragic failure. The government turned back to the WB/IMF policies. In 1990 it adopted the Structural Adjustment Programme once again, expecting the future reestablishment of assistance from the WB and IMF. The most important issue required in the process of relation-repairing was the reduction or abolition of the maize subsidy and the liberalization of maize prices and marketing. The government also adopted the dual exchange rate system and conducted partial liberalization again. This meant allowing the coexistence of government and private exchanges, and admitted ZCCM to holding 55% of foreign currency earnings and other companies to holding 50%. The price of maize again rose and riots occurred again in June 1990.

The criticism of the government became caustic around 1987, led by the Zambia Congress of Trade Unions. Frederik Chiluba, Chairman of the ZCTU started to advocate a shift to a multiparty system in 1989, and so the riot in June 1990 was tinged with criticism of the Kaunda-UNIP government. That was the beginning of the victory of Chiluba's MMD, that is, the breakdown of Kaunda-UNIP government.

The Structural Adjustment Programmes meant that the government itself tried to correct the government-led form of development and the consumption-oriented expenditure for urban residents in order to meet the requirements of the World Bank and IMF. Of course people were totally unconvinced that the government could overcome vested interests of every social stratum on the basis of the economic crisis, without defining its responsibility for the crisis. Opposition against the reform was reinforced, not only because the approach to economic reform was artless and inconsistent, but also because foreign donor countries did not support the reform. Since Kaunda-UNIP government was not able to predict such reactions of the people, the reform couldn't make a remarkable progress and failed to thoroughly explain the potential social benefits of the reform. Not all foreign donors were cooperative in undertaking the measures necessary to prevent too severe a drop in currency through adequate foreign currency support.

All of this resulted in distrust by the people in Kaunda's reform policy, and consequently in his regime itself.

(3) Full-scale Implementation of the Structural Adjustment Programmes by the Chiluba-MMD Administration

Zambia's democratization and the birth of the Chiluba-

MMD government was not just a part of the swell of support for multiparty politics which expanded all over the continent at that time. The Kaunda-UNIP government failed to reform the political and economic system and vested interests structure. Rather, the Kaunda-UNIP government killed itself because it had no fixed view of economic reform and could not convince the people. In other words, Zambia's democratization was an inevitable result of domestic factors. Kaunda regime fell into a trap set by Zambia's own political/economic structure and imposed the burden of economic reform on the people, thus shirking its responsibility. The defeat in the election was a no-confidence vote by the people to the government which was going to avoid its responsibility..

Right after the inauguration, the Chiluba-MMD government issued its Economic and Financial Policy Framework 1992-1994. The Framework mostly followed the prescription by the World Bank and IMF. Since then, the government has consistently promoted economic reform and the Structural Adjustment Programmes, and achieved fair results. A couple of factors made it possible.

The first is that the World Bank/IMF has improved its prescriptions after learning from past experience. For example, it proposed a schedule of gradual tariff cuts, and formulated a Social Action Programme to cope with the social impacts of the Structural Adjustment Programmes.

The second factor is that Chiluba-MMD government commitment to the Structural Adjustment Programmes was firm and consistent. There was opposition to the liberalization and rationalization of the national sector by the labor unions which led democratization. There were also some small, sporadic urban riots in opposition to budget austerity under conditions in which there was a lack of improvement in living conditions. However, Chiluba's commitment to reform did not suffer fundamental turmoil. It seems that the government had a rigid belief that there was no other way than to follow the WB/IMF to avoid being ostracized by the world society. The nation was in the middle of a general trend towards marginalization in sub-Saharan Africa at that time, while suffering serious economic difficulties.

The third is that Chiluba-MMD government has been stressed that some sacrifices are inevitable for the reform, and also blamed Kaunda for the failure of reform. Though it is too abstract, this can be said that the regime expressed its strong commitment to accountability. Especially in the early stages after the inauguration, this approach seemed effective. Recently, however, national living standards

have not been improving at all and corruption among political leaders is often reported. Chiluba's approach is reaching its limits.

Next, the current conditions of the economic reform by the Chiluba-MMD regime will be reviewed.

3-2 Macro-economic stability and fiscal policy⁵

(1) Inflation rate

Within the eight years after the birth of the Chiluba-MMD government, one of the most evident achievements is the control of inflation. The inflation rate of 191.2% in 1992 was reduced down to 18.6% in 1997. Of course, this figure is still very high in comparison with advanced countries and those in Southeast Asia. In 1998, due to the dull copper market which is said to have originated in the financial crisis in East Asia, Zambia's inflation rate again rose up to 30.6%⁶. Additional efforts and examined policies are needed to control inflation. Details will be discussed below.

Chiluba-MMD government should be praised for the reduction in inflation. There are several reasons for this success. One is the effect of liberalization of foreign exchange transaction following the devaluation of the currency. In spite of temporary import inflation just after the introduction of such policies, the exchange rate dropped enough to meet the expectations of every economic entity.

The other important reason is that the budget deficit was brought under control. The Bank of Zambia does not have to issue the currency for loans to the government any more, and the control of the money supply became free from obstacles. The Economic and Financial Policy Framework in 1992 declared a limit on the growth of money supply to 25% in response to the past unchecked money supply and its consequent inflation. Although the limitation has not always been maintained (the increase rate of currency and currency equivalents from 1993 to 1997 was 41.0% as an annual average⁷), it is true that the control became much easier due to the budget balance.

(2) Reduction of the budget deficit

The proportion of the budget deficit to the GDP became worse; from -2.6% in 1987 to -4.3% in 1998. However, the current budget turned positive; from -7.3% in 1987 to

1.4% in 1998. The main reason for the present budget deficit is the debt repayment burden.

This favorable turn to a balanced budget became possible with the abolition of the staple food subsidy which once accounted for several dozen percent of the expenditure, and due to the reduction in compensation to public enterprises for privatization and liquidation.

The government also introduced the Cash Budget System in 1993. In this system, a department cannot commit any expenditure without proof of cash or a balance at the bank. This also contributed to expenditure controls.

The government began to make efforts to increase tax revenue and introduced a value-added tax in 1995, but there is not much room left for an immediate increase in tax revenue. Fiscal revenue increased in proportion to the GDP from 18.4% in 1992 to 21.2% in 1994, but again decreased to 18.1% in 1998.

Partial improvement in the current budget is one good result of the Structural Adjustment Programmes. However, it must not be forgotten that most of the revenue is provided by foreign countries (grants) and that loans are building up heavy interest payments (4.1% of GDP in 1997 and 3.3% in 1998).

(3) Deficit in the international account and debt accumulation

In spite of the devaluation of the exchange rate followed by the shift to the floating system and monetary policy tightening, the current account deficit has not shown any sign of reduction. Its proportion in relation to the GDP was 3.7% in 1996 and 6.2% in 1997. As well as the decrease in copper earnings, the increase in imports promoted by foreign currency assistance from donors is a factor contributing to the deficit. Another factor is the payment of interest on the growing debt.

Actually, the burden of debt is heavy. The balance of the external debts of Zambia surged to 690 million US dollars in 1998, which is 6.7 times as large as its exports. The debt repayment ratio (the proportion of repayments to the export of goods and service) in 1996 was 21.8%, and 18.3% in 1997 (See Figure 4-5).

Actually, the biggest problem of the Zambian macro-economy at this point of time is correctly said to be this burden of debt.

⁵ in this section, figures are quoted from the dates provided by the World Bank (1999a) unless otherwise notified.

⁶ This inflation rate is from the data of Bank of Zambia, which is slightly different from that of the World Bank.

⁷ Calculation based on IMF (1999)

(4) Liberalization of the financial sector and institution building

As mentioned above, there were strict regulations on the financial sector under the former government, such as business regulation, lending rate regulation, credit rationing, etc. The Chiluba-MMD regime placed stress on the liberalization of the financial sector as a part of its economic reform policy. The interest rate regulation was removed in 1992. The financial sector was opened up through the liberalization of foreign exchange between 1992 and 1995. An auction system was introduced for government bonds, and the price of the bonds came to be decided by the market.

As a result of business liberalization, commercial banks increased in number from six in 1992 to twenty-two at one time. The number of financial organs other than banks such as insurance company is also increasing. However, due to the lack of management experience and keen competition, six out of 22 banks are currently suspending their business because of the increase in bad loans. As of August 1999, 16 banks are in business. This situation resulted from the instability of the undeveloped financial sector as a part of the market economy.

The priority for the Zambian financial administration is how it can establish the credit of investors and depositors in the financial system as a whole, while building a framework of free money trading. In this sense, the Bank of Zambia (central bank) has a significant function. The Banking and Financial Services Act amended in 1994 defines the organization, operation, ownership and accountability of the bank. The Act transfers the financial supervisory function from the Ministry of Treasury to the central bank, and provides for intervention procedures in the case of liquidation, default and mergers.

It is remarkable that the real interest rate turned positive on account of the control of the inflation rate and the liberalization of interest. This should be regarded as an important step to win confidence in the Zambian financial system.

(5) Investment and saving

The proportion of total domestic investment to GDP in Zambia, which once dropped to 11.0% in 1991, recovered up to 13.1% in 1997, supported by the flow of external assistance. The total domestic savings rate, on the other hand, remains on the same level; 8.4% in 1991 and 9.1%

in 1997. These figures are not large enough to cover total investment⁸.

According to the World Bank, about one-third of total domestic investment is public investment by the government and the capital for this investment is mostly from assistance. In short, Zambia supplements its low savings rate by assistance and pushes up investment.

The fundamental reason for the low savings rate in comparison to gross domestic product is the underdeveloped resource allocation systems, especially the financial system, and the weak confidence of the people in such systems. This will be discussed in 3-4 in detail.

3-3 Internal deregulation and abolition of subsidies

Since 1992, the government has promoted a hands-off approach to regulations in various domestic sectors, focusing on price liberalization, privatization and market access by private companies. More about deregulation will be discussed in chapters on individual sectors.

The most noticeable in this sphere is the abolition of the staple food subsidy and the liberalization of food distribution. These were the hardest and actually fatal problem in economic reform for the former regime. Let us look briefly at this good example of liberalization here.

Right after installation, Chiluba-MMD regime resolutely raised the consumer price of the staple food, maize, and expressed his intention to abolish the maize subsidy and the liberalization of food marketing. The former was carried out by 1994, and the latter was basically realized by 1995. It goes without saying that liberalization did not only have positive impacts on producers and consumers. Consumers had to give up controlled low prices, and producers were forced to face an ever-changing price instead of a stable purchasing price. These realizations clearly showed Chiluba-MMD regime's commitment to economic reform, and promoted the confidence of donor organizations. The cut in the subsidy lightened the burden on the government finances to achieve fiscal balance.

The government still has a role in strategic food storage, but the purchase and release of food are now conducted through private enterprises.

The liberalization of product marketing such as maize should have been accompanied by liberalization of the market for inputs such as fertilizer. However, it has not

⁸ These figures are based on the World Bank (1998).

been fully liberalized, and there are some indirect subsidy systems. This is because the marketing system should be based on the government's approval, the infrastructure for food production is still weak, and its procurement mostly relies on assistance.

3-4 External liberalization of foreign exchange and trade

(1) Liberalization of foreign exchange

As mentioned in 3-1(2), the issue of foreign exchange and exchange rates were the most difficult problem in Zambian Structural Adjustment Programmes.

Chiluba-MMD regime decided to devalue the official exchange rate by 30%. He also adhered to a policy of unifying the dual exchange rate adopted towards the end of Kaunda regime through the liberalization of foreign currency exchange. In 1993, the foreign currency auction system which was under the control of the central bank was gradually abolished. This meant the unification of the exchange rate. In 1994, exchange regulations were repealed, except the foreign currency earnings of ZCCM. Moreover, bank accounts denominated in a foreign currency were permitted in 1995, and the full holding of foreign currency earnings by ZCCM was allowed in 1996. This completed the liberalization of foreign exchange.

(2) Liberalization of trade

The achievements since the government started its reform efforts includes the removal of export tariffs, the reduction of import tariffs, simplification of the tariff structure, and the abolition of an import declaration surcharge (5% of the price).

The Economic and Financial Policy Framework in 1992 stipulated a gradual reduction of tariffs. In accordance with this, phased reductions and the reorganization of the tariff system have successively been carried out. As a result, the tariff rates, which were 65% at the highest and 21% at the lowest in 1992, were reduced to 25% at the highest and 0% at the lowest in 1998. At the end of 1998, the average rate was about 11%. The tariff structure is now simply composed of four levels (0% for capital goods, 5% for raw materials, 15% for intermediate materials and 25% for consumer goods).

The Zambian government intends to reduce the highest rate down to 20% so that the average rate will come close to 10%.

3-5 Privatization of public enterprises

The Zambian government, in accordance with the Economic and Financial Policy Framework, started the privatization of public enterprises with the introduction of the Privatization Act in June 1992. Under the Act, the Zambia Privatization Agency was established to plan, coordinate and promote privatization.

Public enterprises in Zambia, including ZCCM, are the central pillar of the former political and economic structure as described in 2-3(2). It was obvious that many capital-intensive major enterprises could not be privatized without the participant of foreign capital. This meant giving up the Zambianization (or Africanization) policy in place since the time of independence. A typical example was ZCCM. The cooperation with Anglo-American Corporation Ltd., an existing major stockholder, was deemed to be necessary for the privatization of ZCCM, but the enterprise capital was from South Africa towards which Zambia had been hostile over its apartheid policy. Naturally, privatization gave rise to strong political opposition and negative opinions.

Personnel retrenchment due to privatization was strongly resisted by labor unions which provided the main support for MMD administration.

Because privatization was the first large-scale project for Zambia, it took a long time for its technical preparation. This is the reason that full-scale privatization did not take place until 1995.

After this and up to 1999, most public enterprises were privatized or liquidated in some manner. The move towards privatization seemed a matter of course. In fact, however, various difficulties hindered the privatization of ZCCM and many other major capital-intensive enterprises.

As repeatedly mentioned, the copper industry has been the mainstay of the Zambian economy as well as the cause of what is called the 'Dutch disease'. Therefore, the key issue of privatization was the restructuring ZCCM, which was expected to settle ZCCM's deficit and thus remove the burden on national finances and the economy.

The management of ZCCM had remained in a poor condition due to stagnation in market and lack of the necessary investment for development as pointed out in 2-4(3). As a result, negotiations with AAC and other investors did not proceed favorably.

Nevertheless, the negotiations concerning ZCCM's privatization are scheduled to finally reach full agreement by March 2000, assisted by the World Bank group.

First, the sale of Nkana mine, Muhurira mine and their associated facilities (except Nkana refining facilities) to Mopani Copper Mines in February 2000 was decided. Mopani Copper Mines is a joint venture between Canadian private enterprise, Swiss private enterprise and the Zambian government. The Zambian government will hold a 10% share of the joint venture.

Second, the sale of Konkola mine, Nchanga mine and their associated facilities to Konkola Copper Mines in March 2000 was decided. The Konkola Copper Mines is a joint venture between Zambia Copper Investments (ZCI) which is an affiliated enterprise of AAC, ZCCM, International Finance Corporation (IFC) which is part of the World Bank, and the Commonwealth Development Corporation (CDC). The ZCI will hold a 65% share, the ZCCM, 20%, and the remainder will be divided equally between IFC and CDC. However, the division of shares might change in the future.⁹

Through the restructuring mentioned above, ZCCM will change from a public enterprise to a holding company. Although the Zambian government and ZCCM still hold shares in the copper industry, two agreements reached in 2000 have paved the way for privatization in the industry.

The most difficult problems have been solved. The task from now on is for parties concerned with the privatization of ZCCM to truly implement the agreements and the Zambian government to strive to privatize the other remaining public enterprises.

The primary purpose of privatization—private enterprises assume responsibility for economic activities and do not place an unnecessary burden on government finances—will be achieved.

3-6 Streamlining of the public sector

Streamlining of the public sector will be discussed in details in Chapter 4, but should be referred to briefly here because it is one of the main elements of the Structural Adjustment Programmes. It is at the same time a difficult problem which takes more time than privatization.

From the viewpoint of the Economic and Financial Policy Framework in 1992 and the World Bank/IMF which support the Policy, the public sector had too many unnecessary staff. The proportion of lower level staff was so large that the salary system could not give any incentive to more important and distinguished staff. The cost of supporting these unnecessary staff overburdened state fi-

nces. So it was said to be desirable to establish an efficient public sector with a performance-based salary system by reducing staff, and to contribute to the reform of the state finances.

At the same time, employment in the public sector as well as in national companies was significant in the process of ‘Zambianization’ and political allocation of resources. The sector was the hub of the former government-led political and economic structure. Therefore, the streamlining of the sector faced difficulties in the sense that the government had to slim itself down.

Streamlining did not progress easily even after the inauguration of Chiluba-MMD regime. Staff reduction was an extreme example of the elimination of vested interests through the Structural Adjustment Programmes. The policy brought a model of pain caused by the reallocation of resources, especially of the labor force.

Against such a background, the streamlining of the administrative sector is another very difficult task in addition to privatization in 1999. The government made the Public Sector Reform Programme (PSRP) in 1997 to express aggressive retrenchment. Out of 137,000 government employees, the first 15,500 temporary employees were dismissed by 1998. This brought the proportion of temporary employees from 22% in 1997 down to 12%. Besides this, some 2,000 have applied for early retirement. Moreover, the government decided to privatize four departments, which cut about 3,700 jobs. It was only in 1998 that the slimming down of the public sector started in full-scale.

4. Performance, Impacts and Challenges of Economic Reform

4-1 Recent economic performance

(1) Economic growth in the last five years

The economic performance in terms of policies for macro-economic stability were discussed in 3-3. However, if the Structural Adjustment Programmes are ultimately designed to achieve stable, sustainable economic growth in Zambia and other developing countries, its performance should be judged by record of economic growth. In Zambia, in particular, this evaluation must consider how far the free market activities of the private sector that are promoted through the Structural Adjustment

⁹ The details of the ZCCM’s privatization is based on EIU (2000a)

Table 4-1 Major economic indexes of Zambia

(Unit: %)

| Item \ Year | 1994 | 1995 | 1996 | 1997 | 1998 |
|--|-------|-------|-------|-------|-------|
| Gross domestic product (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| (Agriculture) | 13.5 | 16.2 | 15.4 | 16.3 | 17.3 |
| (Industry) | 34.7 | 31.6 | 30.4 | 30.4 | 26.4 |
| (Services) | 38.9 | 39.7 | 41.4 | 41.0 | 45.4 |
| Total consumption | 90.7 | 91.9 | 91.3 | 90.7 | 94.7 |
| Total domestic fixed capital formation | 13.3 | 13.6 | 14.5 | 13.1 | 13.3 |
| Government investment | 7.0 | 7.0 | 5.9 | 5.2 | 7.7 |
| Private investment | 6.5 | 6.9 | 9.0 | 9.3 | 6.6 |
| Exports | 35.1 | 37.6 | 33.8 | 31.7 | 29.4 |
| Imports | 39.3 | 43.4 | 39.9 | 37.0 | 38.4 |
| Total domestic savings | 9.3 | 8.1 | 8.7 | 9.3 | 5.3 |
| Annual growth rate in real terms | -3.4 | -2.3 | 6.5 | 3.4 | -0.9 |

Note: Proportion to GDP, except the growth rate.

International account (million US dollars)

| | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|
| (Export) | 1174.7 | 1316.0 | 1113.0 | 1230.2 | 984.0 |
| (Import) | 1317.0 | 1518.0 | 1316.0 | 1432.4 | 1286.0 |
| Net private foreign direct investment | 40.0 | 97.0 | 117.0 | 207.0 | 219.0 |

Fiscal revenue and expenditure (proportion to GDP)

| | | | | | |
|----------------------|------|------|------|------|------|
| (Revenue)(%) | 20.1 | 19.9 | 20.6 | 19.8 | 18.1 |
| (Expenditure)(%) | 27.9 | 24.2 | 18.5 | 18.4 | 16.7 |

Financial indexes

| | | | | | |
|---|------|------|------|------|------|
| M2/GDP | 15.5 | 18.0 | 18.3 | 17.4 | 17.5 |
| M2 increase rate (%) | 74.8 | 55.3 | 34.4 | 24.0 | 21.5 |
| Rate of increase in consumer prices (World bank)(growth rate, %) | 53.6 | 34.2 | 46.3 | 24.8 | 28.7 |
| Rate of increase in official prices (Zambian Bank) | 35.0 | 46.0 | 35.2 | 18.6 | 30.6 |

Debt

| | | | | | |
|----------------------------|------|-------|-------|-------|-------|
| Balance of debts/GDP | 194 | 175.5 | 217.8 | 174.4 | 204.7 |
| Repayment of debts/exports | 31.2 | 16.1 | 21.8 | 18.3 | 23.1 |

Source: World Bank (1999b) pp.35-38.

Programmes have corrected the old economic strains, including excessive dependence on copper. That is, the degree of diversification of the economy and industry that has been achieved is a measure of the results of the Structural Adjustment Programmes.

Table 4-1 shows the recent economic performance of Zambia.

The growth rate in the last five years are -3.4% in 1994, -2.3% in 1995, 6.5% in 1996, 3.4% in 1997 and -0.9% in 1998. The yearly average of the seven years from 1992 to 1998 is 0.6%. The average growth rate between 1984 and 1992 under the Kaunda regime was 1.5%, and so there has been no sign of increase since 1992. The rate has been subject to major fluctuations, from negative to positive. Such low and unstable growth rates, which arise due to Zambia's dependence on copper and on assistance, have not been overcome yet.

(2) The causes of the economic depression in 1998

In 1998, copper prices fell by 25% because the demand for primary commodities shrank due to the financial crisis in East Asia in the previous year. The output of copper also dropped (321,000 tons in 1997 down to 298,000 tons). As a result, the dollar-basis earnings from copper exports showed a rapid decrease from 840 million dollars to 530 million dollars. This led to a decrease in the total export earnings of goods and services from 1,230 million dollars in 1997 down to 980 million dollars.

In the agricultural sector too, the production of maize dropped due to unseasonable weather.

Some donors suspended their assistance because they were discontented with Chiluba's words and deeds in the second presidential and parliamentary election after independence. So foreign assistance was not enough to make up for the decrease in copper earnings. In 1998, all

Table 4-2 Export profits of non-traditional exports (1987-1998)

(thousand US dollars)

| Item \ Year | 1987 | 1992 | 1997 | 1998 |
|-------------------------------|--------|---------|---------|---------|
| Primary agricultural products | 5,150 | 19,968 | 90,959 | 57,642 |
| Processed foodstuffs | 5,350 | 14,177 | 30,938 | 47,163 |
| Fibers | 5,838 | 13,670 | 50,638 | 42,370 |
| Industrial products | 17,201 | 24,829 | 33,794 | 30,205 |
| Floriculture | 330 | 2,987 | 7,385 | 32,355 |
| Garden products | 1,727 | 2,934 | 5,637 | 19,002 |
| Ores | 7,864 | 9,947 | 14,544 | 11,584 |
| Construction materials | 3,175 | 3,838 | 12,001 | 8,582 |
| Electricity | 8,913 | 1,658 | 14,814 | 5,080 |
| Others | 21,850 | 7,962 | 67,847 | 47,809 |
| Total | 77,398 | 101,970 | 328,557 | 301,792 |

Source: Export Board of Zambia and Zambian Electricity Supply Corporation Ltd., Ministry of Finance and Economic Development (1999)

these things together resulted in a negative growth rate for the first time in three years.

The double decrease of exports and assistance brought about a fall in the Kwacha under the floating exchange rate system. This reignited inflation through the price increase of import products, as seen in 3-2(1)

It must be noted that the export of goods other than mining products (non-traditional exports) has been rapidly increasing since 1992 as shown in Table 4-2. The total was about 100 million dollars in 1992, but about 300 million in 1998 (although a slight decrease occurred from 330 million in 1997)

Economic performance after 1992 is not good enough to confirm that the Zambian economy is on a stable path of growth, but the increase in non-traditional exports is noticeable. This means that the incentives for private enterprises with export competitiveness are growing in the context of deregulation and open policies. Full control over foreign currency earnings stimulated the motivation for production, and had a positive impact through the purchase of imported input goods. Even if there was a drop in copper earnings, the proportion of non-traditional exports among total exports of goods was 32.2% in 1998. The proportion used to be consistently less than 10%.

4-2 Issues by the unsatisfactory implementation of the Structural Adjustment Programmes

(1) Framework of the economic reform and the Structural Adjustment Programmes and its results

Why is it impossible for the Zambian economy to achieve stable growth and to overcome its dependence on

international copper market and foreign assistance? The Structural Adjustment Programmes ought to correct the uneven resources allocation to copper and to reallocate resources to a variety of more profitable industries through liberalizing the economic activities of private enterprises. If so, the halfhearted implementation of the Structural Adjustment Programmes may be the main barrier for the present problems. The process of the Structural Adjustment Programmes in Zambia can be reviewed from this point of view.

As explained in 3-1(1) the elements of the Structural Adjustment Programmes can be classified as follows;

- stabilization of the economy
- domestic deregulation
- external liberalization
- privatization
- streamlining of the governmental sector

As shown in 3, it can be said that the economic performance of Zambian macro economic stabilization after 1992 has been good, except for the international account and the debt accumulation. Inflation control and the positive fiscal balance should be highly appreciated, although both involve some problems as pointed out above. Note that the latter relies on foreign assistance.

The short-term efforts for stability are basically effective. The international account is determined by domestic productivity and the external environment to some extent. The fiscal balance also has a weak basis in the tax collection system and structural expenditures are excessive against this background. Inflation occurs as an inevitable correction caused by liberalization. These are telling us that Zambia's economic instability is a structural, long-term problem, which cannot be solved by short-term

policies alone.

Domestic deregulation and external liberalization have recorded significant progress in many aspects. The benefit is a greater diversity of exports. Deregulation and external liberalization are not major topics in the current economic reform policies any more.

(2) Challenge forward: privatization and streamlining of the governmental sector

The Structural Adjustment Programmes was not fully implemented in terms of privatization and the streamlining of the public sector.

The first step in overcoming the dependence on copper is to separate the copper industry from the government, to leave its destiny to the market, and to shut down any channel for speculative fiscal support and capital investment from the government. That is full privatization.

This can be applied to other capital-intensive industries. Because Zambia lacks capital accumulation, it is necessary to avoid mobilizing domestic and foreign capital politically and artificially to prolong the life of unprofitable companies. This does not fit the conditions for the allocation of production factors. Instead, the future main driving force must be direct and indirect investment by private investors based on their own accountability.

From this viewpoint, the negotiations to privatize ZCCM in 2000 were a major first step. The Zambian government and other parties concerned must fully implement the agreements and rehabilitate ZCCM's management as soon as possible.

The streamlining of the public sector including staff reductions aims to transfer redundant human resources to other sectors and to establish performance-based operations carried out by a small number of excellent staff. This must be effective in the reduction of salary costs and the reform of fiscal conditions.

If Zambia fails to divert resources from these two major sectors and to make them independent, the country cannot get out of the stagnation caused by the former political and economic structures. But even if the Structural Adjustment Programmes is completed, Zambia cannot necessarily obtain stable, sustainable and fair growth. This point is discussed next.

4-3 Problems caused by the Structural Adjustment Programmes: unreliability and social costs

(1) Growing unreliability due to privatization

As we have been in 4-2, the Structural Adjustment Programmes has not fully implemented the designated policies. Moreover, problems originally built into the Structural Adjustment Programmes are now surfacing. These problems include a growing unreliability due to privatization, especially greater strains on the socially weak, and social costs such as the creation of new kinds of poverty. These problems are particularly serious for Zambia, one of the LLDCs, as well as a small country easily affected by external conditions.

The rule of market economy by deregulation and liberalization in Zambia means that Zambia is now exposed to frequent changes that are dependent on the internal and external situation. Such example is farmers who are facing agricultural marketing liberalization, as described in 3-3. The Zambian economy has to struggle with unreliability, which used to be prevented to some extent by the intervention and protection of the government.

Let us consider the liberalization of the foreign exchange market as an instance. The floating of the kwacha in accordance with the market is expected to contribute to the promotion of exports and the balancing of the international account. At the same time, however, the changes in trade and capital transactions has a direct impact on the domestic economy. A drop in copper prices, such as the one experienced in 1998 from the Asian economic crisis, immediately leads to the fall in the total export earnings of Zambia. This fall of in earnings from exports results in a slide in the Kwacha, which eventually results in higher prices for imported products and inflation.

When there is heavy dependence on a single export and on imported products, the floating exchange rate system leads to a linkage between stagnation of the international market and the aggravation of domestic inflation.

It is true that import inflation after liberalization is not serious in comparison with the inflation of several hundred percent Zambia experienced in the past. Chiluba-MMD regime should be appreciated for his efforts to stabilize the Zambian economy. However, it is also true that Zambia was subjected to another kind of unreliability because of liberalization.

(2) Social costs problems

The vulnerable group—the poor, female-headed households, the physically disabled, the elderly and children—bear a heavy social cost as result of the Structural Adjustment Programmes. The abolition of the staple food subsidy, the increase in payments based on benefits principle for social services(education, medical service, etc.) and the personnel cuts in the public sector are striking these people. Besides, a new class of the poor(‘the new poor’)has appeared in Zambia.

Provided that poverty alleviation and social equality are the essence of development assistance, measures should be taken against the burdens brought by the Structural Adjustment Programmes. On the contrary, recent social indexes indicate that the efforts for poverty alleviation and social development by the Zambian government and foreign donors is weakening markedly. For example, the primary school enrollment rate was 85% in 1980-85, but 75% in 1992-97. The average life expectancy at birth fell from 51 years down to 43 years, and the infant mortality rate(younger than 5 years old)increased from 149 to 189 out of 1000 infants¹⁰. Such indexes show the serious deterioration in social development. Behind this worsening position is economic stagnation, declining income standards, and the spread of infectious diseases including AIDS. It is also indisputable that political choices have had a strong influence. That is, policies such as cuts in public spending in the social sector and the increase in beneficiaries payment are the cause of the significant drop in social indices.

The Structural Adjustment Programmes intends to eliminate the vested interests among those who benefited under the former regime. The resistance to this was a major obstacle to the progress of the Structural Adjustment Programmes in Zambia. A typical example is the slow progress of privatization and the streamlining of the public sector as shown in 4-2(2). Civil servants and public enterprises used to form a core social class in the urban formal sector, and have had a huge political influence. Even if the personnel cuts were concentrated on the lower level workers, it was very difficult politically and socially to deprive them of their jobs. The opposition of urban residents to the reduction or abolition of staple food subsidies was mentioned above.

The reallocation of the labor force is extremely difficult in Zambia. This is because there are no well-developed

private companies which can provide an alternative employment to secure the same living standards. Therefore, unemployment as the restructuring process in Zambia causes more long-term and negative impacts unlike in middle-income or developed countries. Undeveloped systems such as unemployment insurance, job introduction and re-training made the cost of labor shift between sectors very expensive. This was another obstacle to personnel cut and reallocation.

4-4 Long-term problems not solved by the Structural Adjustment Programmes: institution building and human resource development

(1) Establishment of a market economy system

As described in 2-6(1) the Kaunda-UNIP government failed to establish several essential systems by which the Zambian economy could function as a single market economic mechanism. Without these systems, the market economic mechanism will not be achieved at the level of the national economy, even if the old Structural Adjustment Programmes of privatization and streamlining has been completed.

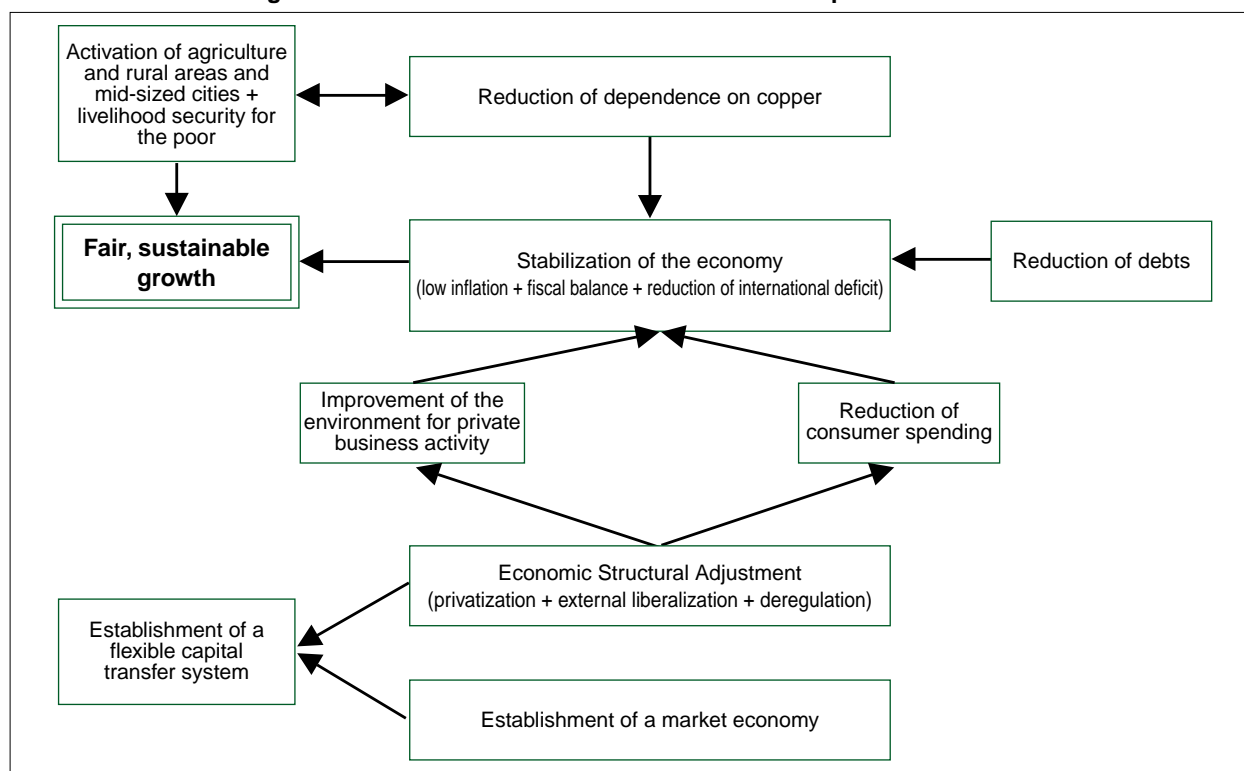
When the operation of the market itself is limited, there is no way to establish a market economy system. But liberalization is not the same as promotion of such a system. Liberalization does not automatically guarantee the establishment of a system in which economic entities can exchange common resources. Furthermore, such economic entities do not always act in accordance with mutually agreed rules. Liberalization and the establishment of a system must be promoted at the same time.

In the 1990s, the World Bank and IMF substantially mediated the problems of the early Structural Adjustment Programmes. Based on these lessons, they introduced a “second generation approach” as assistance policies for post-Structural Adjustment. The World Bank issued the Comprehensive Development Framework(CDF)to integrate these policies. CDF consists of two main elements: institution building and sound economic governance.

In accordance with such change, Zambia’s policies for economic reform and development are changing to focus on institution building(see also 2-6(1)). For example, there are a couple of movements in the financial market. In 1994, Lusaka Stock Exchange was founded based on

¹⁰ World Bank(1999a)

Figure 4-7 Scenario of economic reform and development in Zambia



Source: Original

the newly-promulgated Stock Exchange Act. This was the first basis for a direct investment system for private companies. With the liberalization of financial markets, the interbank dealing market and the second trading market for government bonds appeared, and these are diversifying and deepening the financial market. As shown in 3-2(4), the law is amended for the purpose of reinforcing the supervisory function of the central bank in order to protect investors and depositors.

The World Bank's Country Assistance Strategy (CAS) issued in August 1999 is the embodiment of the second generation approach and the spirit of CDF. The stress is on governance and on institution building in each sector beyond the old framework of the Structural Adjustment Programmes.

However, the establishment of a market economy system is much more than system adjustment in each sector. If the definition "system is a fixed culture with effective significance for the allocation of economic resources" is correct, the establishment of a market economy in Zambia must be advanced by taking sufficient time and with a comprehensive approach. At the same time, the administrative and judicial power must be strengthened in order to back up the functions of the economic system. Cer-

tainly CAS expresses the reinforcement of the judiciary and auditing in connection with transparency and accountability on the part of the government. However, the legal and judicial system as well as other systems are important not only in terms of checking the government.

Some important points in the future institution and system building can be reviewed here. A bankruptcy law system reallocates unused resources due to business failure and protects the interests of the parties concerned as far as possible. This system must be developed so that the market economy mechanism can smoothly reallocate resources in the national economy as a whole. A system for smooth re-employment in the labor market stated in 4-3(2) is also necessary for the functioning of the market economy.

Supervising function of the central bank, introduction of the bankruptcy law and re-employment systems play the role of safety nets which reduce the unreliability and risks caused by the introduction of market rules. Such systematic mechanisms are very important especially in Zambia in which many of the poor are exposed to a crisis of daily survival.

There is one thing that should not be forgotten about institutional and system building in African countries. In-

stitutional and system building is not only the institution of formal laws. It also means that appropriate level of human resources are allocated to the administration and judiciary to operate the system, and that the whole society understands the concept and operation of the system. It is necessary that the market economy system and its supporting systems take root in Zambia as an 'effective culture.'

Unlike capital and labor markets, the market for land requires specific consideration. Villages in Zambia have had few restrictions over land use, and people have used land extensively or carried out shifting farming for a long time. Land ownership by the community functioned as a safety net to secure the livelihood of all members of the community. Therefore, careful consideration must be given as to whether the privatization of land should be conducted in accordance with market principles, as in other African countries.

There is also a need for public organs that is capable of using precious resources effectively and efficiently in order to fulfill their duty to develop human resources and manage infrastructure development, without imposing an excessive burden on the national economy and the private sector. This cannot be achieved by the ongoing downsizing of the public sector alone. Systems in the public sector and its institutional capacity must be established.

(2) Human resource development

The social division of labor is a prerequisite for a market economy. When the labor division is necessary for industrialization that is supported by a broad range of modern sciences and technology, each economic entity must have a certain amount of capacity before it can participate in economic activities. Especially when production promotion is required, investment and innovation must proceed under unreliable conditions, thus vigorous entrepreneurship is required by business executives and farm managers. Industrialization also needs not only skilled workers but also unskilled workers who are at least disciplined and industrious enough to cope with routine work.

The above-mentioned CAS states that "(Zambian) companies cannot adapt themselves to the newly liberalized environment due to a shortage of skilled workers, weak management, immature strategic decision-making, and lack of competitiveness." This is a new attempt for the World Bank's policy system to refer to weakness in the capacity of economic entities, but no practical prescription

was provided concerning the political efforts required for this.

Improvement of human resources capacity is the most important for development of the nation, but it takes a long time. There have been no political measures proposed to stimulate entrepreneurship, which has been regarded as essential. The silence of CAS over this issue may be understandable, but obviously only the Structural Adjustment Programmes and its succeeding comprehensive approach are not sufficient to encourage private economic entities which should become the driving force for the development of the market economy. Human resource development is also the major factor in the establishment of public systems and the reinforcement of institutional capacity.

(3) Development of the infrastructure

The physical infrastructure is indispensable for the development of a market economy as well as the related systems and economic entities. Above all, the improvement and maintenance of measures for transportation and communications are essential. Zambia, which has a large land area and low population density, needs a road network and a telecommunications network. The transportation and communications infrastructure in Zambia, which used to be good, has deteriorated year by year due to the lack of any serious attention to maintenance. The poor condition of such infrastructure makes the cost of trade very expensive, even to the level of prohibiting trading activities. The most important factor for infrastructure development is continuous maintenance in order to support the market economy, not only just developing them. This requires systematic approaches and human capacity in governmental organizations. This means that the establishment of systems and human resource development are again a prerequisite for infrastructure development.

Infrastructure development does not necessarily have to be carried out directly by the government. Foreign and domestic private companies or local and urban communities can be involved. However, in the case of infrastructure, exclusive cost recovery is difficult and the recovery period is very long. In Zambia, private economic entities (including domestic profit-making companies) and the system to supply funds to them have not been developed yet. Participation by private economic entities cannot be expected, so the role of the government will remain important for the time being.

5. Challenges for Future Economic Policies

5-1 Framework of economic policies

Based on the discussion so far, the economic development scenario for Zambia to achieve continuous and equitable growth can be summarized as in Figure 4-7. The concrete objectives of Zambian economic policies can be classified as follows.

- (i) to stabilize and maintain the domestic macro-economy; including to control inflation and to achieve autonomous fiscal balance,
- (ii) to correct external imbalances and weaknesses; more precisely, to diversify and increase exports, to improve domestic productivity, to invite foreign investment and to restore sound international accounts through reduction in the debt burden,
- (iii) to maintain and expand the framework of free private economic activities and competition through domestic deregulation and an external open-door policy,
- (iv) to privatize key national companies; especially to privatize and rebuild ZCCM as soon as possible,
- (v) to streamline the public sector and to build systems and institutional capacity in the sector to deal with the market economy,
- (vi) to establish the market economy system itself,
- (vii) to develop human resources that can be the driving force of the market economy; especially to nurture private economic enterprises,
- (viii) to develop infrastructure focusing on rural communities and local mid-sized cities
- (ix) to develop industries including small-scale farming and food production

The range of these objectives are so wide that they cannot be achieved by the efforts of the Zambian government alone. Substantial foreign assistance, which will be discussed in 3-6, should be devoted especially to the reduction of the debt burden, human resource development and infrastructure development.

Also, these nine categories should not be treated separately, because they are closely related to each other. The development of industries in (ix) should be promoted in coordination with the outcome of the other categories.

Economic stabilization, deregulation and liberalization cleared a path for the market economy. However, the achievements of Zambian economic reform have not been sufficient so far for invigorating the activities of private

economic enterprises. Structural factors of economic instability still remain and these have to be gradually removed to secure the confidence of private companies. Stable economic conditions must be maintained to ensure the success of continuous efforts for system and institution building.

Economic instability can occur both in finances and the money supply. In fiscal revenue, the main problems are poverty and a weak tax base, which are derived from an undeveloped market economy and administrative systems. As for expenditures, it is necessary to establish strict budget control such as a Cash Budget System, to cut non-essential spending, and to concentrate spending on cost-effective sectors. Privatization and streamlining of public sector are both inevitable to accomplish these.

In the monetary sector, the improvement of systems to protect investors and depositors has just started, including the supervisory function of the central bank. If this attempt fails, the monetary system itself, which is at a germinal stage, will suffer severe turmoil and there will be massive withdrawals of capital from the market.

Long-term stability of the economy should be maintained by the reinforcement of domestic productivity through industrial development, the diversification and increase of exports and a gradual reduction in dependence on imports. For such small countries as Zambia, the biggest factors creating economic instability are changes in the international economic environment. In the current situation where the dependence on copper and other mining products is still heavy, and where everything from food to the inputs of the manufacturing industry remains dependent on imports, international changes directly lead to internal instability. This is a result of external liberalization and deregulation. So the diversification of exports and reinforcement of productivity are needed to improve external durability and flexibility.

A fair and low-cost economic environment as well as a stable free economic framework must be formed so as to attract the motivation of private economic enterprises. It goes without saying that the market economy system together with its infrastructure development is the most important part of this environment, and that the institutional capacity of the public sector should support it.

However, even if such a framework and environment are ready, they are meaningless without functioning capable private economic enterprises. The growth of economic enterprises that can survive competitiveness due to liberalization and deregulation is necessary in order to im-

prove Zambia's domestic productivity. Direct investment by foreign companies is requested in this context. But in the long run, the growth of economic enterprises should be achieved through the efforts of human resource development in Zambian society itself. A key issue is that human resources are important not only for the development of private companies but also for all of the categories (i) to (ix).

5-2 Direction of industrial development and regional development

How should the future industrial and regional developments be directed in order to achieve the above-mentioned economic objectives? Although industrial development is discussed in each chapter on industry, here it is appropriate to examine industrial development briefly from a broad perspective.

In 2-1(1) regarding the resource endowment in Zambia, a question about the view that Zambia is blessed with relatively abundant land was presented. By this it was not meant that I doubted the coming industrial development policy itself which aims to correct the biased resources allocation to the mining sector and to emphasize agriculture.

The current bottleneck for Zambian industrial development is external debt. The growing debt year by year means in a sense that foreign currency and funds are becoming more scarce every year. This situation originated from the fact that dependence on copper could not be corrected. The copper industry, which needed a huge investment for the maintenance and expansion of production, has continued degenerating and lost its ability to repay the debt for the whole economy in place of other sectors which didn't have any abilities for acquiring foreign currencies. This, as well as the increasing dependence on imports, made matters worse.

Therefore, attempts should not be made to promote capital-intensive industries in which reliable profitability cannot be assured. Zambia is rich in labor rather than capital, and that is the most favorable production factor to be taken advantage of. The relationship to land (arable land) must be examined more carefully. From any point of view, labor-intensive agriculture that should be given priority for promotion. As Table 4-2 shows, various industries are expanding exports these days, but above all, the growth of agricultural products is significant.

Another major issue is the urban problems, a malignant disease of Zambia. Even if urban non-agricultural in-

dustries develop successfully, labor concentration in urban area will cause even more serious urban problems.

Poverty in Zambia is more serious in rural areas than in urban areas. Industrial development and job creation should be the most effective means to solve lasting poverty. The first priority is for the improvement of food production capacity. At the core of the poverty of sub-Saharan African farmers is instability and low productivity of food production, which is an industry necessary for survival. Weak food production capacity heightens the risks to the livelihood of farmers, which in turn hinders the participation of farmers in the market economy through voluntary production and the reinforcement of production (i.e. through investment). Food security with the development of food productivity is the best way to achieve rural poverty reduction and the development of a market economy at the same time.

Of course, rural development cannot be achieved in isolated villages themselves. It requires a close linkage between external demand created by the market economy and the smooth supply of input goods. The key issue is the function of mid-sized cities as centers of trade in rural areas, and the security of linkages between villages.

The functions of rural communities and local cities are also important in terms of the promotion of exports. Because transportation to the ocean costs Zambia a lot, export to countries outside the African continent will reach a limit in the future. Instead, Zambia should rather export necessities to neighboring countries on a complementary basis, where coastal countries try to specialize in trade with countries outside the continent. Zambia has a geographical advantage that can provide a hub for land transportation in Southern Africa, and this should be made the most of. This has actually happened from the early days in border villages. Again local mid-sized cities are expected to be the center of trade with neighboring countries.

Looking from a regional and spatial points of view, traditional urban development has occurred unevenly in the area from the Copperbelt to Lusaka, reflecting the concentration of resources on the copper industry and the governmental sector. For the correction of such heavy concentrations, Zambia should aim at balanced land development, initiatives in rural areas, and close linkage to neighboring countries. Especially in terms of strengthening economic relations with neighboring countries, the focus should be on cities in the Southern Province adjacent to Zimbabwe and Botswana, the Eastern province

adjacent to Mozambique and Malawi, and the Northern Province bordering Tanzania and the Great Lake countries. In future, the development of the area bordering the Democratic Republic of the Congo and Angola will also be focused on.

6. Conclusions— Recommendations for the Direction of Assistance

6-1 Shift from needs-oriented to efficiency-oriented assistance

(1) Sharp distinction between Zambian needs and Japan's resources capacity

As a conclusion, I propose the direction of Japan's official development assistance toward Zambia, from the viewpoint of economic conditions and policies.

When discussing Japan's assistance to Zambia, the following two subjects should be dealt with separately.

- (i) current conditions and the current needs for development in Zambia
- (ii) desirable response on the part of Japan

What Zambia needs is not always what Japan can or should supply.

In respect of (i), assistance to Zambia must back up and complement Zambia's ongoing efforts for economic reform and establishment of a market economy. The definition of assistance needs (demand) must be made according to an accurate outline of future scenarios for economic policies.

At the same time, it is important to recognize precisely the possible elements of assistance and capacity on the supplying side, and to clarify the significance of a concrete assistance plan in Zambia's efforts in development.

(2) The preferable direction for the pursuit of efficiency in assistance

In approaching the huge development needs in sub-Saharan African countries, Japan has been tended to supply assistance, so to say, in a department store style. In other words, the above-mentioned (i) was directly connected to (ii). This might be reasonable at the trial-and-error stage with growing funds for assistance. The result we see now, however, is isolated islands (points) of Japanese projects floating in the vague sea of each sector.

Now that the effectiveness of assistance is of great con-

cern, we need to change our way of thinking. Rather than to respond all to what Zambia asks for, it is proper to pursue assistance that is ultimately the most effective. Rather than the direct and short-term achievements of a single project, Japan should aim at a continuous contribution to Zambia's development. This is designed not to produce islands or points of development but a broader (expansion of effects as a 'phase') systematic (three-dimensional) and continuous contribution. For this, Japan should not conduct assistance individually, but should cooperate with Zambia and other organizations.

Japan should continue its efforts to have a better understanding of Zambia. At the same time, efforts should be made to develop, gather, and utilize human resources that can provide assistance suited to the particular conditions in Zambia. It is also necessary to make the most of past experiences, both successes and failures gained in the field, since Japan has accumulated various lessons though past assistance efforts.

In short, I propose the following three directions.

- A. assistance from points to a phase, from phases to three dimensions
- B. selection of the fields and sectors on which Japan's resources should be concentrated (shift from the department store style of assistance)
- C. human resource development on Japan's side and the review and good use of past experiences

In the rest of this chapter, let us review the assistance needs of Zambia in the context of the current economic reform, and then discuss each of the three points A, B and C.

6-2 Assistance needs on Zambian side in terms of economic policies

Taking into account the future issues in Zambian economic policies discussed in Section 3-5 in this chapter, foreign assistance should match the needs in general as follows.

- (i) assistance in respect of the macro-economy; i.e. assistance for the international account and debt reduction,
- (ii) human resource development; especially human capacity building and know-how transfer in the public sector (including the central bank) and the market-economy-infrastructure sector (such as a stock exchange) in accordance with the systems of

- a market economy, and additionally complementary assistance to system and institutional building,
- (iii) infrastructure development and spatial development focusing on rural communities and mid-sized local cities, and
 - (iv) agricultural and industrial development for poverty reduction including food production

Let me give some explanation for these points.

In the macro-economic terms of (i) financial assistance is the nucleus. Japan seems to have an advantage in this area because of its relatively abundant funds. Zambia still needs massive assistance for its balance of payments (BOP) by providing foreign currency. In theory the role of BOP assistance is expected to decrease through the liberalization of foreign exchange, but Zambia still has structural weakness towards the outside as shown in 5-1. Therefore, in order to maintain economic stability, a prerequisite for economic development, BOP assistance is necessary. At the same time, the external debt must be reduced. Japan should decide its policies in the international scheme of debt relief including the Cologne Summit agreement and the Heavily Indebted Poor Countries (HIPC) initiative. As described in 3-2(3), the burden of debt is the biggest issue for the Zambian macro-economy, for which Japan is expected to take aggressive action. Direct fiscal assistance to the Zambian government is still a matter for consideration. Japan's menu of the assistance is limited and needs further consideration.

As for (ii), (iii) and (iv), Japan has provided a great deal of assistance. From now on, greater effectiveness should be pursued, paying attention to issues mentioned in the following part of this chapter.

Other than the above four points, there is scope left to Japan for further assistance. One example is the reinforcement of the capacity of governmental departments which deal with the diversification of exports and the invitation of foreign investment.

In the end, Japan always has to make an accurate estimate of the absorbing capacity of Zambia to receive Japanese assistance, and of its impact on Zambian finances, in the context of ongoing economic stabilization and fiscal balancing. Japanese financial assistance sometimes amounts to a huge sum in a single case, and the consequent operational expenses incurred by the Zambian government tend also to be large. If Zambia had a solid management capacity, Japan would have to do is respond to Zambian requests. However, attempts such as a Cash

Budget System have not always been effective in the actual management of the expenses of each department. Therefore, so as not to hamper the efforts of Zambian fiscal authorities, Japan by itself needs to examine Zambian fiscal endorsement through the current account and its influence.

6-3 Assistance-absorbing capacity on Zambian side and the importance of coordination with other projects and organizations: beyond "Point Assistance"

I have mentioned the effectiveness of assistance in 6-1. This is required eagerly due to the harsh reality of wasted assistance, a decline in resources for assistance, and above all, the urgent need to address poverty and underdevelopment in sub-Saharan African countries. The same is true for Japanese assistance toward Africa which once ignored the possibility of the exhaustion of aid resources. Japan will have to make considerable efforts to achieve assistance effectiveness.

Of course, Japan's efforts alone are not sufficient even for assistance in one single project. For any assistance to reach its expected goal, the process of assistance absorbing capacity on the receiving side (in other word, self-help efforts) is indispensable. The effectiveness of assistance is closely related to such absorbing capacity of Zambia. This is true especially for Japan, which strictly restricts its own assistance to the current account of the receiving countries.

Moreover, there is a limitation in the capacity of the Zambian government as a whole and of each counterpart ministry. Japan has to control its assistance while evaluating the absorptive capacity. Considerations of the current account, as mentioned in the previous section, is an important part of the evaluation of the absorbing capacity.

If the aim is towards extreme effectiveness, it is nonsense to look for success in terms of single projects. This gives the picture of each good result of Japanese assistance floating like an island or a point in an ocean of poverty.

I proposed the concept of 'assistance from Points to a Phase' first in 6-1-A, because each single project must be placed and prioritized in relationship to development projects in other sectors. Cohesion must be carefully sought not only with other Japanese projects but also with projects conducted in the same or neighboring areas by the Zambian government, other donors, or NGOs. Specifically, Japan has to pay attention to coordination with the

development policies of the Zambian government in the same sector and to consistency with other related projects in order to avoid overlapping and to maximize the impact of each unit of input resources. Now that each sector's current expenditure is strictly managed by the government, the World Bank/IMF, and each donor as a result of the improvement in sectoral coordination, such carefulness on the Japanese side is gaining in importance.

I further proposed in 6-1-A the concept of 'from Phases to Three-Dimensions.' This means that Japan's cooperation must contribute to enhancing aid absorptive capacity which enables Zambia to sustain, expand, and establish the development impact by itself. Again, this is not solely about one single project. It is not sustainable or effective to bolster individual projects. Also, the sector coordination mentioned above should be conducted on the initiative of the Zambian government through building its system and capacity. The point is the Zambian government must get ready for this.

It seems that this is a type of assistance that Japan, which has respected 'self-help' efforts, has not accumulated experiences. However, this is an unavoidable task from the viewpoint of achieving successful results.

6-4 Selection of the scope and sector: beyond the 'Department-store Style Assistance'

Figuratively speaking, Japan's stance for assistance can be described as "poor Zambia has many serious diseases, so let's give it treatment for all symptoms at the present." However, such wide and shallow symptomatic treatment is not appropriate when considering the seriousness of Zambia's condition and the limitations on Japan's resources. Deep and effective involvement in a limited number of sectors is now required.

I propose the selection of sectors to be given intensive inputs of assistance resources in accordance with following four points.

The first point is that the selection should be done on the understanding of the overall picture of economic difficulties and the reform efforts in Zambia. Japanese assistance must change with the aim of eradicating the root causes of the disease and to fundamentally improve Zambia's physical constitution. In this effort, the key issue is production reinforcement and participation in the market economy of the people who are in poverty and at risk for survival, such as small farmers.

The second point is to give priority to the sectors in which Japan is strong and has considerable experience.

Instead of covering all the important sectors, Japan should narrow its assistance down to the sectors where it can provide effective assistance based on its accumulated experience. Without relying on the 'needs-approach,' beyond the demand principle Japan should start the 'assistance menu approach' on the donor's side.

The third point is to give priority to existing issues while cautiously examining new issues. With the same amount of resources, it is usually more efficient to utilize existing facilities than to start with new initial investment. Japan should not expand its investment easily to new sectors and areas, but should provide more resources for maintenance and improvement. This is to secure the effectiveness of existing projects.

The last point is that serious consideration should be given on selection of the scope and sectors in terms of consistent effective assistance and cooperation among sectors. The approach to each sector in Zambia must be made as the Japanese government or as an implementing agency as a whole, not as the study of one individual specialist.

In the relation to this last point, the issue is the preparedness of the Japanese embassy in Zambia and the JICA Zambia office. It is not an individual specialist but the staff of diplomatic establishments and JICA who can take charge of the coordination at the site and negotiate with the Zambian government and other donors with a broad view. However, such tasks are impossible when Japan deals with so many sectors and one staff member handles several sectors at a time. Consequently the contribution of Japan will sink into oblivion in the process of sector coordination.

Knowing that there are various real obstacles, I dare to propose that Japan should form a structure in which several staff members of diplomatic establishments and the JICA office handle one selected sector. Additionally, the decision-making authority of the field staff should be aggressively expanded. This will make possible consistent and effective sectoral assistance, policy negotiation on the spot, and participation in coordinated implementation. Without such a conceptual switch, what is called the 'visible assistance of Japan' will not be realized.

6-5 Human resource development for assistance and review and the application of lessons learned

In the previous section, I said that Japan should narrow its assistance down to the sectors in which Japan has

strengths. But at the same time, it is essential to improve Japan's own capacity for assistance towards Zambia. This requires development and utilization of human resources, and above all, proper understanding of the current situation of Zambian development. Social scientific study and education about Zambia in Japan must be deepened as a major premise. JICA is required to gather and review all knowledge accumulated in actual assistance.

Because the technological gap between Japan and Zambia is so large, when the priority is given to grassroots development needs in villages and cities, Japan's state-of-the-art technology is not always suitable. Rather, Japan should search for people who can transfer appropriate technology in terms of the potential capacity to absorb the technology. Within Japan, resources should be identified at the local government level rather than at the national government level, and in the private sector rather than in the public sector. In this sense, a domestic cooperation system for international assistance is indispensable.

Human resources in Zambia and Southern Africa naturally know the best about Zambia. Also, people with appropriate technology may be found in Asia. South-South Cooperation is also important in human resources development.

References

《Japanese》

Ogura, Mitsuo(1995)“*Rodoido to shakaihendo: zambia no hitobito no itonamikara*” Yushin-do.

《English》

The Economic Intelligence Unit(2000a)*Country Report: Zambia, Democratic Republic of Congo, 1st Quarter 2000.*

The Economic Intelligence Unit(2000b)*Country Report: Zambia, Democratic Republic of Congo, May 2000.*

IMF(1999)*International Financial Statistics 1999.*

IMF(various years)*Government Finance Statistics Year book.*

Cleaver, K.M. and Schreiber, G.A.(1994)*Reversing the Spiral: The Population, Agriculture, and Environment Nexus in sub-Saharan Africa.*, World Bank.

Ministry of Finance and Economic Development(1999)*Macroeconomic Indications.*

World Bank(1990)*World Table 1989-90.*

World Bank(1995)*World Table 1995.*

World Bank(1998)*African Development Indicators 1998/*

1999.

World Bank(1999a)*World Development Indicators 1999.*

World Bank(1999b)*Zambia: Country Assistance Strategy.*

World Bank(various years)*World Table.*

Chapter 5. Development of the Mining and Manufacturing Industries

Koichi SAKAMOTO(Hamamatsu University)

1. Mining Industry

1-1 Current conditions

1-1-1 Mining industry in general

Zambia is one of the world's leading producers of copper. Copper and its by-product, cobalt, account for 70% of Zambia's total exports(as of 1997). Zambia is a major exporter of mineral resources, unlike other African nations dependent on agriculture. Thanks to its endowment of mineral resources, exports are generally larger than imports, recording a trade surplus or a small trade deficit at worst. The total added value in the mining sector represents 6-10% of GDP(during the second half of the 1990s).

Additional copper and other mineral reserves are claimed to exist not only in the Copperbelt area but also in many other parts of the country.

1-1-2 Copper industry

Zambia is the seventh largest producer of copper. The copper output stood at 580,000 tons in 1983, but it declined to 320,000 tons in 1997. Exports of copper products(metal) dropped from 410,000 tons in 1992 to 230,000 tons in 1998 as shown in Table 5-1.

Japan has been the largest or at least the second largest

importer of copper produced in Zambia. In 1998, Japan imported the copper nearly 30,000 tons, which is in decline¹. Imports are unlikely to increase significantly amid moves towards privatization by foreign capital in Zambia and similar moves among other copper exporters².

Thailand, Malaysia and other Asian countries are important importers of Zambia's copper as well.

Copper production was falling sharply until recently due to factors such as a long period of low levels of investment in the industry, inefficient management of the Zambia Consolidated Copper Mines(ZCCM), the core entity in charge of copper production, and a slump in copper prices. Now production is expected to increase with the privatization of the ZCCM and the participation of foreign capital.

Zambia is now the largest exporter of cobalt in the world. The reason for this lies in a decrease in cobalt production in the Democratic Republic of Congo(former Zaire), which is plagued by civil war. At present, cobalt production stands at 4,000 tons to 5,000 tons.

1-1-3 Other mining industries

The reserves of zinc and lead are said to be among the largest in the world. Deposits of these minerals lie in Kabwe and Kapiri Mposhi of the central region as well as in the Copperbelt and in the western region.

Table 5-1 Importers of copper products from Zambia

(Unit: 1,000 tons)

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| France | 52.6 | 50.0 | 18.9 | 11.2 | 10.7 | 23.7 | 43.1 |
| Japan | 94.9 | 85.3 | 55.4 | 52.6 | 50.1 | 29.7 | 27.8 |
| Thailand | 37.4 | 49.0 | 62.6 | 40.9 | 46.9 | 48.3 | 23.6 |
| Malaysia | 33.3 | 30.2 | 31.4 | 21.1 | 28.6 | 31.8 | 13.8 |
| United States | | 0.8 | 2.0 | 27.8 | 9.0 | 41.3 | 12.7 |
| India | 19.1 | 21.2 | 20.2 | 22.9 | 24.9 | 13.8 | 7.7 |
| China | 5.0 | - | - | - | - | 4.0 | 3.3 |
| Indonesia | 5.0 | 3.5 | 5.1 | 7.7 | 2.8 | 1.5 | 2.3 |
| Belgium | 26.2 | 49.2 | 29.9 | 22.5 | 17.1 | 11.4 | 1.8 |
| Others | 138.4 | 147.3 | 135.2 | 85.2 | 86.0 | 98.3 | 91.9 |
| Total | 411.9 | 436.5 | 360.7 | 291.9 | 276.1 | 303.8 | 228.0 |

Source: Economist Intelligence Unit(1999b)

¹ Mitsui and Co., Ltd. and Mitsubishi Corporation are the major importers. The two companies have been extending loans to the Zambia Consolidated Copper Mines(ZCCM)since 1968.

² Metal products from copper mines in Zambia were on the decline(Interview at the headquarters of Mitsui and Co., Ltd.) According to its web site, Mitsui and Co. has started to invest in a mine development projects in Chile since 1998, the largest producer of copper in the world. The company plans to import 250,000 tons of copper annually. At present, Japan's imports of copper(metal)stand at 300,000 tons.

Gold, jewels, precious metals, coal and other industrial minerals are also produced. These minerals are produced in part by small-scale enterprises.

1-2 Past and future policies

1-2-1 Achievements of development policy (including the Structural Adjustment Programmes)

The Zambian copper industry was entirely owned by the Anglo-American Corporation of the Republic of South Africa between around 1928 and 1969. In 1969, the Kaunda Administration acquired a 51% stake in the company and nationalized it. Then the Kaunda Administration made heavy investments in development projects with foreign currency gained through copper exports and loans from abroad. But such efforts in economic development, which continued until the 1980s, ended in failure due to inefficient investment allocation and a drop of the international market price of copper, leaving huge debts behind.

Structural Adjustment Programmes led by the IMF and the World Bank were resumed in the early 1990s. Since then, significant progress has been made in economic liberalization. However, there was little progress in ZCCM compared with other entities until 1996. In 1996, the process of privatizing the ZCCM started with the government holding a 60% stake and the Anglo-American Corporation, now based in London, a 30% stake. Now most mines are owned or are expected to be owned by foreign capital (see Table 5-2, and Fig. 5-1). The Anglo-American Corporation will own 80% of the total assets.

1-2-2 Future policies and projections

According to the government policy announced in 1995, Zambia aims to boost production and exports through privatization, implement small-scale mining development, promote the precious gems industry, foster the iron ore industry (including energy development), reduce environmental pollution due to mining and foster the processing industry.

According to the Policy Framework Paper (PFP) for 1999-2001 published by IMF, the process of privatizing the ZCCM will be completed by December 1999, although the process may drag on into early 2000.

Its micro-economic forecast projects an annual average growth of 10% for copper exports as a result of the privatization of the ZCCM. So it is safe to say economic recovery hinges on the mining sector.

1-3 Future challenges

1-3-1 Constraints and opportunities

(1) Constraints

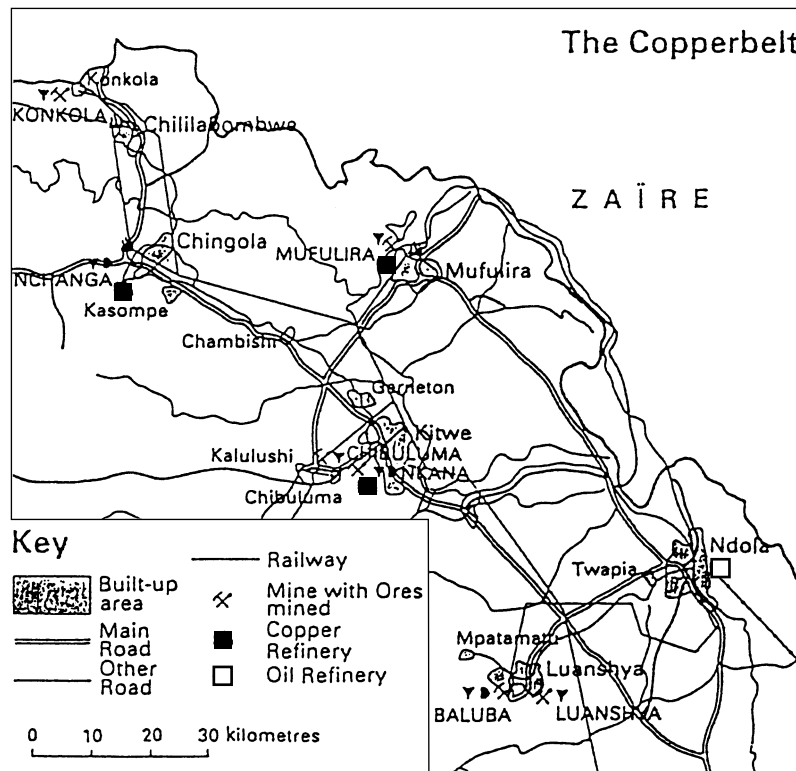
The major constraints in the mining industry is social instability in the Copperbelt. The unrest has been caused by lay-offs by foreign affiliated companies and suspension of the supply of social services as a result of privatization. Although it is unlikely that a large-scale riots like the one in December 1986 will occur again, precautionary measures have to be taken as Zambia is highly urbanized and labor unions are active in the country.

Table 5-2 Privatized mining assets and countries of foreign buyers (as of 1999)

| Privatized ZCCM assets | Countries of foreign buyers (including those under negotiation) |
|--|---|
| Konkola Deep mine (New reserves discovered) | South Africa (Anglo American Corporation Ltd.) |
| Nkana and Nchanga mines (Largest mine) | South Africa (Anglo American Corporation Ltd.) |
| Konkola North mine (New reserves discovered) | South Africa |
| Baluba and Lusanshya mine (Oldest mine) | India |
| Ndola refinery | India |
| Chambishi cobalt plant | China |
| Chambishi mining complex | South Africa |
| Mufulira smelter | Britain |
| Mufulira mine (Oldest mine) | Britain |
| Kansanshi mine | United States |
| Chibuluma mine | South Africa, Australia, Canada |
| electricity transmission | Britain |

Sources: EIU (1999a), Ministry of Finance and Economic Development (1998), Web site of Zambia Today (newspaper).

Figure 5-1 The map of the Copperbelt area



Source: Macmillan (1994) p.17.

(2) Opportunities

It is estimated that copper will be exploitable for the next 100 years if the yield is maintained at the levels of recent years. Production is expected to increase with increased investment as a result of privatization by foreign capital. Given the current levels of stocks in the international market, copper prices are not expected to rise in the short to medium term. But new technologies are likely to boost demand for copper³.

Apart from copper and cobalt, zinc, lead and gems have potential in the view of their estimated reserves. More small-scale enterprises are being encouraged to join in the production of these minerals.

1-3-2 Challenges for Japan's assistance

(1) Challenges for development

Zambia needs to revitalize the copper industry to overcome the heavy burden of external debts, the country's biggest problem, despite the debt-relief initiative for Heavily Indebted Poor Countries (HIPC). Under the Structural Adjustment Programmes, Zambia is introducing

foreign capital, which is the only option to get over the difficulties the country is facing.

At the same time, Zambia should tackle environmental problems at mines. Support for small-scale producers should also be extended to expand the benefits of development.

(2) Targets for Japan's assistance

As the private sector is taking the initiative in revitalizing the mining industry under the Structural Adjustment Programmes, Japan should direct its assistance towards matters beyond the private sphere and reducing the adverse effects of the privatization process.

As an example of assistance project, a survey can be conducted to explore minerals for small-scale producers, in view of the strategic importance of Zambia and the current framework of Japan's assistance programmes. In fact, the Japanese government conducted a survey of veins of copper ore in the Copperbelt between 1993 and 1995. It is preferable to cover other minerals as well. Foreign-affiliated companies and other new entrants in the mining industry should primarily assume the responsibility for

³ Copper ore is refined through the electrolytic process and turned into copper metal. Some 70% of copper metal is used to produce electric wire and the remaining 30% is formed into rolled copper products. Copper wire has been replaced by optical fiber recently.

**Table 5-3 Breakdown of Total Added Value for the Manufacturing Industry
by Product (Based on the 1994 price)**

(In billion Kwachas)

| | 1994 | 1995 | 1996 | 1997 | Increase (%) 1998/96 |
|--------------------------------|-------|-------|-------|-------|---------------------------|
| Food, beverage and tobacco | 134.6 | 140.8 | 144.3 | 143.8 | -0.3 |
| Textiles, apparel and leather | 24.9 | 22.1 | 27.1 | 39.2 | 44.6 |
| Wood and furniture | 20.4 | 18.6 | 18.1 | 19.5 | 7.7 |
| Paper and printing | 5.7 | 4.5 | 4.8 | 7.2 | 50.0 |
| Chemicals, rubber and plastics | 18.1 | 16.2 | 20.6 | 22.5 | 9.2 |
| Nonmetallic mineral products | 4.1 | 4.4 | 4.7 | 4.1 | -12.8 |
| Crude Metal products | 1.8 | 1.8 | 3.1 | 3.3 | 6.5 |
| Processed Metal products | 9.7 | 10.1 | 7.9 | 8.0 | 1.3 |
| Others | 0.6 | 0.6 | 0.6 | 0.7 | 16.7 |
| Total | 219.9 | 219.1 | 231.2 | 248.3 | 7.4 |

Note: Preliminary figures.

Source: Ministry of Finance and Economic Planning (1997)

possible environmental degradation they may cause.

As supplementary suggestions, assistance could be extended to other sectors/fields as well to complement assistance to the mining sector. Specifically, Japan could provide assistance in such fields as job training and social services in the Copperbelt to quell social unrest there.

To make Japan's assistance better known to the public, it is advised for Japanese importers of copper from Zambia to participate in community development activities and intensify public relations.

2. Manufacturing Industry

2-1 Current conditions

2-1-1 Manufacturing industry in general

(1) Overview

The manufacturing industry accounts for 30% of GDP (as of 1997), although some data indicate it is more than 30%. Yet exports of manufactured goods, though increasing in recent years⁴, are small in scale.

Of the manufacturing industry, food processing accounts for about 50% on a value-added basis (see Table 5-3). Other major segments include textiles and wood processing.

Under the Structural Adjustment Programmes, Zambia lowered tariffs in 1996, throwing many domestic companies out of business. Public corporations, which tradition-

ally constituted the absolute share of major companies, are being rapidly privatized.

(2) Trends in non-traditional exports

Zambia sought to diversify its export structure by increasing non-traditional exports under the Structural Adjustment Programmes, in which import tariffs were lowered and the Kwacha was devalued. These non-traditional exports showed remarkable growth. Although many of them were agricultural products, exports of manufactured goods such as textiles, processed foods and wood products also jumped. The top export items in terms of export value in 1997 were agricultural produce with 90.92 million (US) dollars, followed by textiles with 50.64 million dollars, engineering equipment with 42.42 million dollars, processed foods with 30.85 million dollars, and flower products with 21.24 million dollars. With exports of construction equipment totaling 12 million dollars, a relatively wide range of items in the manufacturing sector contributed to Zambia's exports. Yet exports of clothing plunged from 2.57 million dollars in 1991 to 0.26 million dollars in 1997.

(3) Human resource development in the industrial sector⁵

The current conditions of the training (except for vocational training) provided in the manufacturing sector in Zambia are as follows. Corporate managers receive training at senior colleges or universities. Middle-level man-

⁴ The Export Board of Zambia says that between 1991 and 1997, animal products saw a 1,745% increase in exports, flower products 1,017%, textiles 440%, processed foods 548%, and wood products 549%.

⁵ Overseas Vocational Training Association (1994)

agers receive technical training at technical colleges. After receiving such training, these managers go back to companies they work for and get promoted. Some companies provide on-the-job training for their employees.

2-1-2 Light manufacturing industry

The light manufacturing industry includes the food-processing sector, in which brewing, maize milling and sugar refinery are core segments.

Most companies in the light manufacturing industry were traditionally public corporations and had an excessive number of employees. As copper prices have fallen in recent years, inefficiency associated with the import substitution approach and government intervention (public corporations) in the industry came to the surface. Under the circumstances, the light manufacturing industry, which is oriented toward the domestic market, continued to stagnate.

Under the Structural Adjustment Programmes, the privatization process was expedited. For example, a brewing company was sold to the Anglo-American Corporation and a sugar refining company was sold to a British business. Lonrho, a multinational corporation doing business extensively in Africa, began to contract out cotton cultivation to local farmers, raising expectations for a new reliable source of the raw material for the cotton, textile and apparel industries.

2-1-3 Other industries

The Kaunda Administration established public corporations not only in the light manufacturing industry but in other industries as well. Foreign-affiliated companies were generally engaged in such industries as metalworking and engineering.

The decline in international copper prices has also affected these industries as well. The resulting foreign currency shortage has led to a shortage of raw materials. The domestic market has been stagnating. Under these circumstances, production has been much lower than the production capacity in these industries.

Under the Structural Adjustment Programmes, Zambia is expediting the processes of abolishing protective tariffs and privatizing public corporations. For example, a cement company sold much of its stock to the Commonwealth Development Corporation.

In 1980 and 1984, Japan extended a total of nearly 1.2

billion yen in loan aid to Nitrogen Chemicals of Zambia Limited (NCZ). But the company had reduced its production under the Structural Adjustment Programmes. Its project to achieve self-sufficiency in fertilizer ended in failure, leaving huge debts behind.

2-2 Past and future policies

2-2-1 Achievements of development policy (including the Structural Adjustment Programmes)

Like other developing countries, Zambia adopted the policy of import substituting industrialization after its independence. Zambia invested in the manufacturing sector through the Industrial Development Corporation (INDECO). The INDECO group manufactured various products from food to vehicles. Apart of the mining industry, the Zambian government made the largest investment in Nitrogen Chemicals of Zambia Limited (NCZ).

Under the Structural Adjustment Programmes that was launched in 1992, tariff barriers were abolished. As a result, many domestic companies, especially apparel businesses, were forced to shut down, and many public corporations were privatized.

The World Bank evaluates Zambia's progress highly claiming that the country carried out the most comprehensive Structural Adjustment Programmes among African nations. As of 31 December 1997, the maximum tariff is set at 25%. In capital arrangements, there is no limit concerning direct investment or real estate⁶.

2-2-2 Future policies and projections

As government policy, Zambia aims to privatize public corporations, promote deregulation and foreign investment, and boost non-traditional exports. According to the Policy Framework Paper (PFP) for 1999-2001, Zambia will focus on abolishing subsidies to public corporations and lowering import tariffs to 20% as part of the on-going reform of the manufacturing industry. This means that sectors bound more by vested interests than any other sectors will undergo reforms. The structural reform of the government, which also involves consultation with the private sector, will be carried out with assistance from Germany.

In the field of regional cooperation, the country is slowest in lowering the tariffs among the member nations of

⁶ In the case of Zimbabwe, the maximum tariff is 30%, and there are limits concerning direct investment and real estate.

the Common Market of Eastern and Southern Africa (COMESA). This is because Zambia is taking into account the impact on domestic companies, although the headquarters of the COMESA is located in the country. In the fiscal budget for FY1999, the government even raised some of its tariffs. Zambia has a similar problem of being slow in lowering the tariffs with member nations of the Southern African Development Community (SADC)

2-3 Future Challenges

2-3-1 Constraints and Potentials

(1) Constraints

Zambia's manufacturing industry does not have much comparative advantage over its counterparts in other Southern African nations. Multinational corporations have export bases in the Republic of South Africa and Zimbabwe, but not in Zambia. Despite economic liberalization, Zambia's apparel industry is uncompetitive, according to a World Bank analysis.

Zambia's manufacturing industry, excluding segments based on agricultural and mineral products such as textiles, refined sugar and others, may lose its competitiveness depending on how far tariffs will be lowered by Southern African Development Community (SADC)

(2) Opportunities

According to a World Bank projection in 1996, exports of manufactured goods will be extremely low until 2004. Yet, processed goods from domestic resources such as cotton yarn and cotton goods, refined sugar and processed copper products have potential⁷.

Zambia, which has a relatively long history of urbanization, has mature urban industries compared with other African countries, where agriculture is the major industry. It is said that the quality of the workforce is relatively high and that their wages are low as a result of the devaluation of the Kwacha.

2-3-2 Assistance Issues

(1) Development Issues

Zambia is characterized by the large share of the manufacturing industry, which is urban-based in nature, com-

pared with other African countries. Yet, Zambia's manufacturing industry does not have a comparative advantage over its counterparts among other Southern African countries. Under the Structural Adjustment Programmes, import tariff reductions and the process of privatization using foreign capital have prompted the "breakup" of the Zambian manufacturing industry.

Zambia, however, should make good use of the foundation provided by Zambia's manufacturing industry that has been built up over the years. Also, industrial development with local capital is necessary for the long-term economic development strategy. It is preferable that Zambia's manufacturing industry will focus on the domestic market and wide job opportunities in the short- and medium-term, as well as contribute to the nation's exports in the long term.

Zambia should develop industries based on domestic natural resources, as well as its relatively good and inexpensive labor force. Specifically, she can focus on such industries as food processing (especially sugar refining) , textiles, apparel and copper processing, capitalizing on the comparative advantage of its agriculture and mining industries.

(2) Tasks for assistance

1) Basic perspective

The role of Japanese development assistance for the Zambia manufacturing industry is limited because the private sector takes the initiative in revitalizing the manufacturing industry under the Structural Adjustment Programmes.

Yet in the light of Japan and other Asian nations' experience of economic success, Japan can extend technical and other forms of assistance in two areas: industrial technologies with a global competitive edge (including productivity improvements) and government-led industrial promotion policy. The latter – interventionist approach stands in contrast to the Structural Adjustment Programmes that pursue economic liberalization. Although Japan generally supports the Structural Adjustment Programmes, Japan does not agree with every aspect of the programmes. In particular, Japan has reservations about the rapid process of economic liberalization.

⁷ World Bank (1996)

2) Suggestions to assistance

The author has two suggestions for Japan's assistance to Zambia. One suggestion is to give priority to human resources development by training. In this case, Japan should focus on accepting trainees in Japan and/or sending them to other developing countries for South-South cooperation. With structural and institutional reforms in rapid progress, it is difficult to send policy advisers to Zambia in the short- and mid-term.

Training should cover industrial technologies and policy planning for promoting industrial growth. Specifically, Japan should accept trainees including bureaucrats involved in such policy formulation, industrial leaders, corporate managers, middle-level managers, engineers and technical trainers(especially in such industries as textiles and apparel, food processing and metal working). Colleges and universities can be regarded as such counterparts(see "2-1-1(3)")

Besides Japan, Singapore, Malaysia and Thailand are preferred choices for accepting trainees from Zambia⁸ as south-south cooperation programs. Thailand and Malaysia are the second and third largest importers of Zambian copper after Japan.

The other suggestion is to focus on project-type technical cooperation designed to foster small- and medium-sized businesses. Japan should extend assistance at the sub-sector level(industry)and on the micro economic level(businesses or projects)to strengthen Zambia's debt-servicing capacity from a long-term perspective. As mentioned earlier, it is difficult to send policy advisers to Zambia at a macro economic level or on a sector level while Zambia is undertaking the Structural Adjustment Programmes.

The Copperbelt area should be an appropriate target for Japan's assistance for two reasons. Firstly, as a mining center, the region already has a developed manufacturing industry. Secondly, Japan is the biggest importer of copper from Zambia. The capital city of Lusaka, on which Japan has so far concentrated its aid, could be an appropriate target as well.

3) Suggestions for relevant sectors/fields

In relation to Japan's assistance to the manufacturing industry in Zambia, job training in the Copperbelt is important based on the fact that the privatization of min-

ing businesses has caused social unrest in the Copperbelt.

The idea of assisting Zambia with job training is not new. In 1986, the then Foreign Minister Shintaro Abe announced a policy that regarded Zambia as a base for Japan's job training programmes(including third country training)

Anyway, such assistance should be consistent with the above-mentioned training programmes concerning production technology and industrial policy. As for project-type technical cooperation, Japan should preferably select fields relevant to those in which Japan already has extended assistance in Zambia. The preferred choice may be vocational training schools offering courses in sewing and metalwork, especially those in the Copperbelt to which Japan sent experts in the past.

Japan should help Zambia keep a close watch over the "winners" in the Structural Adjustment Programmes. In other words, Japan should extend assistance in supervision and taxation of foreign-affiliated firms in Zambia. To this end, Japan should preferably accept trainees from Zambia in a systematic manner.

In the long term, Japan should preferably send industrial policy advisers, if available, to Zambia's ministries and agencies in charge of development plans, as part of its comprehensive cooperation programmes covering training in industrial policy, foreign capital policy and taxation policy as well as third country training for South-South cooperation.

References

《Japanese》

International Development Center of Japan(1999)"Keizai kyoryoku notameno kisochoha -kunibetsu keizai kyoryoku keikaku Zambia Mozanbiku", (Commissioned by the Ministry of Foreign Affairs of Japan)
Overseas Vocational Training Association(1994)"Kaigai chosa hokoku, Jordan, Senegal, Sri Lanka, Turkey, and Zambia."

《English》

Economist Intelligence Unit(EIU)(1999)"Country Profile 1998-99 and Country Report, first, second, third and fourth quarters."

⁸ The author visited training institutions in Southeast Asian nations including these countries twice in the 1990s. The author had the impression that trainers in these countries had high-levels of competence. Japan has partnership agreements with Singapore and Thailand, in which these two countries accept trainees as part of Japan's third country training programme.

- Macmillan(1994)*Basic Education Atlas of Zambia*.
- Ministry of Finance and Economic Development(1998)
Economic Report 1997.
- World Bank (1996)*Prospects for Sustainable Growth
1995-2005: Economic and Sector Report*.
- World Bank(1997)*Zambia Country Assistance Review:
Turning an Economy Around*.
- Zambia Today(newspaper)(1999)various issues([http://
www.zamnet.zm/cgi-bin/aglimpse.zamtoday/35/usr/
local/](http://www.zamnet.zm/cgi-bin/aglimpse.zamtoday/35/usr/local/)).

Chapter 6. Agriculture, Forestry and Fisheries

Kazuo HANZAWA (Nippon University)

1. Agriculture Sector

1-1 Importance of agriculture sector

The rural population accounts for 56% of the total population in Zambia (as of 1998). The high proportion of the urban population compared with other sub-Saharan countries deserves attention in considering agriculture in Zambia.

Apart from the mining industry, the non-agricultural sector is not fully developed. Therefore, the agricultural sector has been and will be an important sector in terms of producing food for city dwellers as well as farmers themselves, earning foreign currency with exports of agricultural products, and creating jobs.

The agricultural sector accounted for an average of 17.7% of GDP during the 1980s. Production in the non-agricultural sector fell after the Chiluba Administration carried out the Structural Adjustment Programmes in earnest, resulting in an increase in imports of manufactured goods. In contrast, an increase in exports of agricultural products edged up the proportion accounted for by the agricultural sector in the GDP to 19.4% in 1998.

The growth rate of the agricultural sector averaged as low as 1.5% between 1965 and 1995. Now the growth rate has slipped into the negative. One factor for the decline was that under the Structural Adjustment Programmes since 1991, agricultural subsidies were cut and the distribution sector was liberalized and privatized. Another factor was drought.

Agriculture in Zambia is characterized by its extreme vulnerability to climate change. Agricultural production is generally by rainfed farming and is susceptible to droughts. In 1991/ 1992, a catastrophic drought hit Zambia's agriculture, which is why Zambia needs agriculture resistant to climate change.

Some 70% of the population are poor in Zambia. Of them, about 80% live in rural areas. In that sense, food security attainment through the development of agriculture, forestry and fisheries is an urgent issue.

The nutrition levels of the poor are extremely low. A decrease in the nutrition level increases the incidence of diseases and shortens life expectancy. This in turn pushes down labor productivity.

The cultivated acreage in Zambia is 5,265,000 hectares, accounting for only 7% of the country's total area. Of the

total of 430,000 hectares of irrigable land, only 50,000 hectares of land is under cultivation. This means that Zambia has a high potential for agricultural development in that unutilized land is abundant.

Soil fertility, however, is basically not high due to its acidity and leaching. In recent years, a growing number of swamps called dambos have come under cultivation. Yet if such land use goes unchecked, precious land may be damaged and water resources may dry up. Therefore, pedological and ecological studies must be carried out before cultivating new land for farming.

1-2 Structure of agricultural production

Farmers in Zambia are classified into three categories according to the area of land they own: large-scale farmers (with more than 20 hectares of land, averaging 50 hectares) medium-scale farmers (with 5-20 hectares of land) and small-scale farmers (with less than 5 hectares) . The number of large-scale farmers totals 7,500, medium-scale farmers 50,000, and small-scale farmers 550,000.

Zambia's agricultural production is characterized by its dual structure. Large- and medium-scale farmers mainly produce cash crops, and therefore they are often regarded as the commercial agriculture sector. They stand in contrast to small-scale farmers who mainly cultivate crops for their own consumption.

Many of the large-scale farmers originate from the white settlers who started farming in colonial eras. Their farmland is favorably located along railways and in the vicinity of cities. Large-scale farmers are relatively capital-intensive, representing a large proportion of export crop production.

Medium-scale farmers are market-oriented, using high-yielding varieties of maize, farm machinery, animal power, and modern inputs such as chemical fertilizers.

Small-scale farmers are characterized by family-run operations and subsistence farming. Their farming generally depends on rainwater and the use of capital is relatively low.

Between 1980 and 1994, the commercial agricultural sector, consisting of large- and medium-scale farmers, accounted for 40% of gross agricultural production, which comprised crop and livestock production in Zambia. Small-scale farmers accounted for 60% during the same

period. In 1989, the commercial agricultural sector began to shift their production from maize to more profitable crops and export crops (such as soybeans, sunflower, cotton, and horticulture crops). Since the producer price of maize was liberalized in 1993, the acreage under maize cultivation has been on the rise.

Some large-scale farmers faced a financial crisis or even became bankrupt due to high inflation and high interest rates after economic liberalization began. Yet large-scale farmers, with better market access and a solid management foundation, are generally expected to overcome the waves of economic liberalization. Large-scale farming has great potential in terms of boosting the production of export crops.

Medium-scale farmers have been playing an important part in producing food crops, especially maize, for city dwellers. Yet, they have been receiving smaller loans and using a smaller amount of modern inputs (hybrid seeds and chemical fertilizers) than the national average since agricultural subsidies were curtailed and agricultural distribution was liberalized. Therefore, government support for medium-scale farmers deserves much consideration if such support helps them achieve efficient production.

Small-scale farmers represent more than 90% of the total number of farmers in Zambia. They are generally subsistence farmers. Except for those in the vicinity of cities, small-scale farmers are not expected to play a significant role in food production for city dwellers in the near future. Yet they are increasing their production of cash crops, especially cotton, and they are now playing an important role in the production of such commercial products. Small-scale farmers are not necessarily resistant to the ongoing process of the economic liberalization. Food security, including the securing of basic foods for them, is an urgent issue. In this context, agricultural development projects should cover small-scale farmers, especially those in outlying areas, for poverty eradication and equity.

1-3 Land system

The land system in colonial times classified land into three categories: crown land, trust land and reserve land. Chiefs, or traditional rulers, had the authority to distribute trust land and reserve land. Although the government retained certain rights in trust land, traditional chief overwhelmingly controlled reserve land under customary law.

In 1995, the land law was revised, allowing individuals to acquire a land right. The government originally aimed to simplify and streamline the procedure for the acquisi-

tion of a land right. In other words, the government tried to apply modern law to land. In line with the process of economic liberalization and privatization, the government intended to pave the way for a new land system in which land, investment and financing are linked with the establishment of private land rights. But traditional chiefs voiced objection against the government moves. As a result, the government incorporated into the land law a provision requiring individuals to obtain permission from the competent chief or village head before acquiring a land right.

The land that used to be reserve land is not just considered an economic good even now. The land regime is basically incompatible with any form of private land ownership that means the land is cut off from local communities. Yet the land system is expected to undergo gradual change.

1-4 Trends in agricultural production

A drop in copper prices due to sluggish demand hit Zambia following the oil crises during the 1970s. In a bid to diversify the copper-dependent economy, Kenneth Kaunda, the nation's first president, proactively promoted agricultural development. The results were mounting fiscal and trade deficits. Kaunda failed to put the economy on track towards recovery and left office in 1991.

The Kaunda Administration seems to have opted for the so-called "green revolution." The administration tried to boost production by artificially keeping the relative prices of fertilizers at low levels. Specifically, the Kaunda Administration established a fixed price for chemical fertilizers across the country. It also unified maize prices, bought maize in bulk from farmers, and subsidized the distribution of maize. The idea was to boost maize production and curtail imports, thereby saving foreign currency. Because the national unified prices alone could not have boosted maize production in outlying areas, it is logical to assume that the government went out of its way to buy maize from farmers in such areas.

The Kaunda Administration had probably no choice but to go ahead with agricultural development programmes to rectify the urgent issue of income disparities between urban and rural areas. The programmes were also aimed at rectifying export structures dependent on copper and coping with the consequences of depleting copper resources. There was no doubt a political purpose behind the programmes—to broaden the administration's power base. In this way, under an agricultural policy that ignored mar-

ket mechanisms, farmers began to produce for commercial purposes even in areas far from cities.

Zambia once used nearly twice the amount of chemical fertilizers per unit area than other Africa countries. According to the Food and Agriculture Organization of the United Nations, for every hectare of cultivated land, Zambia applied two to three kilograms of chemical fertilizers in the 1960s, ten kilograms in the 1970s and 15-16 kilograms in the 1980s. The amount of chemical fertilizers used per hectare peaked at 18.4 kilograms in 1987. This compares with the average application rate of around ten kilograms for African countries today. During the 1990s, however, the application rate fell to the levels of the 1970s.

This agricultural policy, though completely ignoring economic efficiency, can be praised in terms of social fairness. Agricultural income in remote rural areas must have increased. This increase in turn partly offset a decrease in the amount of money mining workers sent to their relatives in rural areas due to a slump in the mining industry. Such city dwellers, including mine workers, are said to maintain a strong tie with the rural areas where they come from. No doubt the bottom line was that people in rural areas experienced increases in their nutritional status and health levels.

Eventually, the agricultural policy aggravated the fiscal situation, causing the collapse of the Kaunda Administration. By the end of the 1980s, direct subsidies for maize alone accounted for nearly 20% of the nation's fiscal spending. Then the new administration led by Frederick Chiluba addressed the reform of the distribution of maize as recommended by the World Bank and the IMF.

Maize production is on the decline since economic liberalization, which resulted in chemical fertilizers becoming less accessible to the economically weak farmers or farmers in outlying areas. These farmers are diversifying their production to include drought-resistant crops, or abandoning maize production altogether.

1-5 Marketing system of agricultural products

The Chiluba Administration, which was launched in October 1991, committed itself to economic reforms in line with the Structural Adjustment Programmes. As part of such reforms, the administration is liberalizing the marketing system in the agricultural sector. The idea is to emphasize price mechanisms and the market and to avoid government intervention.

Government interventions in the agricultural sector went too far under the Kaunda Administration. In 1974, the national unified price system for corn was launched. In the second half of the 1980s, the government beefed up its intervention into the sector. The government launched a national unified price system for both corn and chemical fertilizers. It also bought maize in bulk from farmers. The government even shouldered some of the transportation costs. These interventions distorted pricing systems, which in turn constituted a factor in fiscal collapse and excessive external debt.

The Chiluba Administration originally planned to launch marketing reform in 1992, but the catastrophic drought in FY1991/1992 forced the government to put off the reform until the next fiscal year. In the reform, maize prices and the marketing system were not fully liberalized because the government gave top priority to inflation control to stabilize the macro economy. The reason was that fiscal and monetary tightening policies had caused a shortage of funds for purchasing maize.

The full-fledged liberalization of the marketing of maize and chemical fertilizers was launched in 1994. Although direct subsidies by the government were abolished, indirect subsidies in various forms were maintained to this day. This could be interpreted as being a transition to thorough liberalization. Yet thorough liberalization is too rash considering the fragile agricultural infrastructure and unstable climatic conditions in Zambia. High on the agenda during the transitional period toward liberalization are: 1) consistency in policy implementation, 2) disclosure of market information, 3) maintenance of indirect subsidies, 4) maize stockpiling plans, 5) enhancement of the legal system, and 6) dealing with relief supplies.

Partial liberalization of the marketing of maize and inputs was launched by 1993, although the government has effectively maintained indirect market interventions until today. The question is what changes the liberalization of the marketing system brought about.

Imports of maize generally decreased. According to FAO, annual exports averaged about 130,000 tons during the 1980s. In the early 1990s, droughts pushed up imports. In FY1991/1992, imports recorded an all-time high of 680,000 tons. The next year, 320,000 tons of maize was imported. But in the mid-1990s and onward, imports averaged tens of thousands of tons, well below the levels in the 1980s.

According to FAO, the consumption of chemical fertilizers also fell. During the 1980s, annual consumption

averaged about 80,000 tons. In FY1994/1995, consumption fell to the 50,000 ton mark. Since then, consumption has remained flat.

Wide fluctuations in maize prices occurred in line with changes in output. In November 1993, the (nominal) wholesale price of one bag (90 kilograms) of maize stood at about 5,500 Kwachas in the Lusaka public market. In March 1996, the wholesale price jumped to 34,000 Kwachas due to a shortage of maize after the 1995 drought. Now maize prices vary greatly by region or season. In general, maize prices soar in the pre-harvest season (December to March) and fall in the post-harvest season.

Farmers can gain more profits if they sell maize in the pre-harvest season rather than right after the harvest. This is why post-harvest treatment storage is high on the agenda after the liberalization of the marketing system. Among the factors that make it difficult for farmers to sell maize in the pre-harvest season are lower real prices due to inflation, write-downs during the storage period (losses due to pests, theft, etc.) and the immediate need for cash. Regional disparities in maize prices are now more evident. Seasonal disparities in maize prices are another problem. Merchants are said to suspend their purchase of maize in remote rural areas during the rainy season because bad road conditions paralyze traffic. This is why development of the rural infrastructure including roads is urgently needed.

Prices of chemical fertilizers are also on the rise, although they are increasing less than maize prices. Inflation may be playing a part in price hikes, but decreasing supplies should be playing a larger part. It is preferable to buy chemical fertilizers when demand is low rather than high (between October and December, the sowing season for maize). But it is rather difficult to change the traditional pattern of consumption and spending.

A policy assessment report by the Agriculture Ministry says agricultural production is being diversified in areas where maize production is economically inefficient, especially in outlying areas. In regions vulnerable to droughts, there is a shift from maize to sorghum and millet, which require no chemical fertilizers, to soybeans and sunflowers, which are non-traditional export crops, and to cotton. It is unclear, however, whether droughts or changes in policy have caused the shift.

There is also a trend away from maize on the consumption side. Alternative crops to maize are sorghum and millet as mentioned above, as well as sweet potatoes

and cassava. It is said that a growing number of consumers buy maize in grain form and mill it for themselves rather than buy maize flour in a bid to reduce food expenses.

1-6 Agriculture-related services

Administrative services such as agricultural research and extension activities are falling far behind due to cuts in both the budget and work force at the Ministry of Agriculture. Now, services such as loan programmes, the supply of production inputs, and the distribution of products are mostly in the hands of the private sector. These services are not fully servicing their purposes due to government policies to stabilize the macro economy. Even if the macro economy is stabilized, the provision of these services is expected to be limited significantly. In fact, marketing services for agricultural products, loan programmes and the supply of inputs are limited to small part of regions.

The development of roads in rural areas is a prerequisite for the liberalization of the agricultural sector. Extremely bad road conditions in the rainy season hamper the activities of the private sector as discussed above. Food cannot always be transported easily from areas where food is in surplus to areas where food is in short supply. Once the rainy season sets in, the transportation of food from the production centers to consumption centers becomes paralyzed. Seasonal and regional differences no longer stimulate production. Rather, the marketing liberalization has marginalized farmers in outlying areas.

Prices of inputs for production, especially maize seeds and chemical fertilizers, soared after agricultural loan programmes and subsidies were abolished. These inputs also became less available to farmers in outlying areas where the distribution costs are high. The Food Reserve Agency (FRA) launched loan programmes for chemical fertilizers through cooperatives around 1998. However, problems remain in terms of continuation and efficiency, such as delays in extending loans, low repayment rates, and low transparency associated with interventions by politicians. The emphasis on agricultural research and extension activities were focused on maize production.

Production is being diversified after liberalization. Production of food crops other than maize is growing. In particular, cultivation of drought-resistant crops is on the rise now that droughts are becoming the norm in Zambia. Still, the nutrition levels of people in rural areas are falling conspicuously due to food shortages.

More attention should be paid to other food crops and cash crops. In addition, emphasis should be placed on research and extension activity concerning agricultural and cultivation systems that are less dependent on chemical fertilizers and more oriented toward the recycling of resources.

In the past, the government was in charge of agricultural loan programmes. The repayment rate by farmers was extremely low, but the fact remains that such loan programmes are crucial for ensuring food security in the light of unstable agricultural production in Zambia. To raise the repayment rate, Zambia needs to come up with better loan programmes. Behind the low repayment rate lies a vulnerable agricultural infrastructure and changeable climate. Some analysts say debtors lack a sense of responsibility, but this may not be the case.

Under the Kaunda Administration, the government provided veterinary services free of charge. After liberalization, these services are basically not free anymore. It is unclear that this change is to blame, but incidences of diseases in livestock, especially cattle have been frequently reported in recent years. In some areas, such diseases killed cattle in large numbers.

In many cases, Zambians raise cattle not only as a source of food, but also for rituals and as a symbol of wealth. Cattle are raised as an animal power as well. For medium- and small-scale farmers, cattle play an important role in speeding up the plowing process, sowing maize seeds for a short period of time, and boosting productivity, except in areas infested by the tsetse fly.

1-7 Agricultural Sector Investment Programme

The Agricultural Sector Investment Programme (ASIP) was launched in January 1996 based on the recognition that former agricultural investments lacked integrity and consistency.

The purposes of the ASIP are:

- 1) To coordinate agricultural investments, and
- 2) To improve the investment mechanisms and the policy framework.

The ASIP has five main objectives:

- 1) To ensure food security at both the national and regional levels,
- 2) To maintain and improve the agricultural infrastructure,
- 3) To increase income and employment by boosting the production of agricultural products for domes-

tic and foreign markets,

- 4) To contribute to sustainable industrial development, and
- 5) To improve the balance of payments through the development of agriculture.

Unlike the individual project-type approach in the past, the ASIP is characterized by:

- 1) A comprehensive approach, covering the agricultural sector as a whole,
- 2) Respect for regional initiatives,
- 3) The institutional framework integrating sub-programmes,
- 4) The Basket Fund system,
- 5) A minimum number of foreign advisers,
- 6) Flexibility, and
- 7) Decentralization and the participation of beneficiaries.

Although the ASIP was not so different from traditional, project-specific programmes in which the central government took the initiative. The government originally intended to involve beneficiaries in the provinces in the planning process of the ASIP to solve their problems. Yet farmers, traditional chiefs and officials in local assembly did not participate.

The ASIP had other problems, including:

- 1) An inadequate support system for implementing the programme,
- 2) Inadequate planning of the implementation and management systems,
- 3) The impact of the delayed reorganization of the Ministry of Agriculture,
- 4) Insufficient capacity to implement the programme, and
- 5) Reduction in the agricultural-related budget.

As discussed above, the ASIP was unprecedented in terms of the ultimate goals and its concept for implementing the programme. But the programme left many problems unsolved. The ASIP was launched in line with the fundamental agricultural reform such as the privatization of the agricultural marketing system and the abolition of various kinds of subsidy programmes. It is safe to say that the confusion associated with the reform prevented the ASIP from producing the expected results, although institutional and structural problems in the ASIP itself played

a part.

The process of the ASIP was extended as the second phase of the ASIP, with bright prospects for an increase in exports of agricultural products and the diversification of the agricultural sector. This move was prompted by the need to maintain the framework for policy implementation and resources allocation, and by the need to give priority to areas where services by the private sector are unavailable.

The Food Reserve Agency (FRA), which was established in 1996, is in charge of reserving 50,000 tons of corn. The agency is also in charge of gathering and analyzing marketing information and providing this information to farmers. In FY1998/1999, the FRA launched a programme to loan chemical fertilizers to farmers through co-operatives as mentioned above. The new programme allows farmers to make a repayment in kind (with corn) or with cash. Yet, the repayment rate remains extremely low even under the new programme. Another big problem is delayed deliveries of chemical fertilizers (basal dressing in late January, topdressing in late February). Large-scale farmers are stating their dissatisfaction with the loan programme for chemical fertilizers, saying it only favors small- and medium-scale farmers.

Gathering, analyzing and disclosing marketing information is essential for the fledgling market economy in Zambia. Such information services require funds. The publication of the "Weekly Market Bulletin," which has been carrying information on the prices of agricultural products and inputs in major cities, came to be temporarily suspended around October 1998 due to financial difficulties.

1-8 Agricultural co-operatives

The Chiluba Administration, even though its main constituency was labor unions, embarked on the liberalization and privatization of agricultural marketing. The major reason for this was to reconstruct the economy through macro-economic reform. The Chiluba Administration also aimed to cut off close relations between co-operatives and the United National Independence Party (UNIP) the ruling party under the Kaunda Administration.

Agricultural co-operatives lost ground after the liberalization and privatization of agricultural marketing. Now they deal in a much lower volume of agricultural products and inputs than before. As mentioned before, however, private distributors are not filling the void as expected in many parts of the country. In fact, the situation is quite serious in less privatized regions such as remote rural ar-

reas. In these regions, inputs including seeds and chemical fertilizers are hard to obtain, and farmers have difficulty shipping maize and other agricultural produce.

If private distributors do not cover these regions for now, co-operatives should play such roles. This is what the government is keenly aware of. The government revised the co-operative law in 1997 in a bid to promote the development of co-operatives. But if the real intention of the government is to expand or bolster its power base, then that will cause a big problem. Co-operatives should commit themselves to their original objectives. To this end, public institutions should help them train and foster leaders and co-op members.

1-9 Recommendations for the agricultural sector in Zambia

One serious concern is the impact that the agricultural marketing liberalization will have on the dual structure of the agricultural sector. Large-scale farms are far more privileged than small-scale farms run by Africans in terms of size, capital and technology. They are also favorably located—in the vicinity of cities or along railways. Small-scale farms, on the other hand, are disadvantaged in terms of the transport and distribution of agricultural products.

Chemical fertilizers are important for maize production in Zambia, but they are not used effectively in terms of: (i) application to native varieties that do not need them, (ii) application rate, (iii) type of fertilizers applied (for basal dressing and topdressing) and (iv) the dressing season. The market mechanism alone does not ensure effective application of chemical fertilizers. The government needs to stage campaigns for the promotion of extension service aimed at improving farmers' skills.

At the same time, Zambia may have to review agricultural policies and support systems that put too much emphasis on using chemical fertilizers. Zambia had introduced ASIP nearly the same time of the marketing reform, but it didn't succeed in improving the dependence on fertilizers. To this end, the Zambian government needs support for long-term agricultural research aimed at promoting resource-recycling farming among other systems. But due to financial difficulties, the Zambian government probably cannot afford such research.

The policy shift towards agricultural marketing liberalization under the Structural Adjustment Programmes will result in unstable food production and subsequent turmoil in the market. A fall in the amount of chemical fertilizers due to price hikes will expand maize acreage, con-

tributing to the depletion of precious forest resources. Population pressures are also a factor for deforestation in Zambia. Rapid deforestation is increasingly reported in Zambia in recent years. Without a production shift from maize to more profitable crops, maize farmers will be driven into a state of poverty.

For agricultural development in line with economic liberalization, the following six points are recommended:

- 1) Zambia should reconstruct the economy, raise the living standards of the people, alleviate poverty, and ensure domestic food security. As the first step, Zambia should determine the actual state of the agricultural production structure and make the most of this structure.
- 2) Specifically, Zambia should obtain more foreign currency and improve the balance of payments through the promotion of export-oriented agriculture, ensure the stable supply of food to city dwellers, raise the living standards of rural dwellers, and reduce poverty. To this end, large-scale farmers should focus on export-oriented agriculture. Medium-scale farmers should focus on food supply for city dwellers. Small-scale farmers should focus on raising their living standards and reducing poverty.
- 3) Top priority should be given to tackle with issues in small-scale farming. Zambia should tackle these problems under comprehensive rural development programmes. These programmes mainly aim to diversify crops, establish intensive farming, improve soil fertility, develop the livestock industry, and establish eco-friendly, resource-recycling farming systems.
- 4) The second priority should be given to medium-scale farmers. Zambia should help them ensure a stable food supply for city dwellers. To this end, inputs and agricultural products should be distributed without a hitch. This entails support for cooperatives.
- 5) Large-scale farmers should be encouraged to increase the production of export crops. To this end, assistance should be given to agricultural research (covering processing of agricultural products as well) and loan programmes considering the relationship with small- and medium-scale farmers.
- 6) Zambia should develop roads in rural areas and boost the food reserve capacity (especially at the level of individual farmers and in rural areas)

2. Fisheries

2-1 Importance of fisheries

Although Zambia is a land-locked country, fisheries are prospering, based on the country's rivers, lakes and marshes. Fish plays a crucial role in the Zambian diet. Fish accounts for 55% of the total intake of protein for Zambians.

Per capita annual consumption of fish has fallen from twelve kilograms in 1971 to eight kilograms in 1992. The factors behind the decline are unclear. Yet the worsening economic situation and depleted fish resources may have played a part.

Fisheries are also important in terms of employment. It is estimated that more than 40,000 people are directly involved in fisheries, accounting for 8% of the industry as a whole. Small-scale fishermen total 30,000, small-scale fish farmers 10,000, corporate fishermen 70, and corporate fish farmers 20. Fishnet manufacturers, distributors of fishery products, and boat manufactures and repairmen are indirectly involved in fisheries.

2-2 Current conditions and problems of fishery production

Fisheries in Zambia are generally classified into two segments: (i) fisheries by catch in rivers, lakes, and marshes, and (ii) fisheries by fish farming. The former is subdivided into sections: (i) coastal fishery in lakes and marshes, and (ii) offshore fishery in large lakes such as Lake Kariba and Lake Tanganyika. Coastal fishery is done mainly in Bangweulu, Mweru-Luapula, Mweru-Wantipa, Kafue, Lukanga Swamps, Upper Zambezi, Lower Zambezi, Lusiwasi, and Itezhi-tezhi. The total catch in these areas by licensed fishermen stood at about 58,782 tons in 1996. Bangweulu topped the list of the areas with a large catch, followed by Tanganyika and Mweru-Luapula. Small-scale fisheries are carried out widely by fishermen without a fishery license as well. Their catches are not included in government statistics.

Fish farming is on the rise across the country except for the Southern Province. Because Northern Zambia has high rainfall, it provides good conditions for fish farming, which requires large amounts of water. According to data in 1996, fish farmers totaled 4,720 and culture ponds 9,099. The average culture pond is small in area. More than three tons of fish are cultured per hectare of culture pond in such provinces as Lusaka, Luapula, Eastern, North Western, and the Copperbelt. Fish farming is at-

tracting and will be attracting attention in future as an important source of animal protein. Yet fish farming is faced with major problems. Firstly, fry are in short supply. The supply of fry meets only 10% of the demand. Secondly, Bream (freshwater fish of the carp family) are suffering from incomplete development due to a shortage of feed. Thirdly, there is a shortage of trainers and technicians who can give appropriate advice to fish farmers.

2-3 Current conditions and problems of marketing and processing of fishery products

By volume, more dried fish are traded than fresh fish in Zambia. Dried fish accounts for some 80% of the fish supplied to the market. The reason for this is that storage facilities are limited and only Mweru-Luapula has an ice plant. In other regions, fish buyers bring ice with them to the unloading sites, but the ice soon melts. Therefore, the fish lose their freshness, lowering market prices. Bad road conditions make things worse.

Dried fish are classified into two types: sun-dried fish and smoked fish. Because of poor handling during the drying process, sand and tiny stones are often found on sun-dried fish. Due to a shortage of qualified people in the processing technology field, the processing sector of a fisheries research center in Chilanga is not staffed. A high level of processing technology, like the one for manufacturing canned food, is virtually non-existent. Another problem is that standards on weight and packaging are not established. This problem should be addressed to raise the market value of fish.

2-4 Recommendations for the fishery sector in Zambia

Though Zambia is an inland country, the fishery sector has a great potential because of its abundant rivers, lakes and marshes.

Fisheries including a coastal, offshore and fish-farming play an important role in the Zambian diet, providing adequate nutrition to people, and creating jobs. Boosting fishery production, improving production efficiency, and developing and conserving the fishery resource should be high on the agenda in view of an expected increase in demand.

The following three steps are recommended.

- 1) Zambia should train administrative staff and technicians as a matter of urgency for fishery development. As discussed above, Zambia suffers from acute shortages of human resources in the field,

especially technicians and extension workers specializing in fish farming.

- 2) Zambia should create the system to add value to fish. To this end, Zambia should construct economically viable refrigeration and processing facilities as part of infrastructure development, including the systematic development of transportation networks. As discussed above, some 80% of fish caught in Zambia are traded in the form of dried fish or smoked fish. This must be a rational style of trade given the underdeveloped infrastructure in Zambia. But this also represents a loss of precious resources in terms of the effective use of fishery resources and a decrease in their nutritive value.
- 3) Amid concerns that fishery resources are depleting, it is important to take measures to prevent overfishing. At the same time, Zambia should urgently develop a fish farming industry that meets various local conditions in Zambia. Boosting production of fry and feed for fish farming, which is already on the agenda for Zambia, should be dealt with immediately. As environmental conservation-oriented or resource-recycling development has been and will be an important concept, developing the fishery industry from such a viewpoint is very important.

References

《Japanese》

- International Development Center of Japan (1999) "*Keizai kyoryoku notameno kisochoosa – kunibetsu keizai kyoryoku keikaku Zambia Mozambiku*".
- Kodamaya, Shiro (1995) "*Zambia no kozo-chosei to meizu no ryutsu kaikaku*," In Haraguchi, (ed.) *Kozo-chosei to Afurika nogyo*: Institute of Developing Economies.
- Kodamaya, Shiro (1999a) "*Zambia niokeru nogyo ryutsu no jiyuka*," In Obayashi, Minoru, (ed.) *Afurika daisan no henyō*, Showado.
- Kodamaya, Shiro (1999) "*Zambia no kanshuho chiiki niokeru tochi seido to tochi mondai*," In Ikeno, Jun, (ed.) *Afurika nosonzo no saikento*, Institute of Developing Economies.
- Hanzawa, Kazuo (1998) "*Zambia no kozo-chosei to noson henyō*," *Kaihatugaku Kenkyū* Vol. 9, No. 1.

《English》

Chiwele, D.K. (1998) *Private Sector Response to Agricultural Marketing Liberalization in Zambia*. Nordiska Afrikainstitutet.

Gibbon, P. *et al.* (1993) *A Blighted Harvest – The World Bank and African Agriculture in the 1980s*. James Currey.

Kokwe, G. (1997) *Mickels, Maize, Markets & Livelihoods*, University of Helsinki.

Ministry of Agriculture Food and Fisheries (1994) *Agricultural Sector Investment Programme: Summary Report*.

Ministry of Agriculture Food and Fisheries (1996) *Zambia: from Transition to Consolidation*, FAO.

Republic of Zambia (1997) *Agricultural Statistic Bulletin 1995/96*. Ministry of Agriculture Food and Fisheries.

Saasa, O.S. (1998) *Development Status and Donor Activities in Zambia*. Japan International Cooperation Agency.

Shimada, S. (ed.) (1993) *Agricultural Land Use and Environmental Change of Dambo*. Tohoku University.

Shimada, S. (ed.) (1995) *Agricultural Production and Environmental Change of Dambo*. Tohoku University.

Wood, A.P., Kean, S.A., Milimo, J.T., Warren, D.M. (ed.) (1990) *The Dynamics of Agricultural Policy and Reform in Zambia*. Iowa State University Press.

Chapter 7. Poverty Reduction and Social Development

Shiro KODAMAYA (Hitotsubashi University)

1. Poverty

1-1 Poverty Reduction and social development as the priority issue

Since the early 1990s, poverty reduction and social development have been drawing attention as the priority issue for development and assistance. The World Bank placed poverty reduction on the main agenda in its *World Development Report 1990*. The United Nations Development Programme (UNDP) has been advocating the concept of “human development” and promoting the use of the “Human Development Index (UDI)” as an indicator for development. The UNDP has been publishing the annual *Human Development Report* since 1990. In 1995, the World Summit for Social Development was held.

In Africa, poverty reemerged as a major issue after the 1980s, which was called “the lost decade” and “the decade of the Structural Adjustment Programmes” for the continent. “Social development and poverty eradication” was at the top of the agenda at the Second Tokyo International Conference of African Development (TICAD II) held in October 1998. In Zambia, poverty deepened since the second half of the 1970s due to the long-term impact of economic crisis and adverse social effects caused by the Structural Adjustment Programmes. Since the mid-1990s, poverty reduction has been at the center of development plans by the Zambian government.

The Japanese government published “Japan’s Medium-Term Policy on Official Development Assistance” in August 1999. In the report, “support for poverty alleviation programmes and social development” was the first item on the priority area.

In this way, poverty reduction and social development have become the most important issues both for Zambia’s development plans and for Japan’s assistance policy in recent years.

1-2 Concept of poverty and poverty reduction measures

1-2-1 Concept of poverty

The National Poverty Reduction Strategic Framework

worked out by the Zambian government looks at poverty from three perspectives: income, capability, and Basic Human Needs (BHN)¹. These three perspectives need to be considered in identifying the poverty and taking poverty reduction measures. The situation in which individuals and households are poor can be defined broadly as a situation in which they lack or don’t have much access to, or control of, “assets”. In other words, if people want to get out of poverty, they need to get access to, or control of, three types of assets: directly productive assets (land, labor, capital, agricultural inputs, etc.), human capital assets (education and health), and social capital assets (social relations, participation, etc.)².

In identifying the poverty, the following aspects should be considered. Income aspect of poverty include: income levels and changes in income levels; income distribution and disparities; and the use and ownership of asset and resources that influence income distribution and disparities. BHN aspect includes: food, clothing and shelter; and the access and quality of social services such as water, health and education. The aspects of capability should consider education (especially primary education) and training for capacity building for the poor; nutrition and health; and the activities of community-based groups and women’s groups.

Poverty in Zambia is caused by a combination of some or all of the following factors:

(1) Lower levels of overall socio-economic development

Like many other countries in Africa, Zambia suffers from poverty partly caused by low levels of overall socio-economic development. Income levels are low and infrastructure is underdeveloped. The government, the private sector, and the people alike do not have enough resources and capacity—including funds and human capital.

(2) Economic vulnerability to the world market changes and long-term economic stagnation

Zambia experienced an economic downturn triggered by falling copper prices on the international market in the mid-1970s. Since then, economic stagnation has con-

¹ The Government of Zambia (1998)

² Blackden & Bhanu (1999) p. 1.

tinued. Due to the persistent stagnation, national income has dwindled, corporate earnings have deteriorated, and the government budget has collapsed. Inadequate maintenance due to financial difficulties aggravated the conditions of the existing infrastructure, which had been insufficient from the beginning.

(3) Disparities and inequalities associated with past economic development pattern

The single-product economy dependent on copper established during the colonial era not only created a vulnerable economic structure. It also brought about wide disparities between urban and rural areas, between the mining industry and agriculture, between the line of rail and outlying areas. In the agricultural sector, a dual structure was formed—a few large-scale commercial farmers on the one hand and a great number of small-scale farmers engaged in subsistence farming on the other. A dual structure was also formed in urban areas, where disparities are enormous between a few large-scale businesses such as mining corporations and micro enterprises and between the formal sector and the informal sector. Even after independence, these dual structures generally remained intact, although some progress was made in rectifying regional disparities. The gaps between urban and rural areas and between the formal sector and the informal sector even widened as the government civil service and various parastatals expanded. In such a circumstances, now most of the poor are concentrated to either small farmers in outlying areas or workers in the informal sector in cities.

(4) Problems associated with economic liberalization and a transition to a market economy

Zambia is now moving from an state-controlled economy. Consequently, the government has promoted the privatization of public corporations public sector reform and the liberalization.

Meanwhile, the employment and income situation is worsening. These problems are known as the “negative

impacts of the Structural Adjustment Programmes” or “pain associated with reforms.” Therefore, special measures should be taken for the vulnerable and those who are greatly affected by adjustment.

In addition, attention should be paid to the fact that low levels of overall economic development makes the transition more difficult. For example, the introduction of the user-fee system in social services maybe difficult given that many beneficiaries are low-income earners. Collaboration with the private sector and non-profit sector for such services will also take time given that fact that these sectors are not yet fully developed. Even though the government is now directing at a market economy, there remains underdeveloped market and insufficient enabling environment including institutional and legal arrangement³.

1-2-2 Poverty reduction measures

Poverty reduction measures should reflect above mentioned concept of poverty (income, capacity, and BHN). The goals of poverty reduction should therefore address economic growth, create employment, ensure access to resources for the poor, develop infrastructure, and reduce regional disparities. For capability building for the poor, it is necessary to provide them with educational and training opportunities (especially primary education). It is also necessary to empower the poor and raise women's status. Basic human needs such as basic food, clothing and shelter must be secured.

The Zambian government must accelerate economic growth and increase employment opportunities as a prerequisite for poverty reduction. Yet economic growth alone does not ensure poverty reduction. The government must also increase and improve social services including primary health care, primary education, water supply, and sewerage to ensure that the poor have access to these services. Economic growth and expansion of social services are insufficient for the extremely poor and the socially vulnerable to move out of poverty. Government needs to take measures specifically targeted at them⁴.

³ ‘The vulnerable’ is a concept, relating to poverty. Some studies regard the concept as the group most affected by changes due to the Structural Adjustment Programmes, and distinguish vulnerability from chronic poverty caused by multiple factors (Bamberger *et al.*, (1996)p. 34). Here, the vulnerable is understood from a broader perspective and is regarded as covering individuals or groups easily affected by changes in climate conditions and the natural environment (droughts, deforestation, etc.), economic changes (the Structural Adjustment Programmes, economic liberalization, economic crises, etc.) and disease. In other words, the vulnerable are those whose lives are unstable and susceptible to risks. The extent of vulnerability is believed to increase as “asset” in the broad sense of the term decreases; “asset” here means productive assets such as land and funds, human capital such as education, and social capital such as kinship networks and savings clubs. Therefore, vulnerability is closely related to poverty (Blackden & Bhanu, (1999)p. 23). In other words, the poorer people are, the more vulnerable they are, and vice versa.

⁴ World Bank (1997)p.64.

Table 7-1 Changes in poverty indicators for Zambia

| | 1991 | 1993 | 1996 |
|---|------|------|------|
| Percentage of the poor | 69.7 | 73.8 | 69.2 |
| Depth of poverty | 62.2 | 60.6 | 53.2 |
| Severity of poverty | 46.6 | 40.5 | 32.3 |
| Percentage of the poor in rural areas | 88.0 | 92.2 | 82.2 |
| Percentage of the poor in urban areas | 48.6 | 44.9 | 46.0 |
| Gini coefficient | 0.59 | 0.51 | 0.50 |
| Percentage of the extremely poor | 58.2 | 60.6 | 53.2 |
| Percentage of the extremely poor in rural areas | 80.6 | 83.5 | 68.4 |
| Percentage of the extremely poor in urban areas | 32.3 | 24.4 | 27.3 |

Source: Central Statistical Office (1997)

The poverty reduction measures can be classified into the following three types according to its targets and nature;

- (i) to provide welfare benefits or institutionalize poor people directly;
- (ii) to provide education and training for the poor and help them organize groups designed for capacity building; and
- (iii) to provide micro-credit and other loans to micro enterprises, the informal sector, small farmers, and women.

Figuratively speaking, (i) is to provide the poor with fish, (ii) is to teach the poor how to fish, and (iii) is to provide the poor with funds and the means to catch fish.

These three types of measures should be arranged according to the targeted poor and the nature of the issues involved.

Zambia today focuses on economic liberalization and market-oriented economic management. Under such circumstances, market-oriented economic growth and increased participation of the poor in the market economy are two of the prerequisites for poverty alleviation. However, the problems of the socially vulnerable, poverty, and inequality cannot be fully tackled by market mechanisms alone. The state has an important role to play in alleviating poverty by such means as provision of social services and programmes focused on the extremely poor and the socially vulnerable. The non-profit private sector also has an important role to play here. There is no doubt that commitment on the part of government is crucial; the government needs to increase fiscal spending for social development. But given the fiscal restraints and the need to

limit the budget to an appropriate scale, the amount that government can do is limited. Moreover, the top-down approach by the government or aid agencies is not sufficient for alleviating poverty. Participation and initiatives by local communities including the poor and civil society are indispensable⁵.

Because the poor and their circumstances are diverse, it is better for the poor themselves to form appropriate organizations and take the initiative. That way, they can find a solution suitable for them. This is a so-called “demand-driven” approach⁶. Participation of the poor is necessary for their capacity building as well. Therefore, local communities including the poor and the non-profit sector including NGOs, welfare organizations and churches should play an important role here. In this case, attention should be given to the fact that the poor have only limited time and money because of their poverty.

The point is how to cooperate with NGOs and other organizations in planning and implementing development and assistance projects for poverty alleviation, how to promote community participation, and how to draw on people’s power.

2. Current Situations

2-1 Situation of poverty

Poverty in Zambia is a serious problem in need of urgent attention.

Zambia lags behind the averages for sub-Saharan Africa and its southern African neighbors in terms of the Human Development Index, the average life expectancy, the infant mortality rate, the percentage of the population who

⁵ These arguments were stressed in “Blantyre Statement on Poverty Alleviation in sub-Saharan Africa” in 1994 and the Oslo Conference in 1995.

⁶ World Bank (1997) p.40.

Table 7-2 Changes in major social indicators in Zambia

Health indicators

| | 1980 | 1985 | 1986 | 1987-90 | 1988-90 | 1990 | 1989-92 | 1991 | 1992 | 1994 | 1996 | Goal | Sources |
|--|------|------|------|---------|---------|------|---------|------|------|------|------|---|---|
| infant mortality rate | 80 | | 92 | | | | 107 | | 113 | 110 | 109 | NPAC goal: 65 by 2000 | 1980, 1992: UNICEF(1998), 1986, 1996: MCDSS(1998b), 1994: UNDP(1997), 1989-1992: CBS(1997). |
| child mortality rate* | | | 90 | | | | 94 | | | | 98 | | 1986, 1996: MCDSS(1998b), 1989-1992: CBS(1997). |
| under 5 mortality rate | 150 | | 174 | | | | | | 202 | 203 | 196 | NPAC goal: 100 by 2000; UNICEF/GRZ goal: below 200 by 2001 | 1980, 1992: UNICEF(1998), 1986, 1996: MCDSS(1998b), 1994: UNDP(1997). |
| life expectancy at birth | 51 | | | | | 54 | | | | 43 | 45 | | 1980, 1996: MCDSS(1998b), 1994: UNDP(1997), 1990: UNDP(1993). |
| population with access to health services(%) | | | | 75 | | | | 87 | | 76 | 90 | | 1987-1990: UNDP(1993), 1991, 1996: MCDSS(1998b), 1994: UNDP(1997). |
| maternal mortality rate | | | | | | | | | | 940 | 649 | NPAC goal: 101/100,000 by 2000; UNICEF/GRZ goal: putting an end to the upward trend | 1996: MCDSS(1998b), 1994: UNDP(1997). |
| population with access to safe water (%) | | | | | 59 | | | | | 27 | | | 1994: UNDP(1997). |
| urban population with access to safe water (%) | | | | | 76 | | | 50 | | | 49 | | 1988-1990: UNDP(1993), 1991, 1996: MCDSS(1998b). |

*number of children dying between 12 and 59 months per 1,000 live births

Education indicators

| | 1980 | 1985 | 1986 | 1987-90 | 1988-90 | 1990 | 1991 | 1992 | 1994 | 1996 | Goal | Sources |
|--|------|------|------|---------|---------|------|------|------|------|------|-----------------------|---|
| adult literacy rate | | | | | | 73 | | | 77 | 79 | NPAC goal: 88 by 2000 | 1996: MCDSS(1998b), 1994: UNDP(1997), 1990: UNDP(1993). |
| gross primary education enrolment rate | | 96 | | | | | | 77 | | | | 1985, 1992: UNICEF(1998). |

have access to safe water, and per capita GNP. Zambia's maternal mortality rate is slightly lower than the average figure for the sub-Saharan countries, but higher than the rates of its southern African neighbors. Zambia outperforms the averages for sub-Saharan Africa in terms of the literacy rate and the school enrollment rate. Zambia lags far behind both Nicaragua, whose GNP per capita almost matches that of Zambia, and Vietnam, whose GNP per capita is lower than that of Zambia, in terms of the HDI, the under-five mortality rate, the school enrollment rate, the percentage of the population with access to safe water, and the maternal mortality rate⁷.

Thus, Zambia's social development and human development underperforms compared with Southern African neighbors, other African countries and developing countries.

To make matters worse, Zambia's social indicators have been on the decline since the early 1980s. As a result, the fruit of development after Zambia's independence was lost. HIV/AIDS incidence is extremely high and by the year 2000, it is estimated that some 11 percent of children under 14 years will be orphans⁸. Poverty in Zambia is in an extreme serious situation deserved to tackle with as soon as possible.

2-1-1 Statistical surveys on poverty; definition of poverty

The Central Bureau of Statistics defined the poor according to their expenditure levels in its survey on poverty during the 1990s. Since the survey was conducted, these definitions have been applied in poverty reduction programmes as the standard. In the survey, the poverty line was defined as K28,979 (based on 1996 prices) in monthly spending per adult, the minimum level of consumption that provides basic needs. The population bracket living below the poverty line was defined as the poor. Of those in this bracket, the population whose monthly expenditure is below K20,181 was defined as extremely poor(core poor). The core poor or extremely poor cannot afford the minimum level of consumption that meets basic nutritional needs⁹.

2-1-2 Percentage of the poor

Nearly 70% of Zambians are poor. As shown in Table 7-1, the percentage of the poor(the population below the poverty line as defined above)stood at 70% in 1991, 74% in 1993, and 69% in 1996. The percentage of the core poor was 58% in 1991, 61% in 1993, and 53% in 1996—meaning that more than half the population of Zambia is

⁷ UNDP(1997)pp.14-15, World Bank(1999)p.2.

⁸ World Bank(1999)

⁹ Zambia(1998b)p. 6.

in a state of extreme poverty. Judging from this survey, the percentage of the poor remained relatively flat during the 1990s. This means that no significant progress has also been made in reducing poverty.

Because no similar survey was conducted before the 1990s, there is no way of precisely tracking down the changes in the percentage of the poor since the 1980s. Yet the percentage of the poor no doubt increased during the 1980s¹⁰.

An ILO/JASPA survey in 1980 estimated that the poor accounted for 60% of the population. Another survey in the same year estimated the percentage at 48%. Judging from social indicators such as the infant mortality rate, poverty clearly deepened between the 1980s and the 1990s. The “Living Conditions Monitoring Survey” in 1996 indicated that many Zambians suffered from deteriorating living standards even in the 1990s.

In the nationwide survey, 45% of the households surveyed responded that their living conditions had worsened over the past five years. In contrast, 27% of the households reported that their living standards had improved over the same period¹¹.

2-1-3 Deteriorating social indicators

Health indicators worsened between the early 1980s and the early 1990s. Although these indicators showed signs of leveling off in the mid-1990s, they remained higher than the levels of the early 1980s. As shown in Table 7-2, the infant mortality rate rose from 80 in 1980 to 113 in 1992. The rate edged down to 109 in 1996. But the rate remains 36% higher than the 1980 level, far short of one of the objectives of the National Plan of Action for Children (NPAC)—reducing the rate to 65% by the year 2000. The under-5 mortality rate and the average life expectancy followed a similar pattern.

Educational indicators deteriorated as well. The primary school enrollment rate fell significantly between the 1980s and the 1990s, although the adult literacy rate rose slightly during the 1990s.

Many social indicators thus have been worsening or showing no signs of improvement at best since the 1980s. This means that poverty has long been plaguing Zambia and that the fruits of social development since Zambia became independent—improvements in social indicators—were eaten up in and after the 1980s.

2-1-4 Gap between the rich and the poor and detailed situation of the poor

The gap between the rich and the poor narrowed slightly between 1991 and 1996. As shown in Table 7-1, the depth of poverty (the average gap between the income of the poor and the poverty line income divided by the poverty line income) improved, recording 62.2% in 1991, 58.3% in 1993, and 51.3% in 1996. The severity of poverty (the square of the gap of the income level of the poor and the poverty line income divided by the poverty line income) declined, recording 46.6 in 1991, 40.5 in 1993, and 32.3 in 1996. The Gini coefficient improved from 59 in 1991 to 50 in 1996.

Although the gap between the rich and the poor narrowed slightly, it is safe to say that no fundamental changes occurred in the social structure in which some 70% of the population remain poor.

So we can regard that the poverty is the most serious problems in Zambia, and many Zambian people still suffer from it.

Moreover, special attention should be paid to the fact that specific groups of people—defined by region, social class, gender, and age—suffer from severe poverty.

Children (especially orphans and street children), women, the disabled, the elderly, and the sick (including AIDS patients) easily fall into poverty as they are more vulnerable to economic stagnation and economic liberalization, and climate changes including the incidence of droughts. Households of children only (child-headed households), female-headed households, and households with a high percentage of dependants such as the elderly and little children tend to be poor. The UNDP report, *Zambia Human Development Report 1997*, regards female heads of households, especially those above 55 years and between 16-19 years and their household members as the most vulnerable groups. In the report, the vulnerable groups also include children in large-sized rural households, unemployed youth (aged 19-34) and male heads of large-sized households working in the informal sector¹².

In rural areas, households with inadequate access to services and markets due to their geographical isolation and those with limited production capacity are prone to poverty. Small farmers in outlying areas and isolated areas (discussed later), female-headed households, and farmers lacking secure rights to land may fall under this category.

¹⁰ UNDP (1997) p. 46.

¹¹ Zambia CBS (1997) p. 12.

¹² UNDP (1997) pp. 46-47.

Street children, workers in the informal sector, those working for micro enterprises, people made redundant due to corporate streamlining (including those waiting for retirement allowances in arrears) and retirees mostly comprise the poor in cities. Among these, People made redundant due to corporate streamlining are called the "new poor."

2-2 Regional disparities

2-2-1 Rural-urban disparities

Zambia experienced urbanization relatively early with the growth of mining towns during the colonial period. Although agricultural development was emphasized in policy statement and rhetoric by the government after independence, the government actually put priority on urban areas in its development programmes. The rural-urban income gap widened, accelerating rural-urban migration.

The economic crisis and the Structural Adjustments Programmes during the 1980s triggered inflation, the stagnant employment situation, and a drop in real income. Urban population was hard hit. The income gap between urban and rural areas narrowed and rural-urban migration lost its momentum. However, these events did not change the fundamental structure in which there are definite disparities between urban and rural areas.

In the 1990s, agricultural marketing liberalization and droughts hit agricultural production. The income gap between urban and rural areas may have widened again.

It is estimated that during the 1980s, the number of the poor increased considerably in urban areas. The above-mentioned ILO/JASPA survey in 1980 estimated the percentage of the poor in urban areas at 26%. The other 1980 survey, also mentioned above, estimated the percentage at 31%.¹³ In 1991, the percentage jumped to 49%. In contrast, the percentage of the poor in rural areas was estimated at 80% by the ILO/JASPA survey and at 59% by the other survey. In 1991, the percentage stood at 88%.

Table 7-1 shows that the percentage of the poor remained the same in both urban and rural areas between 1991 and 1996, but during the 1990s, living standards may have deteriorated in rural areas¹⁴. According to the Living Condi-

tions Monitoring Survey in 1996, 49% of the households in rural areas reported that their living conditions had deteriorated over the past five years, compared with 23% reporting conditions had improved. In contrast, 37% of the households in urban areas responded that their living conditions had deteriorated for the same period, compared with 36% reporting the conditions had improved.

Three surveys conducted in 1991, 1993, and 1996 clearly show disparities between urban and rural areas. In these surveys, the percentage of the poor in urban areas ranged from 45% to 49%. In contrast, the percentage of the poor in rural areas ranged from 82% to 92%, almost double the figure for urban areas. This means that most rural people are the poor. Similarly, the percentage of the extremely poor in rural areas ranged from about 70% to 80%. In contrast, the extremely poor accounted for one-fourth to one-third of the population in urban areas.

Other indicators also showed large disparities between urban and rural areas. In 1990, the average life expectancy at birth was 44.5 years old for men and 47.6 years old for women in urban areas. The number was 40.3 years old for men and 44.5 years old for women in rural areas, three to four years old lower than the figure for urban areas. The adult literacy rate was 73% for urban areas and 45% for rural areas.

The poor in rural areas have limited access to public services and markets, which hampers their efforts to improve their capabilities and income¹⁵.

It is said that it takes an average of about an hour for them to go to the nearest school or health center on foot. In urban areas, all the households have at least one health facility within five kilometers. In rural areas, only 52% enjoy such a privilege¹⁶.

Disparities between urban and rural areas in terms of health and educational services are generally wide in sub-Saharan countries, and they are especially wider in Zambia¹⁷. Three-fourths of the poor are small farmers in Zambia, and this has something to do with the fact that many of the poor live in rural areas¹⁸.

Yet attention should be paid to the fact that poverty is not limited to rural areas. Now, nearly half of the urban population is poor amid the persistent economic stagnation.

¹³ UNDP(1997)p. 46.

¹⁴ CBS(1997)p.12.

¹⁵ *ibid.* p. 21.

¹⁶ UNDP(1997)p. 33, p. 69.

¹⁷ World Bank(1997)p. 49.

¹⁸ CBS(1997)p. 19.

2-2-2 Outlying areas and isolated areas

In colonial period, economic development in Zambia centered on the region along the railway running in the middle of the country. Since then, the gap between the regions known as the Line of Rail and the surrounding regions called outlying areas have remained. After Zambia became independent in 1964, the President Kaunda advocated fairness with regard to regional disparities. The government took steps to narrow the gap between the Line of Rail and outlying areas. But these steps did not always produce the expected results.

Because the Line of Rail covers many of Zambia's large towns including the capital city of Lusaka and towns in the Copperbelt, the gap between the Line of Rail and outlying areas represent some of the disparities between urban and rural areas in the country. Yet, even in rural areas, the gap between the Line of Rail and outlying areas is wide. Most of the large-scale farmers (known as commercial farmers) originated from white settlers of the colonial period and many medium-scale farmers engaging in commercial agriculture are found in the Line of Rail area, where infrastructure is relatively well developed. Many farmers in outlying areas are small areas in scale. They are rather characterized by subsistence farming and many of them do not have draft cattle, let alone farm machinery.

Provinces where the percentage of the poor is high are concentrated on outlying areas in the western or northern parts of the country. In 1996, the percentage of the poor was 90% in North-Western Province, 88% in Western Province, 87% in Luapula Province, and 87% in Northern Province. In these provinces, the percentage of the extremely poor was high as well, standing at 80% in North-Western Province, 79% in Western Province, 77% in Luapula Province, and 76% in Northern Province¹⁹. In sum, some 90% of the population are poor, and 80% of the population are extremely poor in these provinces. Provinces recording low ratings of UNDP's Human Development Index (HDI) are all found in outlying areas. The HDI is 0.243 in Luapula, 0.289 in Eastern Province, 0.317 in Western Province, compared with the national average of 0.371²⁰.

Disparities between provinces in outlying areas and

other provinces may have widened. According to the Living Conditions Monitoring Survey in 1996, 61% of the households in Western Province surveyed reported their living standards had deteriorated over the past five years. The percentage for Eastern Province was 53% as against the national average of 45%²¹. This indicates that the regional disparities were widened recently.

Disparities between the Line of Rail and outlying areas are so wide that the two regions almost constitute a dual structure. Yet disparities also exist within each region and within each province in each region. A closer look at disparities at district level shows that all the provinces except for the Copperbelt have "underprivileged" districts called "isolated areas." Isolated areas have been identified based on such criteria as underdeveloped transport networks, remoteness from markets, and a poor natural environment for agricultural production. This classification is effective in understanding regional disparities in Zambia²².

The poor are concentrated in outlying areas and isolated areas. Given the distribution of existing infrastructure, economic liberalization means that these areas are likely to be left behind by economic growth.

2-3 Women and children

Women and children are the most vulnerable to poverty. They have limited access to, or control over, resources and asset. They also have few options in coping with the changing economic environment.

Women have limited access to, or control over, various kinds of "asset" (productive assets, human capital, and social capital) including directly productive resources, capital, loans, and education. There is a vicious circle here. Women may not obtain loans because they do not have land or property as collateral. A study shows that if female farmers can enjoy the same degree of capital investment in agricultural inputs as their male counterparts, Zambia's agricultural production could increase by 15%²³.

In Zambia, 23% of women are not educated, double the proportion for men of 11%. Similarly, 42.7% of women are illiterate, almost twice the proportion for men of 22.8%²⁴. A statistical survey conducted during the 1990s shows a very close negative correlation between poverty

¹⁹ MCDSS (1998b) p.11, p.12.

²⁰ UNDP (1997) p.41.

²¹ CBS (1997) p.11.

²² JICA internal documents.

²³ Blackden & Bhanu (1999) p.20.

²⁴ UNDP (1997) p.22, p.43, p.51.

Figure 7-1 Changes in the number of employees in the formal sector in Zambia



Note:

Source: Number of employees 1: National Commission for Development Planning (1989) p.66., O'Neil, H. *et al* (1987) p.180, World Bank (1994) Table 2.2.

Number of employees 2: CSO (1994) (n.d.a) (n.d.b)

and education. According to the survey, households whose heads are uneducated are more likely to be poor.

Female-headed households are the most vulnerable. According to the Poverty Assessment conducted by the World Bank in 1994, female-headed households with a high percentage of dependants are generally very poor. Two surveys, conducted in 1991 and 1996, show that 73% to 77% of the female-headed households are poor as against 68% for the households headed by men. The average annual income for female-headed households is half the amount for male-headed households. Households headed by widows are most likely to be poor. This is due partly to the fact that there are many cases of so-called "property-grabbing," in which the property left by deceased husbands is mostly taken by their relatives, not by their wives or children. The percentage of female-headed households increased from 20% in 1991 to 24% in 24%²⁵.

A study estimates that by the year 2000, the number of orphans will reach 500,000 to 600,000 due to the spread of HIV/AIDS. The study also estimates that some 20% of

children below the age of 18 will be orphans or at least left with a sole parent²⁶.

HIV/AIDS is beginning to threaten the welfare of young people as well. Because the killer disease is spreading among their parents and guardians, and it is spreading among young people as well. Since many young people are forced to become the heads of households in their early years. This in turn forces them to drop out of school.

2-4 Employment (the unemployed and the informal sector)

As shown in Fig. 7-1, the number of employees in the formal sector increased after independence in 1964 until the mid-1970s before leveling off in the late 1970s. The number decreased after 1992, when the MMD government began to implement the Structural Adjustment Programmes and economic liberalization in earnest. The real number of employees in the formal sector decreased by about 80,000 from 546,000 in 1992 to 465,000 in 1998,

²⁵ MCDSS (1998b) UNDP (1997) p.32, p.51.

²⁶ MCDSS (1998b) UNDP (1997) p.18.

down 15%.

The stagnation in the number of employees in the formal sector during the 1980s translated into a surge in the number of people not employed in the formal sector, against a background of a sharp increase in the total population (the labor force). The surge in the number of people not employed in the formal sector in turn resulted in increases in the number of workers in the informal sector, jobless people, and small-scale farmers in rural areas. Unemployment soared from 18% in 1986 to 25% in 1991²⁷. In the 1990s, even employees in the formal sector began to lose their jobs through lay-offs or early retirement due to the streamlining of the public sector, especially the privatization and liquidation of parastatals. Many of them fell into poverty and are often called the “new poor.”

The informal sector has been expanding since the 1980s due to the stagnant employment and decreased real incomes in the formal sector. In the 1970s, about 20% of the urban workforce were estimated to be in the informal sector. In the mid-1980s, the percentage was estimated at around 30%²⁸.

As of 1997, employees in the informal sector outnumbered those in the formal sector by 686,000 to 475,000²⁹. People in the informal sector tend to be poor, since most of them run small businesses on their own and their income is low and precarious.

It is clear from different surveys that men outnumber women in the formal sector while women outnumber men in the informal sector. A 1992 survey of the Chawama compound in Lusaka shows that two-thirds of the male workers in the compound are employed in the formal sector. According to the survey, female workers account for some 80% of the informal sector, indicating that job opportunities for women are virtually limited to the informal sector³⁰. The income gap between men and women is wide within the informal sector. The 1992 survey also shows that women earn only half the income of men in Chawama³¹. We can summarize that poverty for workers in the informal sector is at the same time a problem for women in urban areas.

3. Poverty Reduction Policies and Programmes

3-1 Social dimension of the Structural Adjustment Programmes

The government formulated and published the “Social Action Programme 1990-1993” in 1990 as part of its efforts to address the social impacts of the Structural Adjustment Programmes. This action programme aimed to alleviate hardships experienced by the poor and the vulnerable as an adverse effect of the Structural Adjustment Programmes. While stressing the rehabilitation and repair of basic infrastructure, the programme aims to make social services and employment opportunities available to the poor in the short term. Specifically, the programme covered: (i) health and nutrition, (ii) education, (iii) water facility and sewerage, roads, and markets, (iv) job creation through public works, and (v) small businesses development.

The programme was entirely funded by the Zambian government budget and managed by a SAP coordinator in the National Commission for Development Planning (NCDP). To ensure coordination among various organizations concerned, the Zambian government established a steering committee with representatives from line ministries, donors and NGOs. The government has also established a series of sector-related Working Groups.

The Social Action Programme faced a number of difficulties. Firstly, statistical data were insufficient for designing a poverty alleviation strategy and targeting the beneficiaries. Secondly, it was argued that the government politically manipulated the programme to win the 1991 general elections. Thirdly, due to inadequate funding from government budget, the SAP could not maintain relevant projects with government funds only³².

In the New Economic Recovery Programme: Economic and Financial Framework 1992-1994, which the new MMD government launched, the heading “Social Dimensions” detailed the social impact of the Structural Adjustment Programmes. The programme laid down a number of objectives such as promotion of health care and primary education, support for small farmers, efficient use of

²⁷ UNDP (1997) p.24.

²⁸ Kodamaya, S. (1998) pp.112-113.

²⁹ MFED (1999) p.24.

³⁰ World Bank (1994)

³¹ Moser, C. D. (1996) p.33.

³² Bamberger, M. *et al.* (1996) pp.20-21.

Table 7-3 Poverty reduction programmes in Zambia

| | | | |
|--|--|--|--|
| Poverty in general | National Poverty Reduction Strategic Framework(1998) | National Poverty Reduction Action Plan 1999-2004(1998) | Pro-poor macro-economic measures, agriculture and rural development, infrastructure development, urban micro enterprises and the informal sector, human resources development, and coordination/monitoring/evaluation of anti-poverty projects. |
| Social impact of structural adjustment | | Social Action Programme 1990-1993 (1990) | Alleviation of the adverse impacts of Structural Adjustment Programmes on the poor and the vulnerable group, provision of social services and employment opportunities for the poor, rehabilitation of basic infrastructure, health and nutrition, education, water supply and sanitation, roads, markets, job creation through public works programmes, and promotion of small enterprises. |
| Health | Health Reform Policy (1992) | National Health Strategic Plan*(3-year strategy, revised every year) | Fair and cost-effective basic health services, establishment of a decentralized administrative system with the district as a unit, improvement of health service supply at the district level, and reinforcement of monitoring and evaluation. |
| Education | Educating our Future: National Policy on Education(1996) | BESSIP* ph.1 1999-2002 | Provision of quality basic education for all children, increase of school enrollment rates, and reduction of gender and regional disparities. |
| Women | National Gender Policy | Strategic Plan for the Advancement of Women in Zambia, 1996-2001 (SPAW) (1996) | Poverty reduction and equal resource access for women, elimination of gender inequalities in access to education and training, equal access to health services, reduction of gender inequalities in power and decision-making, and promotion of the rights of girls. |
| Children | | National Plan of Action for Children(NPAC) (1994) | Reduction of the infant mortality rate; reduction of the maternal mortality rate by half; reduction of the total fertility rate; increase of the primary school enrollment rate to 100%; reduction of the adult literacy rate to 12% (especially for women); expansion of the care and education of children under 5 years old; reduction in child malnutrition by 25%, increase in the percentage of people with access to clean water to 50% in rural areas and 100% in urban areas, improvement of family welfare, reduction of the number of street children, support for orphans and disabled children, reduction of child abuse, improvement of women's welfare, and advancement of women. |

Source: Original

food aid, continuation of the Social Action Programme, and implementation of small-scale, labor-intensive, and community-based public works programmes with the Social Recovery Fund and through the Micro-Projects Programme.

3-2 Micro-projects

3-2-1 Micro-Projects

The Micro-Projects Programme was launched in 1987 with financing from the EU. The Micro-Projects Unit within the NCDP manages the programme. The programme supports small, simple projects designed and implemented by local communities. Local groups organize themselves and establish Project Committees, which prepare project proposals and applies for financial assistance. The project committee is responsible for project implementation. The District Councils and the Provincial Planning Units firstly screen project proposals submitted by project committees of local communities. They check

whether the proposals will accord with development priorities for the province or district, whether the proposed project will not duplicate existing projects, and whether the proposed project will not entail unsustainable recurrent costs. The screened-out proposals are then submitted to the Micro-Projects Unit in Lusaka and screened again in the Micro-Projects Programme Steering Committee for final approval. The steering committee, chaired by the NCDP's Permanent Secretary of Economic Cooperation, comprises representatives from the Ministries of Health, Education and Finance, and representatives of the EU. The Micro-Projects Unit monitors the project twice during the term of the project, regardless of the length of a project's duration. By the first half of 1991, a total of 184 projects were approved³³.

3-2-2 Social Recovery Fund Programme

The Social Recovery Fund Programme is funded by the International Development Association (IDA). The programme is designed to support projects that local com-

³³ *ibid.*

munities draw up to help protect the poor amid the Structural Adjustment Programmes. Specifically, the programme supports micro-projects that are small, simple, and generated at the community level and that usually involve health care, nutrition, education and economic infrastructure. To ensure sustainability and community participation, the programme requires local communities to provide labor, materials and cash. The projects are screened according to the following criteria:

- (i) Whether the project is consistent with government sectoral strategies.
- (ii) Whether the cost will be low (under 40,000 dollars)
- (iii) Whether the project will be easily administered.
- (iv) Whether the local community will take the initiative and sponsor the project.
- (v) Whether local residents will contribute labor, material and cash.
- (vi) Whether the project will benefit the poor and other vulnerable groups.

The Social Recovery Fund Programme has now been integrated into the Micro-Projects Programme managed by the Micro-Projects Unit. On a project basis, accounting and filed management of the two programmes have been unified. Behind these moves lay institutional weakness on the part of Zambia and the fear of implementation delays.

Because the Micro-Projects is administered from the capital city of Lusaka, it is difficult to frequently monitor each project. The World Bank has raised concerns over insufficient monitoring and stressed the need to improve criteria for appraisal and selection of the project.

In another development, the programme has established field offices designed to ensure that Social Recovery Projects are accepted more favorably by local communities.

A question has now emerged as to whether priority should be given to the screening process or the implementation process. Some argue that more time should be spent on appraising proposed projects so that only appropriate projects will be implemented. Other argue that more time should be spent on monitoring the on-going projects so that the projects will be implemented appropriately³⁴.

³⁴ *ibid.*

³⁵ Government of Zambia (1999)

3-3 Poverty Reduction Strategic Framework and Poverty Reduction Action Plan

3-3-1 Poverty Reduction Strategic Framework

The government drew up the “National Poverty Reduction Strategic Framework” in May 1998. In its conclusion, the framework states that the Zambian government will remain committed to poverty reduction on the top of the agenda for sustainable development in Zambia. In May 1999, the Zambian government submitted a report on government policy to the CG meeting. The report³⁵ regards the “National Poverty Reduction Strategic Framework” as an umbrella for the Sector Investment Programmes (SIPs) and other poverty reduction efforts.

The strategic framework lays down five strategies:

- (i) to achieve broad-based economic growth through agricultural and rural development
- (ii) to provide public physical infrastructure
- (iii) to increase productivity of the urban micro enterprises and informal sector
- (iv) to develop human resources
- (v) to co-ordinate, monitor and evaluate poverty reduction programmes and activities

3-3-2 National Poverty Reduction Action Plan

The Zambian government formulated the “National Poverty Reduction Action Plan 1999-2004” in December 1998 as a five-year plan to reduce poverty based on the National Poverty Reduction Strategic Framework. The plan laid down three goals:

- (i) to reduce the percentage of the poor from 70% to 50%
- (ii) to enhance coordination of all the poverty reduction programmes, including those by NGOs and the private sector
- (iii) to monitor and evaluate the impact of poverty reduction programmes

The National Poverty Reduction Action Plan has made some revisions to the strategic framework and comprises the following six key areas to cover:

- (i) **Pro-poor macro-economic policy**

(ii) Agricultural and rural development

The plan aims to improve farmers' access to the markets, infrastructure and information systems to increase their market participation. Special emphasis is on eliminating structural constraints which impinge on women's time use. Specifically, the plan aims to beef up farmers' right to land (especially for women), extend loans, improve agricultural research and extension activity, diversify agriculture, and develop rural infrastructure.

(iii) Provision of public physical infrastructure

Providing such physical infrastructure as roads, bridges, canals, communication networks, power supply, educational/health facilities, water supplies and sanitation facilities, markets, and storage facilities for agricultural produce. The plan takes a labor-intensive approach to the construction and maintenance of rural roads as part of its objective to ensure community participation in building and maintaining infrastructure.

(iv) Increase of productivity of the urban micro enterprises and informal sector

The plan aims to boost the productivity of micro enterprises and the informal sector by removing regulatory constraints and improving the supporting infrastructure and services. Specific measures include guaranteeing their right to land and housing outside town planning areas and providing loans, market information and technical training.

(v) Human resources development

The plan aims to provide education and technical vocational training and to seek a wider access to health care facilities. Specific measures include decentralization of these services, contracting them out to NGOs and private companies, improving the safety net, providing cost-effective primary health care, and settling displaced workers on newly developed land for farming.

(vi) Coordination, monitoring and evaluation of poverty reduction programmes and activities

The plan specifically aims to enhance the capacity of the Ministry of Community Development and Social Services, which has been designated to coordinate all

the poverty alleviation and reduction programmes. Poverty reduction activities will be reviewed every two years.

"Agricultural and rural development" covers rural areas, and "urban micro enterprises and the informal sector" covers urban areas. "Provision of physical infrastructure" and "human resources development" covers both rural and urban areas.

Both the National Poverty Reduction Strategic Framework and the National Poverty Reduction Action Plan stress the importance of market forces and encourage more market participation by small-scale farmers, micro enterprises and workers in the informal sector in a bid to eradicate poverty. To this end, the strategic framework and its action plan aim to improve the capability of the poor to penetrate the market through infrastructure development, better access to markets and infrastructure and human resources development.

The National Poverty Reduction Action Plan emphasizes the self-help efforts of the poor and it plans to support such efforts.

The action plan also claims it is possible to get 2.4 million people out of poverty over the implementation period of five years. To this end, it is necessary to raise the income for the poor from 1.2 billion US dollars to 1.8 billion US dollars, according to the plan³⁶.

3-4 Plans on women and gender

3-4-1 "Gender in Development Division"

The history of the Gender in Development Division can be traced back to the Women in Development Unit established in 1986 within the NCDP during the Kaunda-UNIP Administration. In 1988, the unit was upgraded to the WID Department. In 1996, the Chiluba Government transferred the Department from the NCDP to the Cabinet Office and reorganized it into the Gender in Development Division to further elevate the department and strengthen its authority. The Gender in Development Division is now one of the four divisions of the Cabinet Office, which coordinates policies of all the government organizations. This means that the Division has greater influence over the decision-making process, at least formally. On the other hand, the Division has limitations in carrying out public relations that may carry anti-government implica-

³⁶ *ibid.*

tions. Some NGOs criticize the Gender in Development Division for being too centrist and not carrying out activities that reach to the community and grassroots levels.

The key tasks of the Gender in Development Division are to ensure that all the development plans, projects and strategies are gender responsive and to coordinate gender-related activities. Other tasks include:

- (i) to provide government offices with technical advice and guidance on gender in development
- (ii) to advocate for the advancement of women
- (iii) to carry out educational activities and public relations

The Gender in Development Division has formulated a “National Gender Policy” as the guideline for integrating the gender issue into the national development process³⁷.

3-4-2 Strategic Plan for the Advancement of Women in Zambia

The Zambian government, NGOs, and aid agencies formulated a framework in December 1995 to implement the Beijing Platform for Action after the World Conference on Women in Beijing. The framework is called the “Strategic Plan for the Advancement of Women in Zambia, 1996-2001.”³⁸

The plan has five priorities:

- (i) to reduce the persistent and growing burden of poverty on women, to strengthen women’s access to resources, and to expand women’s participation in economic structures and policies
- (ii) to eliminate gender disparities in access to education and training
- (iii) to remove inequalities in access to health and related services
- (iv) to reduce gender inequalities in power and decision-making
- (v) to promote the rights of the girl-child

3-5 Children and youth

3-5-1 Children

Government developed the National Plan of Action for Children in 1993. The cabinet approved the plan in August 1994. The plan covers maternal health and child care, basic education, food security, nutrition, and water sanitation. The plan also lays down cross-sectoral coordination, a programme management framework and monitoring³⁹.

The National Plan of Action for Children aims to achieve the following goals by the year 2000.

- to reduce the infant mortality rate from 108 to 65 and the under-5 mortality rate from 192 to 100
- to halve the maternal mortality rate
- to reduce the total fertility rate from 6.5 to 5.4
- to achieve a 100% primary school enrollment rate
- to halve the adult illiteracy rate, from 25% in 1990 to 12% (with special emphasis on women)
- to expand care and education for children below the age of five
- to reduce child malnutrition by 25%
- to raise the percentage of people with access to clean water and sanitation to 50% in rural areas and 100% in urban areas
- to improve family welfare, reduce the number of street children, to provide support for orphans and disabled children, reduce incidence of child abuse, and advance women’s welfare and status⁴⁰

3-5-2 Youth

The government has formulated the National Programme of Action for the Youth. Under the plan, the government plans to provide skills training for 17,000 young people aged 15 to 25 by the year 2002. As part of the plan, the Youth Development Fund was established in 1992. The fund is designed to offer micro-credit to enable young people to secure funds to start up new business on their own.⁴¹

³⁷ ZARD(1998)p. 21, MCDSS(1998b)

³⁸ Government of Zambia(1995)

³⁹ MCDSS(1998b)

⁴⁰ MCDSS(1999a)

⁴¹ MCDSS(1998a), MCDSS(1998b), UNDP(1997)p. 57.

3-6 Rural development

For rural development, the government has formulated the Agricultural Sector Investment Programme (ASIP). As discussed above, the National Poverty Reduction Strategic Framework and the National Poverty Reduction Action Plan aim to achieve broad based economic growth through agricultural and rural development as a key objective.

A report submitted by the Zambian government to the 1999 CG meeting outlines the primary objectives of the government agricultural policy. According to the report, the primary objectives are to promote more efficient agricultural production by small-scale farmers and to diversify agricultural production in a bid to enhance resistance to droughts. Specific measures include:

- i) to diversify agricultural production and to secure endurance to drought
- ii) to improve small holder access to inputs
- iii) to provide more effective technical and advisory services through the decentralization of adaptive research and extension services
- iv) to improve infrastructure including feeder roads, to promote rural finance, to support farmers in remote areas through extension services and the development of rural infrastructure⁴²

3-7 Other policies and programmes on poverty alleviation and reduction

Apart from plans and policies for poverty reduction and alleviation discussed above, the following anti-poverty programmes are underway.

(1) Public Welfare Assistance Scheme

The Public Welfare Assistance Scheme (PWAS) is managed by the government (the Social Welfare Division of the Ministry of Community Development and Social Services) and funded by the government budget. The scheme is a pillar for the social safety net to alleviate the adverse effects of economic reform on the vulnerable. Being a pure welfare programme, the scheme is also known as "the ultimate safety net." It extends food, shelter, health care and educational expenses to the extremely poor. Among beneficiaries of the scheme are orphans, the disabled, the elderly, and AIDS patients. Beneficiaries ac-

count for only 2% of the total population, because the funds are insufficient and only a limited number of people qualified for the scheme. In 1997, around 38,000 out of 139,000 applicants qualified. In 1998, about 15,000 out of 128,000 applicants qualified. However, critics allege those who have connections with politicians are more likely to qualify.

The Health Care Cost Scheme was set up within the PWAS in 1995 as part of health reform. The new scheme covers the medical bills for poor people who cannot pay them. The Ministry of Community Development and Social Services and the Ministry of Health jointly manage the scheme.

In addition to operating nursing homes directly for the elderly, the government extends financial support for similar nursing homes, facilities for the disabled, orphanages, facilities for AIDS patients, and others⁴³.

(2) Public works programme for poverty alleviation

Public works programmes that provide temporary jobs for the poor through food-for-work are classified into two types. The Programme against Malnutrition (PAM) is designed to provide drought/flood victims with food for their work in public works projects. Similarly, the Programme Urban Self-Help (PUSH) is designed to provide the urban poor with food for their work in public works projects to construct roads, schools, public health centers, public lavatories, drainage, etc in and around cities. The PUSH is underway in six districts and 23 compounds.

The PAM and PUSH also serve as anti-poverty measures for poor women. Most participants in these programmes are women. The PUSH even provides skills training for women. Through the construction and repair of such buildings as schools and public health centers, these programmes contribute to development in the social sector as well⁴⁴.

(3) Micro Credit for the Poor

The government provides micro credit in collaboration with NGOs and other partners for the poor to promote productivity and income generation activities.

Organizations and funds that provide micro-credit include: Micro Bankers Trust (launched in 1996 which tar-

⁴² Government of Zambia (1999).

⁴³ MCDSS (1998a), Government of Zambia (1999), UNDP (1997) pp. 56-58.

⁴⁴ Government of Zambia (1998b), UNDP (1997) p. 57.

gets the poor giving priority to women), Youth Development Fund(established in 1992 as part of the National Programme of Action for the Youth), the National Trust for the Disabled(a revolving fund established in 1994 to provide credit to the persons with disabilities), the Hammer Mills Project(established in 1993), and the Rural Investment Fund(part of ASIP)

The initial fund for the Micro Bankers Trust was provided by the Ministry of Community Development and Social Services. The trust was managed by seven NGOs, which in turn are supported by the EU⁴⁵.

(4) National Social Safety Net Coordinating Committee

The National Social Safety Net Coordinating Committee covers those retrenched by the streamlining of the public sector. The committee helps them generate income and provides them with market skills training. The committee works in conjunction with Future Search. The Ministry of Labor and Social Security supervises the committee⁴⁶.

4. Development Issues

Poverty is serious and widespread in Zambia, as some 70% of its population live below the poverty line. Social indicators have been on the decline for years. Therefore, poverty alleviation is Zambia's most urgent and first priority issue.

Poverty in Zambia is caused by multiple factors: low levels of economic development in general, persistent economic stagnation, disparities and inequalities associated with past economic development patterns, and negative affects associated with economic liberalization. Poverty in Zambia takes many forms. Therefore, poverty reduction measures require a comprehensive approach, which may be cross-sectoral or an appropriate combination of various methods.

While poverty is serious and widespread in Zambia, resources available to the government and people are limited. Therefore, it is important to put limited resources to good use for poverty reduction, which requires a number of steps to be taken. The first step is to identify the poor and pinpoint the target(targeting). The second step is to coordinate poverty reduction measures to avoid needless

duplication. The third step is to perform regular monitoring and evaluation on the effectiveness and relevance of poverty reduction measures. Targeting requires fact-finding surveys. Monitoring and evaluation of the poverty reduction measures require impact assessment of these measures.

Zambia started working to reduce or alleviate poverty in the late 1980s as part of its efforts to address the social dimension of the Structural Adjustment Programmes. The anti-poverty reduction measures targeted those suffering from the adverse effects of the Structural Adjustment Programmes. In the first half of the 1990s, Zambia carried out a number of poverty assessment. Based on the results of these assessments, Zambia formulated the National Poverty Reduction Strategic Framework and the National Poverty Reduction Action Plan. The National Poverty Reduction Strategic Framework placed poverty reduction on the top of the agenda for Zambia's development. The framework was placed as an umbrella programme embracing the Sector Investment Programmes and other poverty reduction efforts. Zambia should be commended for following the right course of action in addressing poverty in that the country carried out poverty assessment surveys formulated comprehensive poverty reduction programmes, and placed poverty reduction on the top of the agenda for development. And it can be said that Zambia made a remarkable output.

The question is whether Zambia actually puts the comprehensive poverty reduction programme into practice and whether the programmes will produce the expected outcome. The following conditions are needed for the implementation of the programme:

- (1) Continued commitment by the government
- (2) Appropriate allocation of government budgets and donor funds
- (3) Capacity building of the Ministry of Community Development and Social Services in charge of coordinating and monitoring the programme

5. Challenges of Development Assistance and Japanese assistance

The New Development Strategy formulated by the Development Assistance Committee(DAC)in 1996 states that the objective of development is to improve the qual-

⁴⁵ MCDSS(1998a), MCDSS(1998b), UNDP(1997)p. 57.

⁴⁶ MCDSS(1998a), MCDSS(1998b)

ity of people's lives. The strategy defines specific goals for social development, including halving the percentage of the poor by 2015. *Japan's Medium-Term Policy on Official Development Assistance* published by the Japanese government in August 1999 takes these goals into account. The policy regards "support for poverty alleviation and social development" as the first item of the agenda and cites basic education, health and medical care, and WID/gender as the targeted fields.

Poverty alleviation and social development should be at the center of Japan's assistance towards Zambia given the fact that poverty reduction is the central objective of Zambia's development programmes and that poverty alleviation and social development are the first items on the agenda for Japan's ODA.

As discussed earlier, Zambia has already formulated a comprehensive poverty reduction strategic framework and its action plan. Therefore, Japan should extend assistance for poverty reduction and social development in line with this strategic framework and the action plan.

Specifically, the framework and the action plan define the priority fields as: (i) agricultural and rural development, (ii) infrastructure development, (iii) increase of productivity of urban micro enterprises and informal sector, (iv) human resources development, and (v) coordination, monitoring and evaluation of poverty reduction programmes. Japan can help Zambia in many of these fields.

As specific forms or methods for assistance in poverty reduction/alleviation and social development, Japan's Medium-Term Policy on Official Development Assistance stresses the following points:

- Japan will help developing countries enhance their capacity to formulate and implement policies aimed at addressing poverty alleviation in a comprehensive manner. Especially, Japan will place more weight on the "intangible" aspect of assistance such as support for institution building so that economic development will benefit the poor as well.
- Japan will place more weight on comprehensive, cross-sectoral approaches and community-oriented, participatory approaches to economic assistance. In this context, Japan will emphasize WID and gender considerations, vocational training and creating employment opportunities, and the use of micro credit.
- Japan will place more weight on narrowing regional disparities. To this end, Japan will extend assistance to promote agriculture, forestry, and fisheries as well

as rural industries. Japan will also help developing countries in their efforts to improve the living environment in rural areas and to nurture community organizations.

With both Zambia's poverty reduction programmes and Japan's aid policy taken into account, the following types of assistance will be appropriate. (Assistance in health care and education is excluded here to avoid duplication. Such assistance is discussed in Chapters 9 and 10.)

- Assistance in capacity building of: the Ministry of Community Development and Social Services, which play a central role in the National Poverty Reduction Action Plan; and the Gender in Development Division, which plays the pivotal role in addressing gender issues
- Assistance in micro credit schemes, vocational training and agricultural support for groups of women in rural areas
- Assistance for urban micro enterprises and the informal sector in general
- Assistance in water supply, sanitation, public health, income generation in rural areas and urban low income areas
- Assistance in formulating and implementing policies aimed at narrowing regional disparities
- Assistance for NGOs engaging in poverty alleviation and social development
- Assistance in vocational training and other forms of support for retrenched.

It may be appropriate for Japan to make use of past experience in its assistance to Zambia to ensure continuity and efficient development. Japan has experience in assisting a water supply project in George compound in the capital city of Lusaka. Japan may well build on this experience and extend comprehensive assistance covering water supply, sanitation, public health, income generation activities in the compound and other inner cities and the support for the informal sector.

As for "Grant Assistance for Grassroots Projects", it is necessary to put it as a part of whole poverty alleviation and social development, by making it consistent with poverty reduction measures, and to set its criteria and priority.

As NGOs play an important role in assistance in poverty alleviation, Japan should look into the possibility of carrying out community empowerment programmes in

collaboration with NGOs.

Japan should also decide on how to cope with the Sector Investment Programmes (SIPs) in its aid to reduce poverty because SIPs constitute part of the National Poverty Reduction Strategic Framework and the National Poverty Reduction Action Plan.

References

《Japanese》

Ministry of Foreign Affairs (1999) “*Seifu kaihatsu enjoni kansuru chuki seisaku*”

Kodamaya, Shiro (1998) “*Zambia niokeru keizaikiki to toshi infomarusekuta*” In Ikeno, J. and Takeuchi, S. (ed.), *Afurika no infomarusekuta saiko* Asian Economy Research Institute.

《English》

Bamberger, M., Yahie, A. M. & Matovu, G. (eds.) (1996) *The Design and Management of Poverty Reduction Programs and Projects in Anglophone Africa*: proceedings of a seminar sponsored jointly by the Economic Development Institute of the World Bank and the Uganda Management Institute. World Bank: Washington D.C.

Blackden, C. M. and Bhanu, C. (1999) *Gender, Growth and Poverty Reduction*: special program of assistance for Africa, 1998 Status report on poverty in sub-Saharan Africa, World Bank technical paper No.428, World Bank: Washington D.C.

Central Bureau of Statistics (CBS) (1997) *Welfare and Poverty in Zambia*: Lusaka.

Central Statistical Office (CSO) (1987) *Lusaka Urban Labour Force Survey 1985*: Lusaka.

Central Statistical Office (CSO) (1994) *Quarterly Employment and Earnings Survey 1992-1993*: Lusaka.

Central Statistical Office (CSO) (1997) *The Evolution of Poverty in Zambia, 1991-1996*.

Central Statistical Office (CSO) (n.d.a) *Quarterly Employment and Earnings Survey 4th Quarter 1994*: Lusaka.

Central Statistical Office (CSO) (n.d.b) *Quarterly Employment and Earnings Survey 1st Half 1995*: Lusaka.

Government of Zambia (1990) *Social Action Programme 1990-1993*: Lusaka.

Government of Zambia (1998) *National Poverty Reduction Strategic Framework*.

Government of Zambia (1999) *Economic Growth with*

Equity: policies of the government of the Republic of Zambia (Report presented to the Consultative Group Meeting for Zambia convened for 26th to 28th May, 1999 in Paris)

Ministry of Community Development and Social Services (MCDSS) (1998a) *National Poverty Reduction Action Plan 1999-2004*: Lusaka.

Ministry of Community Development and Social Services (MCDSS) (1998b) *National Poverty Reduction Strategic Framework*: Lusaka.

Ministry of Finance and Economic Development (MFED) (1999) *Economic Report 1998*: Lusaka.

Ministry of Finance (1992) *New Economic Recovery Programme: Economic and Financial Framework 1992-1994*: Lusaka.

Moser, C. O. (1996) *Confronting Crisis*: a comparative study of household responses to poverty and vulnerability in four poor urban communities. World Bank: Washington D.C.

National Commission for Development Planning (1989) *New Economic Recovery Programme: Fourth National Development Plan 1989-1993*: Lusaka.

OECD/DAC (1996) *Shaping the 21st Century*: The Contribution of Development Co-operation.

O’Neil, H. et al. (1997) *Transforming a Single-Product Economy: An Examination of the First Stage of Zambia’s Economic Reform Program, 1982-86*. Economic Development Institute: Washington, D.C.

Strategic Plan for the Advancement of Women in Zambia, 1996-2001: SPAW.

UNDP (1993) *Zambia Human Development Report 1993*: Lusaka.

UNDP (1997) *Zambia Human Development Report 1997*: Lusaka.

UNICEF Zambia (1998) UNICEF/GRZ Programme of Cooperation for Women and Children: 1997-2001. UNICEF: Lusaka.

World Bank (1994) *Zambia Poverty Assessment*, 5 volumes, Human Resource Division, Southern Africa Department, Africa Regional Office, Report No. 12985-ZA.

World Bank (1997) *Taking Action to Reduce Poverty in sub-Saharan Africa*. World Bank: Washington D.C.

World Bank (1994) *Zambia Country Assistance Strategy, 1999*.

ZARD (1998) *Strengthening the Institutional Mechanisms for the Implementation of the Beijing Commitments*.

Chapter 8. The Environment

Shiro KODAMAYA (Hitotsubashi University)

1. Current Conditions

1-1 Characteristics of Environmental Issues in Zambia

1-1-1 Awareness of environment issues

In Zambia, environmental issues have not been fully taken into account in policy formulation, as Zambia has long been regarded as a development frontier since the colonial period. Its people, as users of natural resources and managers of the environment, have shared the optimistic view that Zambia is blessed with an abundance of land and natural resources for its small population and undeveloped economy. However, it is necessary to recognize that serious environmental issues actually exist in Zambia.¹ (In recent years, environmental awareness has been growing, as seen in the following comment: "Zambia has abundant water, land, and forests, but pressure on these resources has increased in recent years."²

For example, papers on development and agriculture in Zambia as well as reports prepared by international organizations often state that although there is an abundance of fertile land in Zambia, and agriculture has the potential only a part of the area of arable land is actually utilized, mainly due to problems with economic and agricultural policies (World Bank (1995) p. 2).

1-1-2 The characteristic of environmental issues in Zambia

The following different two environmental issues coexist in Zambia:

(1) Poverty and environment

The poverty-environment down spiral is a common problem in poor countries, including those in Africa. In other words, the poor destroy the environment due to poverty; in turn, the environmental deterioration badly hits the poor. Thus, the poor are susceptible to environmental de-

terioration due to their poverty.

For example, as land use in Zambia is primarily extensive farming based on shifting cultivation, deforestation is likely to occur with the expansion of farmland due to its population growth. Moreover, this rainfed agriculture is susceptible to drought. At the time of poor harvest, farmers try to earn cash by selling charcoal because of the limited cash income opportunity. This leads to further deforestation and little access to firewood increasing the labour burden of women who collect it. It also degrades the quality and water-holding capacity of soils, thus adversely affecting agricultural production.

As mentioned in Chapter 7, poverty issues in Zambia are complex. Not only an overall low level of socio-economic development in general, but also prolonged economic stagnation, economic liberalization, and transition to a market economy are the factors that can increase poverty. The Structural Adjustment Programmes and economic liberalization also have major impacts on the environment, which is referred to as "adjustment-environment linkages".³ For example, when the price of fertilizer soars due to agricultural liberalization, small-scale farmers reduce or stop using fertilizer, and try to maintain production through expansion of cultivated area, which can cause deforestation. As a result of a decrease in employment opportunities and a drop in real incomes in urban areas due to the economic crisis, the rate of population growth in the rural areas is increasing and the expansion of farmland is accelerating deforestation. A drop in real incomes and a decrease in employment opportunities, may have forced people to look for alternative sources of income many of which are natural resource intensive. This can lead to environmental degradation.⁴

Like other sub-Saharan African countries, Zambia has a high population growth rate. The high population growth rate, resulting from poverty, intensifies pressures on farmland and natural resources, and leads to environmental degradation.

¹ Reed (1996) p.131, Theo, D. D. & Chabwela, H. N. (1999). For example, some papers on development and agriculture in Zambia as well as reports prepared by international organizations often state that "although there is an abundance of fertile land in Zambia, only a part of the area of arable land is actually used, mainly due to problems with conventional economic and agricultural policies. Nevertheless, agriculture has major potential" (World Bank (1995) p. 2).

² IMF (1999).

³ Reed (1996) p. 134.

⁴ *ibid.*, p. 141

(2) Mining industry, urbanization, and the environment

The other characteristic of environment issues in Zambia is environmental pollution caused by industrialization and urbanization. Such environmental problems as pollution caused by mines and factories, waste discharged by urban populations, water contamination by sewage, and air pollution have often accompanied industrialization and urbanization in Latin America as well as in the Asian region where industrialization has occurred rapidly. In Zambia, too, these environmental problems are serious, as Zambia's economic development has been mainly based on the mining industry since the colonial period. Not only the mining industry itself, but also urbanization due to the development of the mining industry and related industries, has caused various environmental problems. The copper mining industry that has been the mainstay of Zambian economy since the colonial period has caused environmental degradation.

In the process of copper mining, such as strip mining, the ground surface is changed. Moreover, copper mines consumed tremendous amounts of timber and charcoal for mineshaft construction, power generation, and smelting furnaces, thus causing deforestation around the Copperbelt area. During the operation of copper mines, water and soil have also been contaminated. At the Chingola mine, several thousand liters of wastewater from the mine were directly discharged into the Kafue River and air pollution occurred during the process of refining.⁵

1-1-3 Causes and effects environmental deterioration

(1) Causes of environmental deterioration

In Zambia, both economic development and people's livelihoods largely depend on natural resources, such as minerals, forests, land, lakes, and wildlife, and this dependence on natural resources is one of the major factors of environmental degradation. In other words, Zambia's economic and subsistence activities are more dependent on the exploitation of nature, due to its lower level of economic development and general level of technical standards. This is the main reason for Zambia's environmental degradation.

As mentioned previously, overuse of natural resources by poor people in rural areas also results in environmental degradation. Most people in rural areas are poor with no option but to keep using such resources until they are degraded. This leads to deforestation, a decrease in the numbers of wildlife, and overfishing.

Another cause of environmental deterioration is inappropriate management of natural resources, due to lack of understanding of environmental issues, weak administrative and legal support structures, and a breakdown of the traditional practices that previously helped to ensure the sustainable use of nature. Lack of funds, personnel, and facilities in administration makes it difficult to effectively implement policies as well as enforce laws. Moreover, research and studies on environmental issues in Zambia is inadequate. In some cases, lack of securing community participation (community) to protect the environment while using natural resources sustainably.⁶

(2) Effects of environmental deterioration

Environmental conservation is indispensable not only for the preservation of biological diversity but also to sustain development. As mentioned previously, environmental deterioration has an adverse effect on the poor, causing a vicious circle of poverty and environmental degradation.

Environmental deterioration results in declining agricultural productivity, declining earnings of fisheries, dwindling wildlife, and damage to workers' health. Therefore, unless appropriate countermeasures against environmental deterioration are taken, economic development and poverty reduction will be hindered. Deforestation has an adverse effect on agriculture by degrading the quality and water-holding capacity of soils, which then leads to a drop in agricultural productivity. A decrease in wildlife will damage the tourism industry, while overfishing and water pollution will damage the fishing industry. In the urban areas, air pollution and water pollution damage workers' health, thus affecting productivity. Power generation has been affected by the growth of water hyacinth in the Kafue River and Lake Kariba, partly due to water contamination by wastewater from factories.⁷

⁵ Lewis, L. A. & Berry, L. (1988) pp.371-372.

⁶ Theo, D. D. & Chabwela, H. N. (1999) pp. 163-164., IMF (1999)

⁷ IMF (1999), UNDP (1997)

1-2 Major environmental problems in Zambia

1-2-1 Major environmental problems

The following six are major environmental problems in Zambia: (a) deforestation, (b) depletion or extinction of wildlife (due to poaching), (c) water pollution (particularly in urban areas), (d) air pollution (particularly in the Copperbelt), (e) soil degradation, and (f) waste disposal. According to the National Environmental Action Plan established in 1994, the above (a) to (e) are regarded as the five major environmental issues in Zambia. On the other hand, the New Economic Recovery Programme 1992 – 1994 regards (a) to (f) except (e) as pressing environmental issues. In some studies, (a) to (c) are regarded as the three major environmental issues.⁸

1-2-2 Deforestation

(1) Present situation of deforestation

The area of forest in Zambia is estimated to be 30 to 50 million hectares, accounting for 40 to 60% of the total land area. The area of state-owned Forest Reserves under the responsibility of the Forest Department covers 7.4 million ha, or 10% of the total land area; the area of Game Reserves including National Parks is 24 million ha;⁹ and the area of plantations is only 50,000 ha.

Despite a forest protection strategy to establish Forest Reserves, deforestation is increasing. However, an accurate figure regarding the rate of decline in forest area is not available. Some studies claim that in the 1980s, the forested area decreased by 2.6% annually, and 900,000 ha of forest was destroyed in 1990,¹⁰ while others state that a decrease is about 250,000 ha annually.¹¹ Only 5.1% of the Forest Reserves remain intact, while 39.4% are threatened; 16.2% are encroached; and 3.2% are depleted.¹²

(2) Causes of deforestation

The major cause of deforestation is conversion to farmland, followed by the collection of firewood and charcoal production.

1) Expansion of farmland

(i) A high population growth rate and extensive cultivation methods based on shifting cultivation lead to the expansion of the area of farmland. Liberalization of agricultural marketing under the Structural Adjustment Programmes resulted in increased prices of fertilizer. Employment opportunities have decreased in urban areas, and a proportion of the urban unemployed has returned to the rural areas. Accordingly, the population growth rate in rural areas is increasing, thus accelerating the expansion of farmland.¹³ One estimate suggests that 95% of deforestation is attributable to farming. According to one study, the area of deforestation by farming is 8,500 km² annually, while the area of deforestation due to firewood collection and charcoal production amounts to 525 km² annually. Thus, it is estimated that the total area of deforestation due to farming accounts for 15 to 19% of the total land area.¹⁴

2) Collection of firewood and charcoal production

Though the expansion of farmland is the major cause of deforestation, the collection of firewood and charcoal also contributes to deforestation in peri-urban areas. In the Copperbelt, for example, 38% of the total deforested area (840,000 ha) was attributable to the collection of firewood and charcoal, and 37% was caused by conversion to farmland.¹⁵ The collection of wood for charcoal production spreads outwards from urban areas.¹⁶

There is much demand for charcoal, due to the high urbanization rate. Firewood is the major energy supply in Zambia. Energy supply in 1990 was 5.85 million metric tonnes (in terms of crude oil), consisting of firewood (58%), charcoal (12%), electricity (12%), and

⁸ JICA (1998) p.16., MOF (1992), ODI (1994) p.31.

⁹ JICA internal document

¹⁰ Reed, D. (1996) p.136.

¹¹ JICA internal document

¹² Chidumayo (JICA (1998))

¹³ According to Reed 1996, there is a positive correlation between urban unemployment and the area under maize cultivation. However, the elimination of fertilizer subsidies may not have increased the cultivated area. Small-scale farmers, in particular, used limited amounts of fertilizers even before the elimination of fertilizer subsidies. Therefore, land use in Zambia has focused on extensive cultivation based on shifting cultivation, regardless of the level of fertilizer use (Reed, D (ed.) (1996) p.138)

¹⁴ ODI (1994)

¹⁵ *ibid.*

¹⁶ JICA internal document

coal(6%)¹⁷ However, charcoal rather than firewood, has been the major cause of deforestation. As the demand for domestic firewood in the rural areas can be fully met by fallen branches and dead trees, large-scale deforestation is not likely to occur. Of the area of deforestation due to the collection of firewood and charcoal production, it is estimated that about 90% is attributable to charcoal production. Annual household consumption of charcoal is estimated to be 1,046 kg in urban areas, compared to 100 kg in rural areas. Moreover, in urban areas, annual firewood consumption per household is 635 kg. Therefore, deforestation due to the collection of timber for firewood and charcoal is mostly caused by woodfuel consumption in urban areas.¹⁸

Most charcoal furnaces produce charcoal by simply covering the wood with mud. The resulting low rate of conversion into charcoal worsens deforestation as well.¹⁹ For poor farmers who have limited cash income opportunities, charcoal burning is a relatively inexpensive means to obtain cash. This also accelerates the deforestation that is due to the collection of timber for firewood and charcoal.

3) Copper Mining industry

Another cause of deforestation is the use of timber and charcoal in copper mines. It is estimated that in the mining and metallurgical operations 0.4 m³ of wood was used for every tonne of copper produced. Miombo woodland has been exploited for mining timber and poles at the mines in Copperbelt since the 1930s. Lumber has been used as fuel for thermal power plants at mines. From 1947 to 1960, the mines consumed about 50,000 tonnes of timber per year on average. During the first half of the 1950s when the mining industry was at its peak, more than 10,000 ha of forest were logged per year. In the first half of the 1960s just before independence, the logged area gradually decreased to 2,500 ha per year. Currently the copper mining industry uses about 19,000 tonnes of indigenous timber per year. An additional 9,500 tonnes of timber for smelting furnaces and sawn wood comes from plantation forests.²⁰

Another cause of deforestation, in addition to the above three causes, is that the Forest Department in charge of Forest Reserves is not competent enough to completely prevent deforestation. In fact, illegal settlements have been encroaching on Forest Reserves.

(3) Development of a Forestry Action Plan and review of laws and organization

Forest management policy was first established in the 1940s during the colonial period and remained in force until the early 1990s without major changes. This policy gives the exclusive authority to the Forest Department for the policy implementation. It is highly centralised structure, which ignores the participation of local people. However, global paradigm shift in forest conservation also affected the Zambian government. In the 1990s, the government started to review its forest policy and institutional arrangement. Accordingly, the development of the Zambia Forestry Action Plan started in 1995 and was completed in 1997.

Measures suggested in the Forestry Action Plan are as follows:²²

- Involving local communities and the private sector in sustainable utilization development and management of forest resources by providing incentives and the transfer of ownership of forest resources.
- Integrating agriculture, tree planting and natural forest management, especially in areas where deforestation has occurred due to agricultural activities.
- Strengthening the management capacity of the Forest Department.
- Reviewing forest produce fees including stumpage, choreal and concession fees to reflect real and environmental costs, and to improve forest revenue collection so as to generate income for forest management and community development.
- Minimizing dependence for energy on wood fuel.
- Preparing a forest management plan and forest inventory.

Following the establishment of the Forestry Action

¹⁷ JICA(1998)p. 34.

¹⁸ ODI(1994)

¹⁹ JICA internal document

²⁰ ODI(1994)p.32., Lewis, L. A. & Berry, L.(1988)p.371.

²¹ JICA internal document

²² JICA(1998)p. 19.

Plan, legal and institutional frameworks have also been reviewed, accordingly. The Forest Act of 1974 is currently under review. This Act, based on the outdated philosophy that Forest Reserves should be established to exclude local community, stipulates that preservation and protection of forest should be carried out through the establishment of exclusive reserves. The Act has a number of weaknesses such as the lack of provisions for community participation in forest resource management. Therefore, local communities do not get sufficient benefit from the use of forests. This Act does not have any provisions for development of forest management plans, either.²³ As mentioned previously, illegal settlements have continuously encroached on Forest Reserves, causing significant degradation of forestry resources. This shows a substantial gap between the legal and institutional framework on the one hand, and the actual situation on the other hand. The revision of the Forest Act is designed to narrow the gap. As of 1999, the bill is under deliberation in Parliament.

Reorganization of Forest Department is also underway to transform it into a Forestry Commission or Forest Authority with semi-autonomy.²⁴ As all forestry-related revenues are appropriated by the central government, an independent public corporation should be able to secure independent financial resources, and feedback the revenues from forestry resources to local community. The Forest Department received relatively preferential treatment in terms of budget allocations in the 1970s. However, in the past 30 years since independence, basic information on forestry resources, including a forest inventory, has not been compiled. This is why its structural inefficiency has been criticized.²⁵ In other words, reorganization of the Forest Department is not only a part of civil service reform but also an effort to change forest management policies into a more community-driven policies.

(4) Current measures

As of 1997, the following measures for forestry conservation have been adopted.²⁶

- The national tree planting programme
- The soil conservation and agro-forestry programme in agricultural regions
- Establishment of fuelwood plantations
- Electrification in urban areas to reduce the demand for fuelwood

The New Economic Recovery Programme 1992 – 1994 states that the government, under the National Energy Strategy developed with the assistance of the World Bank and UNDP, should improve forest management and promote the use of stoves and ovens with high energy efficiency.²⁷

1-2-3 Depletion and extinction of wildlife

(1) Current situation

The wildlife protection policy originated during the 1940s, when the Department of Game and Tsetse Control was established, and Game Reserves and Controlled Hunting Areas were set up. In 1950, the first national park, Kafue National Park, was established. After independence, in 1970, the National Parks and Wildlife Act (Zambia Act, Cap. 316) was enacted. In 1972, based on this Act, 17 places including Game Reserves were designated as national parks, and most Controlled Hunting Areas became Game Management Areas (GMAs).²⁷

The National Parks and Wildlife Act 1971 aims to protect wildlife based on the same principles as in the colonial period. More specifically, this Act aimed to protect wildlife through designating certain areas where hunting is prohibited and local people are excluded, or where local people are allowed to live but hunting is regulated. In national parks, it is prohibited to kill wildlife by hunting, and local people are not allowed to inhabit these areas. At present, there are 19 national parks in Zambia, with a total area of 64,000 km², accounting for 8% of the total land area, whereas there are 34 GMAs, accounting for 22%. The proportion of such reserves to the total land area is larger than in neighboring countries. In general, GMAs have been established around national parks, serving as

²³ *ibid.* p. 28

²⁴ JICA internal document, JICA (1998) p.28.

²⁵ JICA internal document, UNDP (1997)

²⁶ JICA (1998) p.19.

²⁷ Ministry of Finance (1992)

²⁸ Yoneda, K. (1996) p. 12., Gibson, C. C. (1999) pp. 25-26., p. 34, p. 65

buffer zones. Hunting is regulated by a licensing system, and hunting exceeding the quota is prohibited. However, there is no rule or law regulating the population and farmland area allowed in GMAs, in order to protect the environment of natural habitats. These reserves, in fact, cannot exist without the understanding and cooperation of local people.²⁹

The Department of National Parks and Wildlife Service (NPWS) which belongs to the Ministry of Tourism, is in charge of the management of reserves and wildlife protection. The Department of Wildlife Services in the colonial period was reorganized several times to take the form of the NPWS under the Ministry of Land Resources in 1974, and was then transferred to the Ministry of Tourism in 1987.³⁰

Notwithstanding the establishment of such reserves, environmental deterioration of natural habitats and depletion of wildlife are significant. Two-thirds of GMAs are depleted, while 26.4% of the area of national parks is encroached, and 15.8% is depleted.³¹ As a result, 30 species or subspecies of animals are on the verge of extinction or are endangered. In most wildlife habitats in Zambia, hunting has been carried out traditionally. However, wildlife started to become markedly depleted in the late 1970s when poaching became prevalent. Elephants numbers fell 3% per year between 1960 and 1985, but they fell 9% per year between 1985 and 1993.³² It is said that wildlife products equivalent to 500 million dollars in value were poached between the mid-1970s and the late 1980s.³³ The economic crisis in the mid-1970s also accelerated poaching in the following two ways. One is that rural inhabitants whose income and employment opportunities decreased due to the economic crisis strove to supplement their income by selling wildlife meat, or to earn money by selling elephant tusks and rhinoceros horns to organized poaching gangs. The other is that the law enforcing capacity of NPWS declined due to public spending reductions in the economic crisis, which made poaching easier. Not only rural inhabitants and the organized poaching gangs but also various people, such as politi-

cians, government officials, and traditional chiefs using their privileges, were involved in poaching. Moreover, the police, military personnel and NPWS staff motivated to supplement their eroded income, were also involved in poaching, as they possessed weapons and vehicles.³⁴

Unlike the forest management policy that had been implemented without major changes since the colonial period until the early 1990s, the wildlife policy was revised in the 1980s, to incorporate community participation. The system until the mid-1980s was centralized both in the management of wildlife and in the distribution of revenues. In principle, it was possible to obtain a hunting license for a GMA. However, in practice, a complicated procedure prevented ordinary citizens from obtaining a license. NPWS regarded the regulation of poaching as their central task, often targeting at local inhabitants. This led to conflicts between local people and the NPWS. As a result, local inhabitants not only continued hunting without getting a license, but also took the side of poaching groups instead of cooperating with the NPWS. Until 1983, all revenues from hunting were directly sent to the Ministry of Finance, not to the Department of Wildlife Service. In other words, revenues were never re-allocated to local inhabitants. Hunting licenses were mostly issued at the head office in Lusaka.³⁵

In 1983, the regulation of wildlife started to become decentralized. The establishment of the Wildlife Conservation Revolving Fund in 1983 enabled the NPWS to manage revenues from wildlife products, except license fees. This Fund was used as a financial resource for NPWS. With the introduction of ADMADE, revenues were channeled back to particular GMAs. The issuing of licenses was decentralized in 1988, being transferred to ADMADE and LIRD. ³⁶

In the late 1980s, wildlife management projects incorporating community participation were introduced, such as the Administrative Management Design for Game Management Areas (ADMAD) and the Luangwa Integrated Resource Development Project (LIRD). ADMAD is a programme concerning with the pro-

²⁹ Yoneda, K. (1996) p.12.

³⁰ *ibid.* p. 12.

³¹ JICA (1998) p. 21.

³² Reed, D. (ed.) (1996) p. 134.

³³ Lungu, F. B. (1990) p.116.

³⁴ Gibson, C. C. (1999) pp. 52-58, Reed, D. (1996) p. 134.

³⁵ Lungu, F. B. (1990) p.116.

³⁶ *ibid.* p.116.

tection, utilization, and management of wildlife, and has a principle that local inhabitants should have the right to manage and utilize wildlife in GMA. Accordingly, a part of revenues related to wildlife, including hunting licenses, should be retained by local inhabitants, who, in turn, should cooperate in the prevention and regulation of poaching. Based on the success of a project implemented during the mid-1980s in Lupande, adjacent to South Luangwa, ADMADE was started in 1988 with assistance from USAID and WWF. A Wildlife Management Authority was established for each GMA as an organization to manage wildlife and decide how to use revenues. It was chaired by the governor, consisting of traditional Chiefs in each area, local administrative officers, and representatives of NPWS, and Wildlife Management Unit/Sub-Authority was organized for each Chief's area. These organizational units were renamed in 1995 as an Integrated Resource Development Authority and an Integrated Community Resource Development Authority, respectively.³⁷

LIRDPA covers South Luangwa National Park and Lupande GMA (a population of 35,000) extending over an area of 14,000 km². LIRDPA started in 1986, and was implemented in earnest in 1988 when NORAD provided financial aid. ADMADE was financially supported by the United States, whereas LIRDPA, as an independent organization from NPWS, was supported by Norway and other European countries. President Kaunda strongly supported LIRDPA.³⁸

In order to hold back the depletion of wildlife due to increased poaching since the mid-1970s, and the difficulties in carrying out NPWS activities, wildlife management with community participation was introduced in the mid-1980s. However, in fact, community participation was not substantial, and only a traditional chief, and other influential people in the area, can participate in decision making at the WMA. Moreover, accounting for the Wildlife Conservation Revolving Fund was carried out exclusively by the ADMADE administration at the head office

of NPWS, and the funds were not fully retained by Wildlife Management Units/Sub-Authorities. LIRDPA was also criticized for the fact that its objective of preserving resources through community participation was not achieved.³⁹ There remained some problems: ADMADE, involving a community-driven approach, was not fully understood nor became mainstream; and organizations such as WMA did not have sufficient legal authority.⁴⁰

The organizational problem that local inhabitants are not allowed to participate in wildlife management is not the only cause of wildlife depletion; there are other causes as well;⁴¹

- Due to population pressures, national parks and GMAs were encroached on by expansion of cultivation and human settlements.
- Roads were constructed cutting through national parks.
- Land use conflicts with each other due to the absence of management plans for national parks and GMAs.
- There were shortages of personnel with a high level of competence and morale both in regulation and in wildlife research.

(2) Review of laws and organizations

The Government adopted a Medium-Term Tourism Development Strategy in 1997, which underlined wildlife resources as central tourism resources in Zambia, and recommended NPWS should be transformed into an organization with an independent accounting system.⁴²

Replacing the National Parks and Wildlife Act of 1991 (revised 1971 Act) the Zambia Wildlife Act of 1998 was enacted.⁴³ This Act provides the legal framework for the local community institutions in wildlife management in GMAs. It is expected that this Act will promote the implementation of community-based wildlife resources management programmes.⁴⁴

As a result of administrative reform to reorganize the NPWS as an independent corporation, the Zambia Wild-

³⁷ Yoneda, K. (1996) p. 32., Gibson, C. C. (1999) p. 93., Lungu, F. B. (1990) pp.116-17.

³⁸ Gibson, C. C. (1999) pp. 96-101.

³⁹ *ibid.* p. 93, p. 103, p. 107.

⁴⁰ JICA internal document.

⁴¹ JICA (1998) pp. 21-22.

⁴² Yoneda, K. (1996) p. 25.

⁴³ The Zambia Wildlife Act of 1998 was initially planned to take effect in January 1999. However, as of April 1999, it had not yet taken effect.

⁴⁴ JICA (1998) p. 27.

life Authority was established based on the Zambia Wildlife Act. This Authority is in charge of the following tasks:⁴⁵

- Management of national parks; protection and enhancement of wildlife ecosystems and biodiversity; and the promotion of equitable and sustainable use of national parks.
- Promotion of the sustainable use of wildlife; management of the environment of wildlife habitats in GMAs.
- The enhancement of economic and social well-being of local communities within GMAs.
- Development and implementation of management plans.

Under the new law and organization, the following activities are expected:⁴⁶

- to improve community based wildlife management by providing a legal framework for community participation.
- to improve law enforcement by strengthening the laws and increasing manpower and resources.
- to introduce environmental standards for tourism development in national parks.
- to develop management plans for national parks and GMAs.

1-2-4 Water pollution

(1) Current situation

The volume of waste is increasing due to mining activities and population growth in urban areas, which worsens water pollution.

Wastewater and waste discharged from mining facilities became the major causes of urban water pollution, which is particularly serious in the Copperbelt and Kafue. Pollution attributable to the mining industry is caused by run-off water from mining dumps, seepage from tailings dams, and discharge of untreated wastewater, though water pol-

lution in the Copperbelt decreased during 1970-1990. On the other hand, pollution attributable to the manufacturing industry has worsened. In Kafue, an industrial town, untreated or poorly pre-treated wastewater flows from factories into the municipal sewage treatment plant. Thus, the wastewater discharged from a sewage disposal plant contains high concentrations of suspended solids, organic matter, sulphate, nitrates and chromium. As the sewage disposal plant in Kafue was constructed in 1969, its treatment capacity is not sufficient. Microorganisms required for sewage treatment are killed by toxic substances, thus degrading treatment capacity. This plant constructed in 1969 has a capacity of treating effluent of up to 300 mg/liter BOD. In 1987, the BOD of wastewater flowing into the sewage disposal plant was 557 mg/liter.⁴⁷

Domestic wastewater also has caused water pollution, due to insufficient sewage disposal plant capacity and population growth in urban areas with no sewage disposal. In Lusaka 58% of the urban population use open pit latrines, which poses a serious pollution threat where underground water levels are high. At Manchichi sewage disposal plant in Lusaka, wastewater from the plant exceeds the water quality standard due to its insufficient treatment capacity.⁴⁸

Such insufficient sewage treatment capacity causes contamination of drinking water including well water, which is allegedly a factor contributing to an outbreak of cholera in urban areas every year since the late 1980s. Other problems include chemical pollution from waste disposal plants, disposal of toxic waste, discharge of oil sludge from refineries, and chemical contamination from the spraying and disposal of insecticides. The nutrient enrichment of the water in Lake Kariba and the Kafue River has led to the problem of the expanding water hyacinth, adversely affecting dams and hydraulic power generation.⁴⁹

Deforestation of watersheds also causes water pollution. In the Luangwa River system, sedimentation and siltation are two major problems. In particular, the latter leads to deforestation in the upstream area.⁵⁰

The Water Act (cap 312, 1949) established during the colonial period, served as a basis for stipulating the use,

⁴⁵ *ibid.* p. 27.

⁴⁶ *ibid.* p. 22.

⁴⁷ ODI (1994) p. 35., Reed, D. (ed.) (1996) p. 138.

⁴⁸ ODI (1994)

⁴⁹ JICA (1998) p. 18.

⁵⁰ Theo, D. D. & Chabwela, H. N. (1999), JICA (1998) p. 18.

possession, and management of water, and the Water Development Board was accordingly designated to be in charge of water. However, sufficient data were not available due to the lack of a monitoring system for water quality. In 1993, the Water Pollution (effluent and wastewater) Regulations of 1993 were established. After the establishment of the Environmental Council of Zambia, its Water Pollution Inspectorate has been in charge of water quality, though its function to examine and monitor water quality does not seem to be fully operational.⁵¹

The National Environmental Action Plan (NEAP) points out the following tasks:⁵²

- to review and amend legislation related to water quality, extraction, and conservation.
- to establish a monitoring system for water quality in the major rivers by the Environmental Council of Zambia and Water Affairs Department.
- to strengthen the Water Pollution Inspectorate of the Environmental Council of Zambia, for enforcement of the Water Pollution (effluent and wastewater) Regulations of 1993 and effective water monitoring.
- to strengthen local authorities and the Water Affairs Department, in order to improve the supply of safe drinking water.
- to develop and enforce integrated river basin management plans, in order to promote the rational utilization, conservation, and management of water resources.

The Government has developed a National Water Strategy to regulate water supply in rural and urban areas and provide river basin management, irrigation, and water pollution control. In October 1997, the Water Supply and Sanitation Act was enacted. This Act authorizes the establishment of commercial utilities and creates a regulatory body for water and sewage services.⁵³

1-3 Institutions and environmental legislation

1-3-1 Plans and laws

It is said that there are 28 to 33 environmental laws.⁵⁴

Laws on wildlife, natural reserves, and forests were already enacted in the colonial period. In the 1970s, major environmental laws were enacted, such as the National Parks and Wildlife Act, Natural Resources Conservation Act of 1970, and the Forest Act of 1973. Most of these laws, as mentioned previously, were based on the philosophy of the former laws enacted during the colonial period. It was after the late 1980s that a comprehensive environmental conservation plan was developed and basic environmental law was enacted. After the MMD came into power in the 1990s, laws were reviewed and organizations restructured placing emphasis on the private sector, administrative reform, and community participation.

(1) Environmental conservation plan

1) National Conservation Strategy

In 1984, Kaunda-UNIP government introduced a National Conservation Strategy as the basis of environmental policy, which was approved by the Cabinet in 1985. This Strategy recognized that the sustainable use of resource and environment was endangered due to industrialization, economic decline, and population growth, and suggested that systems and laws should be established as the existing systems could not deal with this situation. Based on this, a course was taken toward the establishment of the Environmental Protection Act and the Ministry of Environment.⁵⁵

2) National Environmental Action Plan (NEAP)

After the MMD took power, a National Environmental Action Plan (NEAP) was completed in 1994, and approved by the Cabinet. The NEAP, replacing the National Conservation Strategy, covers strategies for eleven fields, including agriculture, water resources, forestry resources, and wildlife resources, as well as environmental issues in each Province. Based on its principles, the NEAP aims to secure the environmental rights of citizens, to promote the participation of local communities and the private sector in natural resource management, and to require environmental impact assessment.

⁵¹ JICA (1998) p. 18, p. 29.

⁵² *ibid.* p. 18.

⁵³ IMF (1999)

⁵⁴ JICA (1998) p. 23, Theo, D. D. & Chabwela, H. N. (1999) p. 174.

⁵⁵ ODI (1994)

3) Environment Support Programme(ESP)

In order to develop and implement specific projects based on the NEAP, an Environment Support Programme(ESP) was developed with assistance from IDA. The ESP plans the following:⁵⁶

- (i) To strengthen the institutional framework for environmental protection and natural resources management as follows;
 - a) environmental education and awareness raising
 - b) environmental information systems
 - c) preparation of administrative and legal systems
 - d) evaluation and capacity building of administrative institutions
- (ii) To implement community-driven management projects which enable local communities to address the degradation of natural resources.
- (iii) To establish funds for research on environmental management.

ESP(1st Phase from 1997 to 2001)consists of the following four elements:⁵⁷

- (i) Institutional strengthening and legal framework: Consisting of the following four points: a)Policy formulation and institutional assessment, b)Institutional capacity building, c)Community environmental management programme, d)Legal and enforcement capacity building.
- (ii) Environmental education and public awareness: To raise public awareness on environmental issues through media support, modification of school education curricula, and teacher training programmes.
- (iii) Establishment of the Pilot Environmental Fund (PEF) To establish two types of funds for financing: Community Based Initiatives Fund and Environmental Studies Fund.
- (iv) Environmental Information Management: To provide information to the public and private sectors, by setting up a forum to facilitate information exchange between different agencies through the Environmental Information Network System.

Under PEF, a Community Environmental Management Programme is being implemented in Mufulira and Mpika Districts. It is planned to implement it in seven other Districts by 2002.⁵⁸

4) Zambia Forestry Action Plan

For forestry resource management, the above-mentioned Zambia Forestry Action Plan(ZFAP)was established in 1997, separately from the NEAP.

(2) Environmental laws

1) Environmental Protection and Pollution Control Act

In 1990, the Environmental Protection and Pollution Control Act was enacted as a basic environmental law in Zambia, and took effect in 1992. This Act serves as the basis for all environmental laws. The Environmental Council of Zambia was also established based on this Act. This Act also stipulates water and air quality control, waste management, and natural resource conservation.

2) Regulations related to environmental protection laws

Based on the Environmental Protection and Pollution Control Act, regulations specifically governing water pollution, air pollution, and environmental impact assessment have been established, such as the Water Pollution(effluent and wastewater)Regulations in 1993, the Air Pollution Control(Licensing and Emission Standards)Regulations in 1996, and Environmental Protection and Pollution Control(Environmental Impact Assessment)Regulations in 1997.

3) Zambia Wildlife Act and revision of the Forest Act

As mentioned previously, the Zambia Wildlife Act of 1998 was enacted in place of the National Parks and Wildlife Act of 1991.

As of 1999, revision of the Forest Act is now under deliberation.

4) Water

The Government has developed a National Water

⁵⁶ JICA internal document, IMF(1999)

⁵⁷ JICA(1998)p. 25.

⁵⁸ JICA(1998)p. 27, IMF(1999)

Strategy, and approved the Water Supply and Sanitation Act in October 1997.

1-3-2 Environment-related institutions

In Zambia, as the departments in charge of the environment and resources were spread among various ministries, it was difficult to develop comprehensive environmental policies and carry out comprehensive environmental management. For example, the Department of National Parks and Wildlife Service belonged to the Ministry of Tourism, the Ministry of Energy was in charge of water, the Ministry of Mining was in charge of the prevention of the mining-related pollution, and the Department of Fisheries belonged to the Ministry of Agriculture. Moreover, urban public corporations were in charge of water and sewage service, and the Ministry of Land was in charge of land. As a result, administration regarding environmental management was carried out by various ministries and department, with no interrelationship and coordination among them.⁵⁹

Based on the Environmental Protection and Pollution Control Act enacted in 1990, the Ministry of Environment and Natural Resources (MENR) and the Environmental Council of Zambia (ECZ) were established in 1991 and 1992, respectively. Thus, a governmental agency was finally established to deal comprehensively with the environment and natural resources. MENR consists of four departments: such as Planning/Information Department, Forestry Department, Forestry College, and Personnel/general Affairs Department. Its function includes formulation of making on environmental policies, coordination between related ministries, forestry resources management, and supervision of the ECZ. The ECZ is independent from the Government, as it serves as an advisory council. ECZ consists of representatives from relevant ministries, private sector, academic circles, the mining industry, and NGOs. ECZ has the following tasks;⁶⁰

- to advise the Government on the formulation of environmental policies.
- to recommend pollution control measures.
- to advise on coordination of all ministries involved in environmental protection.
- to enforce the Environmental Protection and Pollution

Control Law and its associated regulations.

- To advise on the effects of socio-economic development on the environment.

Through the establishment of the Ministry of Environment and Environmental Council, environmental administration can be carried out in a unified manner. However, there remains vertical administration by the scattered departments related to the environment. As the Ministry of Environment is still ineffective, ranking low in the cabinet, it is questionable whether it can function fully as a coordinator among related ministries. For example, in 1994, when the Ministry of Environment tried to remove all squatters from Forest Reserves, the Ministry met with opposition from other cabinet members and failed to enforce it. Moreover, it is pointed out that there is no clear distinction between the functions of the Ministry of Environment and those of ECZ. In principle, the Ministry of Environment is in charge of formulation of environmental policies and coordination between related ministries, while ECZ is in charge of the implementation of policies. However, the duplication of responsibilities between the ministry and ECZ is a major problem.⁶¹

2. Challenges Ahead

It was in the 1990s that environmental plans, laws, and administrative institutions were finally prepared in Zambia. The Government completed a National Environmental Action Plan, established the Ministry of Environment, and developed an Environment Support Programme (ESP). Environmental regulations governing the mining industry were newly enacted. Future challenges are to implement these plans, enforce laws, and make administrative institutions function. The government now has a task to build institutional capacity in the implementation of plans and enforcement of laws. Coordination capacity of the Ministry of Environment and capacity in monitoring and control air and water pollution of the Environmental Council are still weak. The competence of the Zambia Wildlife Authority with a self-supporting accounting system is also poor.

Another challenge is how to proceed with environmental conservation and pollution control effectively within a

⁵⁹ UNDP(1997)p. 35.

⁶⁰ JICA(1998)p. 23.

⁶¹ ODI(1994)pp. 53-54., Reed, D.(1996)p. 132.

new framework focusing on economic liberalization, market forces, and the private sector. During the UNIP-Kaunda era, as was the case of ZCCM (the state-owned mining company) in the mining sector or the Department of Forestry, the same institution was responsible for both exploitation and control of resources (or pollution control), so resource management did not work effectively.⁶² With the privatization of public enterprises, the Government can relinquish its position as a user of resources. This is a desirable change, as it becomes clear that the Government is in a position to carry out resource management and pollution control in the public interest. Under a free market economy, it is unlikely that a private company can carry out environmental conservation voluntarily unless the Government itself has commitment and capacity to effectively carry out environmental conservation within a legal and institutional framework. However, excessive regulations and administrative burdens will hinder the entry of foreign capital and the investment of private companies, which are necessary for economic recovery. Under these circumstances, the Government is required to tread carefully.

Monitoring, advocacy, and environmental education by civil society organizations and NGOs are necessary to make private companies to keep environmental conservation as well as to make the Government to carry out the regulation and management of environmental conservation. In Zambia, environmental protection groups and NGOs has been actively participating in wildlife protection. It seems, however, that they has not been much involved in other areas, such as water pollution, air pollution, and waste disposal. In the future, the promotion of participatory environmental management, as well as scale-up of the environment-related NGOs will be a key.

As mentioned in the beginning, there is a vicious circle of poverty and environmental degradation in Zambia. Therefore, poverty reduction is essential for the prevention of environmental degradation. Unless appropriate environmental conservation measures are taken, poverty reduction and economic growth will be affected adversely. This interdependence should be recognized, and it is necessary to develop measures for both environmental conservation and poverty reduction at the same time.

3. Challenges of Development Assistance and Japanese Assistance

3-1 Future orientation of development assistance

(1) It is necessary to take a comprehensive approach, and Japan should focus on the area by clarifying its advantage and priorities.

As environmental problems are by nature diversified and related to various fields, comprehensive measures are required. Environmental problems in Zambia have been caused by two factors: one is a vicious circle of poverty and environmental deterioration; and the other is related to the mining industry and urbanization. Therefore, when providing effective assistance in the environmental field, it is important to combine and coordinate various approaches, such as through agriculture, rural development, poverty reduction, gender, and improvement of low-income urban settlement. At the same time, when providing effective and efficient assistance to extensive environmental issues, it is necessary to narrow down the fields in which Japan has capacity and comparative advantage, based on the evaluation on past aid projects.

(2) Cooperation and coordination with other institutions and organizations are needed.

As environmental problems cover a broad range of human activities, cooperation with other donor countries, multilateral agencies, and NGOs is required. Community participation is indispensable for natural resource management and environmental conservation, so it is also necessary to provide assistance to community-based organizations and to cooperate with NGOs.

(3) Environmental assistance to follow-up the past assistance and incorporation of environmental consideration is expected.

Follow-up of environmental assistance to the mining, industry and infrastructure projects to which Japan provided assistance in the past, as well as assistance for environmental measures in the sectors such as the copper mining industry that Japan has economic relation with (which was not ODA), should be included for consideration.

⁶² Reed, D. (ed.) (1996) p. 131.

It is important to incorporate environmental considerations into future assistance in various fields. Such environmental considerations includes the prevention and restoration of environmental degradation due to road construction, and assistance in education and health care. More specifically, the former includes environmental impact assessments for road construction, and tree planting along roads. The latter includes the use of solar power generation in the construction and rehabilitation of school buildings and health centers, the installation of windpowered water wells, improvement of toilets, and tree planting in and around the sites.

3-2 Recommended actions in the environmental sector

(1) Forest conservation

1) Forestry resource research and consequent forestry planning

As mentioned previously, in Zambia, basic information collection, such as a forestry resources inventory, has not been compiled. The Forestry Action Plan in 1997 proposes that the development of a forestry management plan and a forestry inventory should be one of the priorities. In the past, Japan conducted a development study on teak forest resources in the Southwest region, aiming to assess forestry resources and to develop a management plan. Therefore, based on this experience, Japan can cooperate in this field in the future.

2) Forestry resource management integrated with agriculture and rural development

As the expansion of farmland has become the prime cause of deforestation, it is necessary to increase agricultural production and farm incomes through the improvement of land productivity, rather than through the expansion of cultivated areas. The introduction of intensive farming technology and the improvement of land productivity and profitability are important not only for agriculture but also for the environment. However, for small-scale poor farmers who are the majority of farmers in Zambia, it is inappropriate and insufficient to provide assistance to increased food production through provision of fertilizers and tractors. Such conventional assistance may conflict with the current policy of liberalizing agricultural marketing. The excessive

use of fertilizers and agricultural chemicals is likely to invite other environmental problems such as water pollution and soil contamination. Therefore, it is favorable to introduce organic farming, agro-forestry, and soil conservation measures for the improvement of land productivity and environmental conservation.

At present, assistance to social forestry should be considered in such global trend as conservation of state-owned forest designated forest reserve area has changed into community forest resource management. Based on Japan's experience of social forestry assistance to Kenya and Tanzania, Japan will be able to provide assistance in social forestry to Zambia as well.

In the Forestry Action Plan, one of the priorities is to integrate agriculture, afforestation, and the management of natural forests. Therefore, it is important to coordinate and integrate assistance to agriculture and rural development on the one hand and assistance for environmental measures on the other. For example, it is possible to incorporate labor-intensive and environment-friendly agricultural technology, social forestry, and improved stoves into rural development projects, thereby converting them into environmental projects for forest conservation.

3) Improvement in the efficiency of domestic fuel use in urban areas and the development of alternative energy sources

As the use of charcoal in urban areas has become the main cause of deforestation due to the fuel wood collection, it is crucial to improve the efficiency of domestic fuel use in urban areas, and to develop and disseminate the use of alternative sources of energy. The Forestry Action Plan also states the need to reduce dependence on fuel wood. In the past, Japan provided assistance in the research and development of domestic fuels, such as a basic study on the development of oval briquettes, guidance in industrialization, and guidance on clay stove development. Such assistance resulted to some extent in achieving guidance on research and development. However, it did not lead to the production and spread of oval briquettes and clay stoves on a commercial basis. Based on the experiences in other African countries including Kenya, it seems possible to produce and spread clay stoves on a commercial basis, depending on the conditions. In the future, it is necessary to disseminate clay stoves in combination with poverty reduction projects to assist small enterprises and the in-

formal sector and in projects to improve urban settlements. It is also necessary to assist in developing a network in which information on products and technologies can be provided and exchanged (including assistance to NGOs that develop such a network)

(2) Prevention of water and air pollution (mining-related pollution and the urban environment)

For the prevention of water contamination and air pollution in urban areas and industrial mining districts, Japan is able to transfer its experience in pollution control in Japan, and to make use of its experience in environmental assistance to Asian countries. The following activities can be considered: (i) Guidance and transfer of pollution control techniques; (ii) Transfer of administrative techniques regarding pollution regulations taken by the Government and local governments, and the transfer of measuring techniques; (iii) Strengthening the capacity to carry out environmental impact assessment.

Anti-pollution measures should be taken in the Copperbelt and Kafue where serious mining and industry related pollution has occurred. In Kafue, there is a chemical fertilizer plant, NCZ, that Japan provided assistance for in the past. At a bridge in Kafue, which was also constructed with assistance from Japan, water weed is growing near the piers in the river. As Japan has been the largest importer of copper from Zambia, Japan should provide assistance for countermeasures against environmental problems caused by the mining industry. According to the results of nationwide research on water resource development carried out by JICA in 1990 and 1991, mining-related water pollution was observed in the Kafue River. As a policy of privatization has been progressively implemented, Japan cannot directly assist NCZ and copper mining companies. Therefore, it is desirable to assist the Environmental Council of Zambia and the local governments in the Copperbelt and Kafue to strengthen the capacity of monitoring and inspection of water and air pollution.

As for countermeasures against environmental deterioration due to urbanization, Japan assisted in the Project for Water Supplies in Lusaka to develop simple waterworks in the George compound in Lusaka. Thus, by making use of this experience, Japan can provide similar assistance to other urban compounds, or the comprehensive project for improving living conditions and environment, by taking into account public health, poverty reduction measures, and the diffusion of energy-saving stoves.

(3) Wildlife protection

During the colonial period, the United Kingdom as the colonial power had a great influence in the field of wildlife policies. After independence, the United States and European countries provide assistance, involving Europeans and people in the tourism industry in the surrounding countries including South Africa, environmental protection organizations in Western countries, and NGOs. Thus, expatriates from Western countries and South Africa have had a great influence on wildlife management. Japan does not have sufficient capacity in this field, except for primates and fish, and an increase in Japanese tourists is not expected in the near future either. Accordingly, it seems difficult for Japan to expand assistance in this field. In the past, Japan cooperated in planning the Kafue National Park Management Project, and sent aid mission to South Luangwa National Park. For the time being, Japan should maintain the current level of cooperation.

References:

《Japanese》

Yoneda Kumiko (1996) *Zambia no kokuritsu-koen yaseiseibutsu-kyoku – zambia no yaseiseibutsu-hogokanri shisutemu* (Appendix of Comprehensive Report)

《English》

Gibson, C.C. (1999) *Politicians and Poachers: the political economy of wildlife policy in Africa*. Cambridge University Press: Cambridge.

IMF (1999) *Zambia Policy Framework Paper 1999-2001*.

JICA (1998) *Zambia Environmental Profile: Final Report*.

Lewis, L.A. and L. Berry (1988) *African Environments and Resources*. Allen & Unwin: Winchester, MA.

Lungu, F.B. (1990) "Zambia: Administrative Design for Game Management Areas (ADMADE) and Luangwa Integrated Rural Development Project (LIRDP)". In Kiss, A. (ed.) *Living with Wildlife: wildlife resource management with local participation in Africa*. World Bank: Washington D.C.

Ministry of Finance (1992) *New Economic Recovery Programme: economic and financial policy framework 1992-1994*: Lusaka.

Overseas Development Institute (ODI) (1994) "Structural Adjustment and Sustainable Development in Zambia": a World Wide Fund for Nature Study (Working

Paper)

Reed, D. (ed.)(1996)*Structural Adjustment, the Environment, and Sustainable Development*. Earthscan Publications: London.

Theo, D.D. and Chabwela, H.N. (1999)“Environmental conservation planning in Zambia”. In Salih, M. and Tedla, S. (eds.)*Environmental Planning, Policies and Politics in Eastern and Southern Africa*. Macmillan Press: Houndmills & London.

UNDP(1997)*Zambia Human Development Report 1997*: Lusaka.

Wood, A. (ed.)(1997)*Strategies for Sustainability Africa: Strategies for Sustainability Programme*. Earthscan Publications in association with IUCN.

World Bank(1995)*Staff Appraisal Report, Zambia Agricultural Sector Programme*. Southern Africa Department. World Bank.

Zambia(1990)*The Environmental Protection and Pollution Control Act 1990*. Government Printer: Lusaka.

Chapter 9. Public Health and Medical Services

Yasuo UCHIDA (Kobe University)

Ikuo TAKIZAWA (JICA Medical Cooperation Dept.)

1. Critical Composition: essential points to be shared

- Decline in the health index (Increase in the child/ adult mortality rate; drop in the average life expectancy; increase in the number of malnourished people)
- Decrease in health resources (Drop in government expenditures for health per capita; inefficient distribution)
- Spread of HIV/AIDS (Adult infection rate: 20%; in urban areas: 24-32%) Deterioration in urban environmental sanitation

At present, the health sector in Zambia is at a critical point. In discussing assistance to the health sector in Zambia, it is essential to recognize this crisis. Traditionally, Zambia has been trapped in “low health standards” due to the interaction of poverty, malnutrition, and infectious diseases (and other diseases). New negative elements have been added to these, such as a decrease in health resources due to the economic crisis, and the rapid spread of HIV/AIDS. Consequently, health standards have dropped further. This is “the critical composition” of the health sector in Zambia.

In Zambia, due to an increase in the child/ adult mortality rate since the mid- 1980s, it is estimated that there will be a more than 10 year reduction in life expectancy¹. Assuming that life expectancy is regarded as one of the major elements of human development, according to the Human Development Index (HDI) prepared by UNDP, a drop in life expectancy means that the achievements in human development accumulated in Zambia since its independence in 1964 have been lost, with the standards going back to the 1950s. Many countries in Asia, Latin America, and Africa steadily achieved a drop in the child mortality rate, even during the 1980s which is referred to as the “Lost Decade” when other socio-economic development indices showed stagnancy or deterioration. Thus, the child mortality rate is regarded as one of the steadiest development indices. Therefore, the increase in the mor-

tality rate currently observed in Zambia and some other countries should be widely recognized all over the world as an extremely serious matter.

Needless to say, the prime cause is the rapid spread of HIV/AIDS. At present, the HIV prevalence rate between the age of 15 and 49 is estimated to be 20%. Under the present situation where chemotherapy is not available to the general public in Zambia, this means that one in every five adults will inevitably die in the next decade. Loss of valuable human resources in each social and economic sector, such as doctors, nurses, teachers, entrepreneurs, urban workers, agricultural popularizers, and agricultural workers may accelerate the loss of achievements in development. It has been pointed out that the HIV/AIDS problem should be recognized not only as an issue in the health sector, but also as a problem of development in the broadest sense. In such a sense, Zambia and other South African countries are in urgent need of assistance.

However, the problem is not limited to HIV/AIDS. It is reported that conventional infectious diseases, such as tuberculosis and diarrhea (opportunistic infection) and malaria, have become prevalent again in Zambia, with the spread of HIV/AIDS. Moreover, due to long-term economic stagnancy, food security is threatened, and it is reported that the population with chronic malnutrition is increasing. A recent study shows that more than 40% of children under five years of age suffer from growth inhibition due to chronic malnutrition. It is obvious that malnutrition invites various infectious diseases, and contracting infectious disease will result in malnutrition. A similar “vicious circle” can be found between poverty and malnutrition as well as poverty and infectious diseases. The health sector in Zambia is a typical example of a trap of low health standards due to this vicious circle. The spread of HIV/AIDS is certainly an important problem that requires attention, but it is not the root of the health problem.

Another conspicuous issue in the health sector in Zambia is the health of the urban population. Among sub-Saharan countries, Zambia is one of the countries in which historically urbanization of the population started the ear-

¹ Unless otherwise specified, the sources of data used in this chapter should be referred to in the Appendix Volume, the Present Situation Analysis.

liest. Since the 1980s, though the population influx into urban areas has slowed down slightly, the population is still growing in the surroundings of metropolitan areas such as Lusaka. Unplanned settlements around cities where the poor population is concentrated have become a hotbed of infectious diseases, such as cholera and measles, due to deterioration of environmental sanitation in addition to the high population density. Epidemics of HIV and other sexually transmitted diseases originate from urban areas, then extend to rural areas through population movement between the urban and rural areas. Living in an urban area has been generally considered to be an element of health promotion, as people have good access to a well-developed environment, income opportunities, and various social services including public health and medical services. In fact, most developing countries show a disparity in the health index between urban and rural areas. Outlying areas, such as Luapula Province and Eastern Province, show the highest child mortality rate. However, even in the Copperbelt Province and Lusaka, which are the most developed and have the best conditions for nutrition and access to public health and medical services, the child mortality rate has not necessarily become the lowest in recent years. Excessive urbanization and a decline in development resources has brought about a deterioration of environmental sanitation in urban areas. This has led to a health problem of the urban population, which is expected to emerge in other countries as well.

While the health needs are largely increasing, health resources to meet such needs are declining rapidly. The budget of the Ministry of Health per capita in terms of real dollars (the price in 1995) decreased from around \$30 in the beginning of the 1970s before the economic crisis to \$5.9 in 1995, a decline to one-fifth over the past 25 years. According to other data, the national expenditure for health per capita was \$12.0 (about \$5.0 of which is covered by foreign assistance) in 1996. However, the amount paid to each region was only \$4.5 to cover the costs of personnel and expendables including medical supplies. This accounts for less than 40% of the required amount, \$11.5, to provide the most cost-effective "Zambia Health Care Package" to each region. With a decrease in available resources, absolute shortages and the instability of medical supplies, deterioration of the quality of medical services has become serious. The current MMD Administration has a strong commitment to the health sector. Accordingly, the budget for the Ministry of Health has been raised to 12% of the national budget since the mid-

1990s. Practically, a further increase in the budget for the Ministry of Health cannot be expected. It is essential to expedite correction of the distorted distribution in the health sector, and to improve the efficiency of the overall system in the sector.

Inefficiency of resource distribution in the health sector has been a problem for a long time. This problem started when the Independent Government inherited a medical service network, which was developed during the colonial period, focusing on the hospitals constructed mainly in the cities along railroads in order to protect the health of settlements and miners. From independence in 1964 until the early 1970s, the Independent Government regarded free medical services as one of its key national projects, and constructed additional health centers in the rural area. However, this project did not succeed due to the economic crisis and political structure in which medical specialists belonging to high-rank hospitals have a greater influence on a health policy. There remains a high cost system in which medical service facilities are concentrated in the major cities, and medical services provided by high-rank hospitals are given an exaggerated importance. It is said that the University of Zambia Teaching Hospital (UTH) itself, one of the major hospitals, accounted for 40% of the budget of the Ministry of Health.

Like other developing countries, diseases in Zambia include childhood acute respiratory infectious diseases (e.g. pneumonia) and diarrhea, diseases caused by pregnancy and childbirth, HIV/AIDS, and tuberculosis. Most of these diseases are preventable, or can be effectively treated at a health center or through case management at first referral level hospitals. At present, the Ministry of Health promotes highly cost-effective "Zambia Health Care Package". Through popularization of this Package to regional hospitals and other lower level hospitals, more than 90% of loss of health caused by present diseases structure can be treated. Health Care Reform currently carried out in Zambia aims to correct the distorted resource distribution through a radical change of the high cost system, often likened to a luxury car, Cadillac. Moreover, it aims to change an administrative framework that is centralized and led by technical bureaucracy into a democratic decision-making framework. Thus, the whole health care sector will be restructured as a more effective, efficient, and fair (and democratic) system.

Health Care Reform in Zambia has been implemented as follows:

- (i) to specify important diseases through a disease structure analysis;
- (ii) to design a cost-effective basic prevention and treatment service package, based on the effects of an intervention programme for each disease and a comparative cost analysis;
- (iii) to grasp the flow of funds in the sector through a national health accounting analysis, and to discuss improvement of policies (e.g. additional resources, efficient supply of assistance resources) and,
- (iv) to establish a system for broad implementation of a basic prevention/ treatment service package all over the country (e.g. reform of the administrative framework and decentralization, development of facilities at preliminary and secondary referral levels, personnel training at preliminary and secondary referral levels, logistics and development of information management systems)

This is an “exemplary” model that complies with the standard package of health sector reform. And this is also an “innovative” model in terms of the administrative framework reform, because it incorporates a framework that promotes democratic decision making at various levels. To analyze what is successful in Zambia and what has not been carried out as expected is very suggestive for other countries proceeding with reform in the health sector.

As there are too many problems at present, it is doubtful how effective the Health Care Reform will be. However, all stakeholders including donors should share recognition that the “critical composition” in the health sector in Zambia is serious enough to require such a drastic reform.

2. Perspectives on Japanese Official Development Assistance

In this section, the various viewpoints are organized in order to utilize the experience of Japanese assistance as much as possible, based on the analysis of the present condition of the health sector in Zambia. These viewpoints are divided into the following four categories: (i) Support for reproductive health and child health including anti-AIDS support, (ii) Support for public health and medical reforms, (iii) Urban public health support, and (iv)

School health support.

2-1 Anti-AIDS support: development issue which cannot be neglected

- Sentinel surveillance; Support for examination accuracy management at VCT (Utilization of a virus laboratory at UTH)
- Support for early diagnosis and treatment of STD; (Follow-up of Community Empowerment Programme)
- Support for the prevention of mother-to-child transmission (Possibility of providing Child Health Grant)

In Zambia, the infant mortality rate is 109/1000 and the under-5 mortality rate is 197/1000, reflecting the high rates among sub-Saharan African countries. These rates have risen significantly since the mid-1980s, and the number of children under 15 years of age accounts for 46% of the total population. Moreover, the maternal mortality rate is extremely high, showing a rate of 649/100,000. These phenomena clearly show that most health problems in Zambia are related to child health and reproductive health. Therefore, the focus of support for Zambia’s health care sector does not largely differ from that for other LLDCs. More specifically, technical cooperation focuses on improvement of the quality of the Zambia Health Care Package, by using the established intervention programmes, such as the “Mother-Baby Package of WHO”², and the “Integrated Management of Childhood Illness (IMCI)”³, as technical references. This includes the improvement of related management competence and logistics as well.

In Zambia, however, the spread of HIV/AIDS cannot be neglected as a primary cause of the high child mortality rate and reproductive health problems. The results of nationwide sentinel surveillance on pregnant women show that the prevalence in adults, which has shown an upward slant, stabilized at a high level in the 1990s, and the prevalence among teenagers (15-19 years of age) has declined in the major cities. This proves that anti-HIV/AIDS measures have been taken effectively. Thus, the anti-HIV/AIDS measures in Zambia are reaching an important phase.

Japanese cooperation in the field of HIV/AIDS has been limited to the project for preventing infectious diseases,

² WHO (1994)

³ Gove, S. (1997)

conducted at the virus laboratory of the University of Zambia Teaching Hospital (UTH). Support has been centered only on basic research based on virology and immunology, including a follow-up of the immune competence of HIV-infected people. This seems somewhat incongruous, as Japan, as a donor country, has regarded anti-AIDS support as the most important, adopting the "Japan-US Common Agenda for Cooperation in Global Perspective" and the "Global Issues Initiative." Needless to say, cooperation in research or collaboration with universities and research institutions cannot be denied as being necessary. However, when implementing a development assistance project, the priority should be given to the improvement of people's health and the control of infectious diseases, thus directly benefiting people of the recipient country. Moreover, research should be limited to applied research, whose results can be applied to health policies and health programmes in the recipient country.

The measures against infectious diseases do not necessarily require a virus laboratory, except when the identification of pathogenesis at the virus level is essential, as in the Polio Eradication Project. The virus laboratory requires continuing expenditures such as for the maintenance of a cell culture system. Maintenance costs for equipment(e.g. ultra cold freezers)provided through the projects over two terms might have added up to a considerable amount. Therefore, it is not always appropriate to consider the virus laboratory as prerequisite when discussing Japan's anti-HIV/AIDS support for Zambia. On the other hand, it is important to utilize the experience of cooperation projects in the past. Thus, as cooperation utilizing the functions of the virus laboratory, participation in sentinel surveillance and accuracy management of HIV testing is suggested in a "Voluntary Counseling and Testing(VCT)" programme.

It is also necessary to seek other forms of cooperation not related to the virus laboratory. With the Community Empowerment Programme, JICA Zambia Office supports the NGO(such as World Vision)to provide early diagnosis and treatment for sexually transmitted diseases to truck drivers at the border cities. These efforts directly contribute to the beneficiaries health improvement and the HIV/AIDS prevention. It seems necessary to carefully monitor and evaluate the future efforts over the next three

years, to develop them into the next step⁴. As part of an international programme, such as UNAIDS, which includes eleven countries, short-term medication of an anti-HIV agent is now underway in Zambia, aiming to prevent mother-to-child transmission. Concerning the anti-HIV agent, the research on Nevirapine that costs far less than AZT is in progress all over the world⁵. Many factors should be taken into account, such as the popularization of VCT targeting at pregnant women, and the establishment of a support system for AIDS orphans and HIV-positive mothers. Nevirapine may be powerful candidates for a project providing free medical services for children.

2-2 Support for Health Care Reform: vision-sharing and participation in processes

- Vision-sharing (Improvement of efficiency in the sector; Consistent commitment from policy-making to selection and implementation of projects)
- Participation in processes(Participation in planning; Discussion on common funds; Utilization of special equipment)
- Practical approach(Disparity between noble ideals and the reality; Confirmation of feasibility)

As it is clear from the above-mentioned "critical composition", the improvement of efficiency in the health sector through the correction of distorted resource distribution is an intractable problem. First of all, it is necessary to share the vision of the Zambian Government "to fairly provide cost-effective and high-quality health care services from the place as near to each house as possible". It is necessary not only to declare the support ostensibly at policy discussion but also to consider a contribution to the improvement of efficiency in the sector(e.g. cost reduction and improvement of cost-effectiveness)as the primary criterion when selecting and adopting a project including grant assistance and technical assistance. If improvement of efficiency in the sector is regarded as the primary criterion in selecting a project, a project once carried out for UTH pediatrics focusing on the pediatric intensive care units should be naturally omitted from assistance list. Moreover, financial assistance currently pro-

⁴ For example, an approach to monitoring drug resistance of major causative agents in a laboratory using samples obtained from the early diagnosis and treatment of STD with various approaches can be a project that maintains a balance between scientific work and the field.

⁵ Henry, K.(1999)

vided for the UTH virus laboratory must be restrained, as several hundred million yen is being spent for a facility with limited functions in terms of its contribution to people's health standards, without taking into account the increase in current expenditures. Development of an input-intensive project that invites an increase in current expenditures not only makes the self-supporting development of a project difficult, but also aggravates the distortion of resource distribution in the whole sector. Thus, sufficient attention should be paid to this point.

Until now, a financial analysis has been rarely made on Japanese cooperation projects during the base line survey and post evaluation stage, particularly in the projects of public health and medical sector. In discussing projects for a health sector facing a crisis as in Zambia, it is recommended that a financial analysis be made both before and after the implementation of a project, preferably a cost-effectiveness analysis as well, mainly on the impact on current expenditures.

It is also necessary to review the current projects as to how far they have contributed to the improvement of efficiency in the health sector. For example, in Primary Health Care Projects in Lusaka City, Japan provides support for health education(including measurement of child growth, and guidance on nutrition)by volunteer community health workers in the poor settlements, as well as for technical improvement in diagnosis and treatment(case management)at health care centers. Here, it is desirable to evaluate whether such support contributes to reducing the load on the public health service sector, for example, by limiting the excessive use of health centers or high-ranking hospitals. In order to reconfirm the significance of public health in projects targeting at laboratories, it is very important to confirm whether the results of virological and epidemiological research in infectious disease control projects contribute to the improvement of diagnostic protocols and restraint on the overprescription of drugs.

The second step after sharing the vision of the Zambian Government "to fairly provide cost-effective and high-quality health care services from a place as near to each house as possible" is participation in processes. Here, it is required to participate continuously and actively in planning and designing of a sector policy planning and sector investment programme, specifically declare the Japanese development assistance policy and its focus, and let the recipient government and other donor organizations and countries know such policy and focus. For the time being, dispatching project formulation specialists and ad-

visory experts is effective. However, it is likely to be sporadic due to the budgetary conditions, and these specialists are not necessarily familiar with the Japanese system. From the medium- and long-range perspective, it is essential to increase the number of staff members at JICA overseas offices and to reinforce their proficiency as specialists. Recent discussion in Japan on assistance tends to emphasize "visible" assistance. There are some arguments that Japanese specialists should be dispatched to any project, or Japanese companies should participate in a project as the main contractor. However, what is more important is "what" Japanese people assert and conduct, not their presence in a project. In other words, assistance displaying "a policy and principle" is more important than assistance displaying Japan as "a provider." Consistency between policy and implementation is also required. For example, if support is provided only to basic research in a virus laboratory while asserting the importance of anti-AIDS measures in the policy discussion, it cannot be called "assistance displaying a policy and principle."

In relation to participation in the processes of Health Care Reform, it is necessary to expedite active cooperation between donors, in particular, the establishment of a common fund(Basket Fund) District Basket Funds used as direct support funds for each district is one of the four Basket Funds planned for the health sector in Zambia, to which Sweden, Denmark, Netherlands, Ireland, United Kingdom, United States, EU, and UNICEF have already participated(or declared their intention to participate). Under the present circumstances, it is impossible for Japan to participate in this fund by transferring foreign currency into the donor account opened for the Basket Fund. The establishment of a Basket Fund is one means to promote a sector-wide approach and cooperation between donors, and participation in assistance is not limited to this fund. However, it is necessary to further discuss the inefficiency of projects focusing on technical transfer by foreign specialists as well as grant-aid projects limited to hard facilities.

The last suggestion regarding participation in the processes of Health Care Reform points out the planned and strategic utilization of free medical care for children and special equipment provided through medical cooperation. At present, in cooperation with UNICEF and UNFPA, Japan endeavors to enhance the planning of special equipment supply(for medical practices, measures for infectious diseases, family planning through contraception, anti-AIDS and examination technology, and the health of

mothers and infants). However, Japan's strategy for their utilization has not been clearly identified. The results and impacts of providing special equipment, including that of cooperative projects with international organizations, have not been fully recognized. The Child Health Grant have been distributed mainly to Polio Eradication Project. With an increase in the budget, it becomes necessary to find and develop another cooperative project in addition to the Polio Eradication Project. Assistance that makes it possible to provide consumables that are extremely important to the health sector does not need to take account of current expenditures after provision. Also, it is easily incorporated into a framework of cooperation between donors. It should be noted that assistance at the level of tens of millions of yen (the common cost of ordinary special equipment) is relatively significant for Zambia and other African countries. As mentioned previously, through active participation from the planning stage in accordance with the programming cycle of a development project in the health sector in a recipient country, strategic and planned aspects of economic assistance will be enhanced, and the presence of Japanese cooperation will be increased as well.

Health Care Reform is in the proper direction that the health sector in Zambia should take, and its relevance cannot be denied. Its structure has been prepared carefully with comprehensive and logical coherence. On the other hand, even scrupulously designed projects will face many difficulties once implemented. When participating in the project, it is necessary to carefully examine the effectiveness of each component, including the disparity between theory and reality, and political feasibility, while supporting the basic direction. Therefore, it is important to participate in the project from the planning stage, and resolve issues to recipient side through continuous discussion.

2-3 Urban public health support: measures against expanding health risks

- Support for the improvement of environmental sanitation (Development of the basic infrastructure, such as water supply, sanitation, and waste disposal)
- Modeling of cooperation by combining the above support and the support for sanitation and health education (Improvement of knowledge and attitudes; Promotion of behavioral changes)
- Consideration of health in rural areas (Community Empowerment Programme collaborating with local NGOs; Discussion on participation in Basket Funds)

As mentioned in Section 1., the relative importance of urban health problems is seriously increasing in Zambia.

Urban health problems are closely related to the issue of environmental sanitation. In the past, when the United Kingdom launched economic development through industrialization, the mortality rate in urban areas where population grew rapidly exceeded that in rural areas. It is said that the high mortality rate in urban areas was mainly caused by an outbreak of cholera and other infectious diseases due to the deterioration of environmental sanitation⁶. A recent survey on urban slums in India has reported that the infant mortality rate in the slums around a metropolis is higher than in an ordinary city. The detailed comparison of the infant mortality rate shows that there is no difference between the slums around a metropolis and those around a small city in newborns. The infant mortality rate differs because of the difference in the mortality rate of one-month old infants or older due to external factors. Diarrhea, malnutrition, and measles contribute to the high mortality rate in the slums around a metropolis. The larger a city becomes, the severer the deterioration in environmental sanitation, including population concentration. Thus, it is considered to be a risk factor for health⁷.

The spread of education on sanitation and health combined with the development of infrastructure for environmental sanitation (water supply, sanitation, and waste disposal) may be an effective approach to the solution of urban health problems. In the Primary Health Care Project currently implemented in Lusaka City, cooperation based on the same concept is planned for the George Compound, where water supply facilities were de-

⁶ Wood, R.I. *et al.* (1998)

⁷ Gupta, H.S. *et al.* (1999)

veloped through Japan's grant assistance. In the George Compound, cholera broke out, though not so extensively, in the early 1999 when water supply facilities were widely used. This shows that the development of water supply facilities is a requisite condition for the prevention of water-based infectious diseases, but not a sufficient condition. It is important not only to secure safe water supplies but also to propagate the appropriate water use through health education. Consultants in charge of grant assistance provide technical guidance on the use and maintenance of water supply facilities through community participation in the George Compound. After the expiration of a contract with the consultants, the JICA Zambia Office plans to provide continuing assistance to NGOs through the Community Empowerment Programme. As part of the Development Study, a pilot health education project, including the development of simple water supply and sanitation infrastructure, is planned, targeting at other Compounds in Lusaka. Thus, the experience of assistance in this field has been accumulated simultaneously and in parallel. It is necessary to organize and systematize such experiences obtained through various approaches, in order to establish a Japanese assistance package. Moreover, experiences in Zambia are expected to be useful and suggestive when discussing assistance to other African countries experiencing the same rapid population influx into the cities.

Needless to say, it should be noted that focusing on the urban health problems must not lead to disregarding rural health problems. Traditional disparities in health standards between the urban and rural areas still remain in Zambia. Urban health problems are more appropriate for projects consisting of the dispatching of Japanese experts, and grant assistance projects are not suited to the development of rural infrastructure which requires high construction costs with a sparse beneficiary population. Such conventional projects, on the other hand, are likely to promote health care services that place too much emphasis on the urban area, which the Zambian Government is endeavoring to reform. In order to secure well-balanced assistance, it is necessary to discuss positively the expansion of a Community Empowerment Programme through local NGOs, and participation in Basket Funds. In this way, it is expected that a system can be established to make Japanese aid funds flow into activities in rural and remote areas which conventional projects cannot deal with.

2-4 School health support: investment in the future generation

- Emergence of long-term effects; Support for empowerment regarding health care of each person
- Support for health education and continuous behavioral change rather than collective treatment
- Consideration for children who do not attend schools

The "Critical Composition" surrounding the health sector in Zambia is so serious that even the Health Care Reform may not solve problems in a short time. For the improvement of health standards in Zambia, assistance based on a long-term vision is also necessary.

Currently, the "School Health Care Programme" targeting at primary schools is under consideration for nationwide expansion, as a part of a "Basic Education Sub-Sector Investment Programme" (BESSIP) led by the Ministry of Education. As the primary school enrollment rate in Zambia is relatively high, an effective strategy is to provide health education through schools, targeting at many children.

School health programmes in developing countries, including Zambia, have been biased towards collective treatment, such as cocktail dosages of antiparasitic agents or booster vaccination (and inexpensive non-brand agents), due to a close relation with donation projects by Western pharmaceutical companies. However, as collective treatment is a temporary measure, it is necessary to attach more importance to health education and continuous behavioral changes through Life Skills Education. It is desirable to implement a programme with the following clear objectives: (i) a pupil can use the knowledge obtained from health education at school for the care of his/her younger brothers and sisters at home; (ii) a pupil will transmit a message of health education to other members in a family; and (iii) a pupil will establish a behavior pattern for health promotion continuously to the future when he/she becomes a parent. The pilot "School Health Care Programme" launched at primary schools in Lusaka City as part of the "Primary Health Care Project" is expected to develop.

First of all, it should be noted that the target population for school health programmes is at the healthiest age. Therefore, an approach focusing on treatment has only limited effects. To justify to provide inputs to the programmes, the programmes should state apparent objectives including its benefits or effect other than mere im-

provement of the pupils.

Second, supports for non-schooled children should be promoted. It is needless to say that the health needs of non-schooled children are much higher than those of the schooled children. Furthermore, their accesses to general social services besides education are fairly limited, so formulation of systems to convey them health education messages of health services are difficult tasks. Third, cooperation programmes targeting long-term effects are often averted, since the programmes which will produce short-term effects are highly praised. In African region, there are some medical research institutes of which Japan has been cooperated for their capacity buildings more than twenty years. We should bear in our mind that system or capacity building activities such as school health programmes need a long-sustained cooperation.

Fourth, Zambia had an inherent experience in which sufficient school health programmes were implemented. The programmes contained a booster vaccination, collective medical examination and mediation, health education targeting to improve knowledge, attitudes and activities, and improvement activities for school sanitation. Although progress of the programmes were different according to the region, all urban primary schools and some rural primary schools were covered by the programmes after 1976⁸. However, their effects were not so remarkable only to fail to expand the activities due to the deterioration of financial situation. As to school health programme in Zambia, it is necessary to analyze primary factors which caused to prevent the sustainability of the programmes and outcomes of the activities other than the financial constraints.

However, considering the serious situation of the health sector in Zambia, it is indispensable to take an approach to empower people to have the capacity to carry out basic health care on their own. School health programmes will provide the most promising opportunity for implementing such an approach.

References:

《English》

Gupta, H. S. *et al.* (1999) "Infant Mortality in the Indian Slums: Case Studies Calcutta Metropolis and Raipur City", *International Journal of Population Geography*, 5.

Gove, S. (1997) "Integrated management of childhood illness by outpatient health workers: technical basis and overview", *Bulletin of the World Health Organization*, 75 Supplement 1.

Henry, K. (1999) "Affordable Drug Offers Hope for Preventing Mother-to-child Transmission of HIV", *IMPACT ON HIV*, Vol.1 No.2.

Ministry of Health *et al.* (1984) *Report of a Joint Evaluation of Primary Health Care in the Republic of Zambia*: Lusaka.

WHO (1994) *Mother-Baby Package: Implementation safe motherhood in countries*: Geneva.

Woods, R. I. *et al.* (1988) *The Causes of Rapid Infant Mortality Decline in England and Wales, 1861-1921 Part I. Population Studies*, 42.

⁸ Ministry of Health *et al.* (1984) pp.36-37.

Chapter 10. Education and Human Resources Development

Nobuhide SAWAMURA (Hiroshima University)

1. Outlook for Education

Since independence in 1964 until the mid-1970s, the Zambian Government developed human resources at various stages from primary education through higher education. During this period with relatively smooth economic development, 80% of school-age children enrolled in primary school¹. Above all, the quantitative expansion of secondary and higher education was prioritized, and people expected an increase in income if they received an education. Thus, educational opportunities were expanded steadily until the beginning of the 1980s. However, due to the economic crisis in the mid-1980s and the introduction of the Structural Adjustment Programmes education in Zambia has been faced with a crisis². Coupled with a rapid population growth, the primary school enrollment rate dropped from 104% in 1985 to 89% in 1995 (according to UNESCO data). Though this figure is hardly unsatisfactory compared with that in other African countries, the school enrollment rate has remained low since the late 1980s and the deterioration of education is a serious problem.

The educational policy called “Educating our future” announced in 1996 aims to change from an overemphasis on higher education to a focus on a nine-year basic education³. More specifically, basic education will be expanded to seven years by 2005, and eventually to nine years by 2015. Decentralization is another major issue. In *Educating our Future*, it is stated that people have the right to receive education, and the Government’s role is to assure that right. With six principles in educational development, such as liberalization, decentralization, equality and equity, quality, partnerships, and accountability, the Government aims at a drastic reform of its policy.

Until 1984, educational expenditures accounted for 12% of the national budget on average. In the late 1980s, it was around 9%, and since 1990, it has been increasing to about 15%. In the early 1990s, 30% to 40% of the educational budget was apportioned to primary education,

and the share of primary education has been further increasing since 1996. In the 2000 budget compilation, 71% will be appropriated for primary education⁴. Accordingly, in the national budget, the allocation to higher and secondary education is decreasing.

In 1996, the Ministry of Education, the Ministry of Science, Technology and Vocational Training, the Ministry of Community Development and Social Services, and the Ministry of Sports, Youth and Child Development started an “Integrated Education Sector Investment Programme (ESIP)”, aiming to provide quality education and training effectively and efficiently, as a means to utilize limited resources through careful coordination of Ministries to avoid unnecessary overlap⁵. However, little progress was made due to difficulties in coordination among the Ministries. Therefore, prioritizing the basic education sector, the Ministry of Education started a “Basic Education Sub-Sector Investment Programme (BESSIP)” in 1999, in cooperation with related aid agencies. At present, the related organizations are preparing to implement a “Training Sub-Sector Investment Programme (TSSIP)” for the training sector. Under these circumstances, it is inevitable that assistance to secondary education, aside from higher education, will decline to a certain degree.

2. Current Conditions by Sub-sectors in Education

2-1 Primary and secondary education

The educational system in Zambia consists of a seven-year primary education and five-year secondary education (first term: two years; second term: three years). As proposed in the Educational Reform in 1978, two years (the first term) of secondary school will be integrated into the primary school education to provide the nine-year “primary and secondary” education. Currently, the nine-year “basic school” and seven-year “primary school” coexist in Zambia. The nine-year basic school was established aiming to lower the expectation of attending secondary

¹ Kelly, M. J. (1999a) p. 89.

² Details are shown in Kelly, M. J. (1991)

³ Ministry of Education (1996)

⁴ Mwikisa, C. N. and Lungwangwa, G. (1998), Ministry of Education (1999)

⁵ Republic of Zambia (1996)

school, and to provide sufficient scholastic ability and technical skills to be accepted in society after graduation. Promotion tests from Grade 7 to Grade 8 are carried out as the number of higher schools is limited, and only one-third of applicants can be promoted. The Government intends to abolish the test in the future

School lessons are generally provided in double or triple shifts. In Lusaka City, in particular, due to the shortage of school facilities, only 20% to 30% of applicants are permitted to enroll. Against this background, aside from public primary schools, the first "community school" was established through community participation in 1992. In 1999, the number of community schools reached 373 (47,276 pupils)⁶. This rapid growth may be the results of the policy taken by the Ministry of Education to promote the establishment of community schools. However, there are considerable problems, such as the quality of education, and the difference in standards between public primary schools and community schools.

The gross enrollment ratio of primary school in 1985 was 100%. Since then, it continued to decline to 82% in 1994 according to some data⁷. Not only the school enrollment ratio but also the number of children enrolled is also hovering at a low level. The recent government announcement shows that the total school enrollment ratio for seven-year primary education was 93% (boys: 98%; girls: 88%) and the net enrollment ratio was 69% (boys: 69%; girls: 70%) in 1996⁸. The factors causing the stagnation of primary education should be analyzed not only from the socio-economic context but also from the viewpoint of education as a whole. According to data from UNESCO, the total school enrollment ratio for secondary education increased from 19% in 1985 to 28% in 1995, which shows a seemingly steady improvement. However, it is reasonable to consider that pupils advanced to secondary education due to the economic crisis and the shortage of job opportunities.

The objective of the Government to achieve universal seven-year primary enrollment by 2005 seems to be extremely difficult, as there is a rapid population growth,

only two-thirds of pupils complete Grade 7, and parents cannot find value in school education due to its low quality⁹. Parents are dissatisfied with school education because (i) parents cannot afford to bear educational expenses; (ii) the quality of education is low, and is getting worse and worse; (iii) children learn little at school; (iv) employment opportunities have hardly increased even after the children receive primary education¹⁰.

Children's learning achievement is one effective index of the quality of education. According to the research conducted by Southern African Consortium for Monitoring Educational Quality (SACMEQ) in the mid-1990s, 25.8% of pupils in the sixth grade of primary school attained the minimum learning level, and those who attained the expected learning level accounted for only 2.3%¹¹. In secondary education, the results of final tests in mathematics and science were extremely unsatisfactory. The government document has repeatedly suggested expeditious improvement¹².

The HIV/AIDS problem cannot be avoided when developing an appropriate educational plan¹³. School education in the area where AIDS is rampant should deal with a drop in demand, the care of orphans, and revision of the school curricula. About 1,500 teachers in service, or three-fourths of 2,000 new teachers being trained, die of AIDS annually, having a major impact on teacher training plans.

The budget appropriated for primary education was considerably low until 1993, compared to that for higher education (primary education: 37%; higher education: 28%). This has been rapidly improved since 1994 (primary education: 52%; higher education: 17%). However, 97% of the current budget for primary education is for personnel expenses including teachers' salaries, and the supply of teaching materials and textbooks has been dependent on aid funds. It is supposed that about 10% of teachers are "ghost teachers" who do not actually exist due to death or job changes, but are still on the payroll. More efficient utilization of resources is expected through the improvement of the competence of the Ministry of

⁶ Data from Zambia Community Schools Secretariat (1999)

⁷ UNESCO (1996)

⁸ Republic of Zambia (1997)

⁹ Kelly, M. J. (1998)

¹⁰ *ibid.*

¹¹ Nkamba and Kanyika (1998) p. 65.

¹² Ministry of Education (1996) pp. 53-54.

¹³ Details are shown in Kelly, M. J. (1999b)

Education.

2-2 Higher education

As primary education is given priority in budget allocation, the budget for higher education is naturally declining. Reform of universities and colleges has been underway through the collection of tuition fees based on the cost-sharing principle. It is inevitable that the current problem, that is, the low quality of education, will be worsened. Higher education reform mainly aims to correct inefficiencies, and utilize resources better in the educational sector.

The document on educational policy in 1996 announced the following policy frameworks for higher education institutions operated with public funds: (i) education/ research plan should meet the real needs of society; (ii) the level of education/ research/ service should be highly evaluated in the academic world; and (iii) the appropriate quality should be ensured and a system of accountability should be established¹⁴. As a basic financial policy, application of the cost-sharing principle and diversification of revenues are also required for them.

Autonomy is important for universities, however, it is necessary to review their role as institutions providing higher education with rare sophisticated resources, and to discuss a scheme to actively utilize such resources for the development of the nation. For example, the faculty of agriculture at the University of Zambia has the potential to contribute to policy planning and R&D in the field of agriculture; similarly, medical school and University Teaching Hospital (UTH) have valuable resources in the field of public health and medicine.

Needless to say, institutions providing higher education, such as the faculty of education at the University of Zambia, the Nkrumah Teacher Training College, Copperbelt Teacher Training College, and the primary teacher training colleges, should be responsible for the training of primary/secondary school teachers. Thus, it is necessary to reinforce these teacher training institutions to an appropriate degree in order to improve primary/secondary education quantitatively and qualitatively.

2-3 Vocational training

The Ministry of Science, Technology and Vocational Training, in charge of vocational training, announced a

Technical Education, Vocational and Entrepreneurship Training Policy in 1996¹⁵. The Ministry of Education does not provide systematic and consistent vocational education.

This Policy emphasizes vocational training and entrepreneurship considering self-employment in the informal sector that absorbs 70% of the labor force, allegedly for the following two reasons: (i) a mismatch between the content of training and the employers' needs is inevitable; and (ii) new employment opportunities in the formal sector can hardly be expected under current economic conditions. The informal sector presents the only possibility to create an employment opportunity for the moment. Moreover, by reinforcing the informal sector, the opportunity for education and training will be provided to the poor, in particular, women and young people, thus invigorating the economy as a whole.

Training facilities under the Ministry of Science, Technology and Vocational Training include 16 Trades Training Institutes (TTI) targeting at senior secondary school graduates and five colleges providing 3-year education at the junior college level. In addition, vocational training centers targeting at graduates of basic schools (9-year education) were established in 1997 and 1998 in Lusaka and Kitwe. The training period at this center is two years and three months, three months of which are spent for practical training at a factory. A trainee who passes the final test will have the qualification equivalent to a TTI graduate.

Currently, the vocational education sector is in the middle of structural reform, going with the tide of privatization and public sector reform to reduce the number of public employees. In 1998, the establishment of the Technical Education, Vocational and Entrepreneurship Training Agency (TEVETA) and Technical Education, Vocational and Entrepreneurship Training Act 1998 stipulating its role were approved, and will be implemented soon.

It cannot be helped that skill acquisition does not necessarily lead to an employment opportunity in Zambia under the current economic conditions. For the development in this field, it is necessary to review the functions and position of public training facilities in a society. In relation to this, five ministries and agencies related to vocational education are planning to implement a Training

¹⁴ *ibid.* p. 105.

¹⁵ Ministry of Science, Technology and Vocational Training (1996)

Sub-Sector Investment Programme (TSSIP) in cooperation with several aid agencies. This will have a major impact on the field of vocational training.

2-4 Adult literacy programmes

The literacy rate improved slightly from 51% in 1969 to 54% in 1980, and 56% in 1990. The literacy rate for women is lower than that for men, and rural areas show a lower rate than urban areas. A literacy campaign has been carried out since 1990, aiming to reduce the illiteracy rate to 12% by 2000. However, it is difficult to secure instructors due to a budgetary deficit, and the number of learners is decreasing substantially each year. Therefore, it seems impossible to achieve the objective¹⁶.

As mentioned above, it is extremely difficult to provide literacy education continuously and systematically. As the principal concern of the Ministry of Education is education at the primary school level, the educational policy barely refers to adult basic education as a part of life-long education and training. The Ministry of Community Development and Social Services also provides some literacy programmes for adults. It is necessary to devise some measures to make literacy programmes more attractive by combining literacy programmes with community vitalization and skills development.

3. Challenges in Education

3-1 Enhancement of educational administrative capacity

Many aid agencies agree that educational administrative capacity is quite insufficient. It is obvious that not only the central government but also local governments are not prepared for decentralization. This is the primary problem in operating BESSIP(mentioned later)itself, and capacity building is one of the important components of BESSIP. The Ministry of Education recognizes well that it is not easy to enhance the Ministry's educational administrative capacity in the short run. Thus, the only way to steadily enhance it is through cooperation with development partners.

3-2 Expansion of primary/secondary education

The first priority should be given to quantitative and qualitative improvement of primary schooling. However, judging from the fact that primary education does not nec-

essarily lead to expansion of employment opportunities, social pressure to improve secondary education is expected to increase more than ever. Thus, a well-balanced development of primary and secondary education is required. The improvement of secondary education at the cost of primary education is detrimental to the sound development of education. At the same time, it is somewhat questionable that BESSIP puts too much emphasis on primary education and provides it with various resources for the short and medium term.

3-3 Rebuilding higher education

Institutions for higher education, including universities, received relatively favorable budgetary treatment up to the early 1990s. It is essential to provide subsidies at an appropriate level, and tertiary education financing should be shared among institutions for higher education and students as the beneficiaries. Those institutions with leading human resources will not only contribute to the diversification of revenue sources but also the building up of their own capacity in research and education through the implementation of projects commissioned by the government and aid agencies. Although academic freedom in universities and their autonomy should be recognized, institutions for higher education should reconfirm the important reason for their existence, that is, to respond to social needs.

3-4 Adaptation of vocational training to employment needs

Reform in the vocational training sector is currently underway. The current training curriculum which is often said to be irrelevant to the employers' needs, also puts emphasis on the training of entrepreneurs for self-employment in the informal sector. Effective skill acquisition is said to be difficult at public vocational training facilities due to their inefficient operation, without exception in Zambia. As employment in the public sector cannot be expected for the time being, it is necessary to promote active exchanges with the private sector, including the informal sector. In the medium and long term, independent operation of each vocational educational facility without relying much on subsidies is required.

¹⁶ Mwikisa and Lungwangwa (1998)

4. Direction of Assistance

4-1 Japan's experience in educational assistance

Zambia is one of the African countries with which Japan has conducted educational assistance for years. In 1980, project-type technical cooperation in the medical school at the University of Zambia started, and cooperation with the department of veterinary medicine at the University of Zambia started in 1985. In addition, a vocational training expansion program started in 1987. Since the early 1980s, mathematics and science teachers of the Japan Overseas Cooperation Volunteers (JOCV) have been dispatched, and members of JOCV have been working at vocational training facilities. Since 1998, through Japanese Grant Aid, primary and secondary schools have been constructed around Lusaka.

Basic education is the priority in the current international assistance policy as well as on the Zambian side. Vocational training of people who completed higher or secondary education is not necessarily given priority, though Japan has provided assistance for years. The focus has shifted from the hardware type of cooperation, such as the construction of facilities, to software type of cooperation, such as the development of systems and institutions. Accordingly, Japanese assistance policy also puts emphasis on basic education and the software type of cooperation.

If project-type cooperation is clearly effective and efficient, Japan may actively continue promoting such assistance. However, under the present situation where a sector-wide approach (e.g. a Sector Programme) is going to be introduced, an objective basis for the validity of project-type cooperation is required. In particular, judging from the fact that DAC's new development strategy was set at Japan's initiative, the policy of contributing to basic education, such as primary/secondary education, must include not only the construction of facilities, but a comprehensive approach including the software type of cooperation as well.

In the vocational training field too, it is time to shift from cooperation in providing sophisticated vocational training of people who completed secondary education that tends to largely depend on equipment, to cooperation focusing on the recipient country's needs and actual conditions. As previously mentioned, the focal point of educational assistance is basic education. Similarly, basic skill acquisition should be given priority in vocational

training. For example, in order to contribute to job creation in the informal sector, it is necessary to provide vocational training and skill development directly connected to production activities.

To respond to Zambia's assistance needs is a prerequisite for Japanese assistance. However, unless it is recognized that Japan has limited human resources that can contribute to international cooperation, successful assistance projects will be illusory. In fact, it is extremely difficult to select and dispatch personnel that can actively contribute to the field of education. The number of consultants specializing in research on education is limited. The dispatch of long-term experts, which is particularly important, hardly comes up to expectations in the recipient country. Personnel dispatched from Japan are expected to have professional experience in a specific field and technical ability to a certain extent. However, there is little opportunity to use such ability and experience directly in actual cooperation. In the field of education and training, it seems, at least at the policy level, unnecessary to transfer Japanese experiences, technology, and skills. In this respect, experience accumulated within the Japanese ministries is of little use. Therefore, it is important to expand a system of public participation in the pool of experts to be dispatched, and to select potential personnel with language proficiency and coordinating ability, without specifying educational specialty in the narrow sense.

4-2 Sector Programme

When discussing assistance in the field of education and vocational training in Zambia, the Educational Sector Investment Programme (ESIP) is very important. ESIP, led by the World Bank, started in 1996. Initially, it included not only educational and vocational training but also non-formal education, with four ministries involved; the Ministry of Education, the Ministry of Science, Technology and Vocational Training, the Ministry of Community Development and Social Services, and the Ministry of Sports, Youth and Child Development. In August 1997, ESIP was divided into two sub-sectors: Basic Education Sub-Sector Investment Programme (BESSIP) and Training Sub-Sector Investment Programme (TSSIP), for the following two reasons: (i) The implementation of ESIP tended to be delayed due to the difficulty in coordinating the four ministries, and (ii) the World Bank, apprehensive about a funding shortage, intended to give priority to the basic educational sector. It was in 1999 when BESSIP began to work in earnest. The objective of BESSIP is to increase

the number of children enrolled in school and to improve the learning attainment. Above all, the primary specific objective is to fully achieve universal seven-year primary enrollment by 2005.

The final objective of participation in the Sector Programme is to invest funds in a Common Basket. However, it is appropriate to separate the participation in BESSIP and the investment of funds in a Common Basket¹⁷. In view of the current capacity of the Ministry of Education, if funds are invested in a Common Basket without any conditions, the funds may not be utilized efficiently, moreover, the investment can be an excessive burden for the Ministry of Education¹⁸. BESSIP has the following eight components as priorities: (i) Overall Management, (ii) Infrastructure, (iii) Teacher training, deployment and compensation (iv) Educational materials, and overall procurement, (v) Equity and gender, (vi) School health and nutrition, (vii) Curriculum development, (viii) Capacity building and decentralization. Aid agencies implement each project/program, while coordinating and cooperating with each other¹⁹.

These educational Sector Programmes are implemented in cooperation with a recipient country's government and aid agencies. This makes it difficult to accept conventional individual project-type cooperation. The Sector Programmes aim to improve the efficiency of assistance through common procedures, by grouping separate assistances by field, and promoting sound development of the sector as a whole. The implementation of the Programmes varies according to the country. In Zambia, it is not compulsory and aid agencies take a cooperative attitude toward implementation. However, as mentioned above, the Ministry of Education cannot control the investment of funds in the Common Baskets with its current capacity. All aid agencies are very cautious, considering the questionable transparency of fund utilization and the importance of accountability. Fund pooling through Common Baskets forms the bases of the Sector Programmes. However, there is no aid agencies that can provide financial cooperation without any conditions. It is necessary to explain to related organizations that Japan cannot directly

invest funds in Common Baskets not because Japan denies the concept of Common Baskets, but because of restrictions imposed by Japanese law.

For Japan, it does not matter whether Japan can invest funds in Common Baskets or not. The more critical problem is that Japanese assistance has had limited impact and achievement, though Japan has provided the largest amount in donations to BESSIP as bilateral cooperation (14% of the total) through the construction of basic schools. In view of Japan's assistance capacity, it was proper at first to cooperate in basic school construction in the compound around Lusaka where many poor people live. As this Japanese assistance project was already planned before the implementation of BESSIP, it is necessary to discuss whether similar assistance can be provided or should be provided in the future. In BESSIP, transparency and information-sharing regarding fund utilization are required not only by Zambia but also by aid agencies. Naturally, a high degree of transparency is also required in Japanese assistance. It cannot be denied that in the near future, the Japanese-style cooperation in school construction, consisting of hardware assistance without any soft ware, will raise questions besides its high costs²⁰.

4-3 Assistance approach

(1) To give priority to primary/ secondary education

The primary/secondary school enrollment ratio in Zambia is better than other African countries. However, in fact, the net enrollment ratio for primary education in 1995 was 75%, showing that one in four school-aged children has not been provided with learning opportunities. In order to expand educational opportunities quantitatively, it is essential to improve education itself qualitatively as well to make it more attractive for children and parents. For this purpose, the construction of facilities including classrooms is not enough. It is also necessary to adopt an approach from the children's viewpoint, to consider the children's psychology and health. For example, activities with community participation, based on primary/second-

¹⁷ DANIDA, for example, plans to donate US\$ 30 million to BESSIP in the next five years. Even if the conditions are set down, the funds for the Common Basket will amount to only US\$ 1 million, and most funds will be utilized to develop its own projects within BESSIP components.

¹⁸ Irish Aid, considered to be active in investing funds in Common Baskets, also sets down various conditions for the use of the funds.

¹⁹ Ministry of Education (1999)

²⁰ Moreover, as the concept of community participation has not been incorporated into the construction, the school is likely to expect too much of Japan in terms of maintenance of facilities.

ary schools constructed by Japanese assistance, can include social development, such as public health. Also, through assistance in teacher training and education, the above-mentioned considerations will be given attention. In particular, it is difficult to provide assistance to secondary education due to BESSIP. Therefore, based on the experiences of dispatching JOCV, Japan may cooperate in the reinforcement of mathematics and science education. As decentralization is the prime issue, it is also possible for Japan to cooperate with other development partners in the establishment of an educational board system, and build up local-level capacity through development study and the dispatch of experts as pilot projects.

The reinforcement of secondary education at the cost of primary education is not appropriate. However, considering the fact that a large number of graduates from primary school enter secondary school, and the graduates from secondary school become primary school teachers, the well-balanced development of the educational sector as a whole is the prime consideration. Moreover, secondary education not only broadens the choice of careers, but can also be a turning point for people to emerge from poverty²¹.

(2) To provide vocational training directly connected to job creation

In general, when the economic growth is stagnant with high unemployment rate, the government tends to adopt a policy to reinforce vocational training. Under such circumstances, it is not expected that vocational training can create employment, though vocational training always attracts too much expectation. It is extremely difficult, but training should be the one that enhances productivity, and creates opportunities for employment and self-employment.

In view of the actual state in Zambia with an important issue of poverty reduction, vocational training in which people acquire sophisticated skills should be carried out on an enterprise basis, and this may not be treated as the priority in the field of assistance. On the contrary, if training targeting at the poor is not limited within a framework of vocational training provided by the government, and leads to the poverty reduction, such training can be the priority in the field of assistance. Activities in the informal sector are the practical option for most people. Judging from this fact, it is time for Japan to consider measures

to contribute to technical development and entrepreneur training in this sector, in cooperation with other aid agencies and NGOs, though Japan has not have enough experiences in this field. For this purpose, first of all, Japan should actively be involved in promising TSSIP from the initial stage, and actively participate in coordination with not only Zambia but also other aid agencies.

(3) To improve and reinforce the efficiency of higher education

In Zambia, the secondary school enrollment ratio in 1995 was as high as 28%. The educational development will become imbalanced if primary/secondary education alone is reinforced. As the demand for higher education is expected to grow more than ever, it will firstly be necessary for students to share an appropriate proportion of the costs, as well as to improve the efficiency of school management. Unless these conditions are fulfilled, assistance in professional education at the undergraduate level will be nothing but the creation of an isolated project that will not last. Therefore, it is necessary to reevaluate the role of higher education from various viewpoints, and considering what kind of services can be provided to the society, rather than providing assistance to education and research irrespective of social needs. The faculty of education at the University of Zambia is in charge of the training of secondary school teachers. If the impact on primary/secondary education is confirmed, there seems some possibility that Japan will provide assistance.

(4) To actively participate in Sector Programme

Currently, BESSIP is underway in Zambia. Other aid agencies are providing cooperation in accordance with the initial intent of Sector Programme. Under these circumstances, it should be discussed carefully whether it is appropriate for Japan to continue to provide conventional individual projects on the grounds that this is the nature of its assistance system. A practical approach for the time being would be to build as much flexibility as possible into the operation of conventional projects, and to place them among the components of BESSIP. For this purpose, it is crucial to dispatch experts continuously to the Ministry of Education. For TSSIP, the same considerations are required.

For Japan to provide cooperation separately from Sector Programmes is not only inappropriate but also impos-

²¹ International Development Center of Japan (1999) p. 52.

sible(however, cooperation in secondary/higher education is not included in BESSIP). Thus, active participation in BESSIP is particularly important for Japan, in view of its assistance capacity. Through this, Japan's cooperation will be broadened, and its cooperation capacity will be improved. Under these circumstances, it should be taken into careful consideration that Japan's peculiarity, that is, its relatively inflexible assistance system, is not internationally acceptable. Thus, Japan is required to respond to various needs for assistance with adaptability, by utilizing the current system in a flexible way.

References:

《Japanese》

International Development Center of Japan(1999)*Keizai kyoryoku notameno kisochoosa – kunibetsu keizai kyoryoku keikaku Zambia Mozambiku*. International Development Center of Japan.

《English》

Kelly, M. J.(1991)*Education in a Declining Economy: The Case of Zambia 1975-1985*. World Bank: Washington, D.C.

Kelly, M. J.(1998)*Primary Education in a Heavily Indebted Poor Country: The Case of Zambia in the 1990s*. A Report for OXFAM and UNICEF.

Kelly, M. J.(1999a)*The Origins and Development of Education in Zambia: From Pre-colonial Times to 1996*. Image Publishers Limited: Lusaka.

Kelly, M. J.(1999b)“What HIV/AIDS Can Do to Education, and What Education Can Do to HIV/AIDS”. Paper for Presentation to the All sub-Saharan Africa Conference on Education for All-2000: Johannesburg.

Ministry of Education(1996)*Educating Our Future: National Policy on Education*. Zambia Educational Publishing House: Lusaka.

Ministry of Education(1999)*Basic Education Sub-sector Investment Programme(BESSIP) Annual Work Plan, January to December 2000*. Republic of Zambia: Lusaka.

Ministry of Science, Technology and Vocational Training (1996)*Technical Education, Vocational and Entrepreneurship Training(TEVET)Policy*, Republic of Zambia: Lusaka.

Mwikisa, C. N. and Lungwangwa, G.(1998)*Education Indicators, Costs, and Determinants of Primary School Effectiveness in Zambia*. Study commissioned

by the World Bank for the Ministry of Education (Draft report)

Nkamba, M. and Kanyika, J.(1998)*The Quality of Education: Some Policy Suggestions Based on a Survey of Schools : SACMEQ(Southern African Consortium for Monitoring Educational Quality)Policy Research Report No. 5*. UNESCO: Paris.

Republic of Zambia(1996)*Investing in Our Future: Integrated Education Sector Investment Programme (ESIP)Policy Framework*, Republic of Zambia: Lusaka.

Republic of Zambia(1997)*Living Conditions Monitoring Survey Report 1996*. Central Statistical Office: Lusaka.

Chapter 11. Infrastructure and Energy

Toshiyuki IWAMA (JICA Grant Aid Management Dept.)

1. Current Situations of Transportation Infrastructure

The transport network in Zambia had been developed under the strategic concept during the colonial era, and thus does not fully coincide with the current national development or the transport demand. During the colonial period, transport routes connecting the Copperbelt (where mining was the major industry) and the ports along the Indian Ocean were the only major transport infrastructure. While Zambia's transport infrastructure does not link the current centers of high population density, the routes in Zambia connecting to the ocean have been well developed for the purpose of national security and economic growth. However, the transport network linking major cities, which is the basis of domestic transport has been neglected in terms of maintenance. Transport routes for agricultural products have failed to connect the production areas and the consumer market effectively, thus hampering rural economic development. Domestic transport statistics on the details of freight origin and destination inside the country apparently does not exist. This shows that the transport network in Zambia has been for export/import freight, and not for domestic freight. The major trunk roads in Zambia thus overlap with those of the South African Development Community (SADC).

Among various transportation modes, road is the most conspicuous mode of transport. In 1994, for example, 63% of export freight was moved on road. Railroads are used for transporting export freight, while pipelines are used for transporting imported petroleum. A marked shift from railroads to roads has occurred in recent years. When comparing the GDP in 1994 and that in 1997 in the transportation sector, the growth rate for railroads was 62%, whereas that of roads was 115%. The share of road transportation increased slightly, as shown in the ratio of railroads to roads, from 21 : 79 in 1994 to 17 : 83 in 1997. The increase in the road traffic had had negative impacts on the road surface conditions. Consequently, the need for road maintenance has arisen at an annual cost of about \$100 million.

Current transport policy in Zambia is based on privatization and deregulation, with the aim of ensuring efficiency in the transport network as well as transparency of transport services. This policy is completely different

from the one dominating until the early 1990s under which social aspects came before profits. Through implementation of the current policy, Zambia Airways and the United Bus Company were liquidated, and the Tanzam Railways and Zambia Railways has been handed over to private corporation. The transport policy set in 1995 stated the following three objectives:

- (i) To make best use of the public and the private sector in response to demand.
- (ii) To determine the allocation of resources among transport modes in order to minimize social costs.
- (iii) To set transport fares so that profits can fully cover investments.

To achieve these objectives, the government has already implemented the following policies:

- (i) While enforcing the quality of service, allowing the private companies to freely participate in road construction and consulting services.
- (ii) Abolition of the restrictions on foreign currency exchange that have been imposed on transport companies in purchasing spare parts and vehicles.
- (iii) Elimination of government intervention in deciding transport fares, and leaving the decision to market forces.

The present state of the major transport infrastructure in Zambia is summarized below.

1-1 Roads

The major trunk roads links Lusaka, the capital city, with major towns and further to Zimbabwe, Botswana, Congo (DRC), Tanzania, Malawi, and Mozambique. The road network in Zambia extends to about 66,000 km, about half (36,000 km) of which has been registered in compliance with the Road and Road Traffic Act. Roads serving as economic infrastructure are owned by the Roads Department and the local authorities. On the other hand, the management and maintenance of unclassified roads, such as community roads in urban areas, access roads to the market, medical or educational facilities of rural residents, are carried out voluntarily by only few road users. The traffic on the roads is generally not high;

only a few major road sections in Lusaka and the Copperbelt carry the daily average traffic of more than 1,000 vehicles. Outside these areas even the SADC trunk roads have 300 to 500 vehicles a day. The daily average traffic volume on most local roads is less than 100. This shows, from the viewpoint of road traffic, that 90% of traffic is concentrated on the roads accounting for less than 20% of the total length of the country. As most financial resources have been invested in new roads, road maintenance has not been sufficient. Accordingly, roads in adequate condition (sustainable under regular maintenance) account for only 20%, or 1,700 km. The rest of the roads require repair first, as they are in too poor a condition to provide a regular maintenance.

The government has only limited financial resources for the transportation sector, despite the importance of road traffic and the necessity of maintenance. Thus, in the early 1990s, the government decided to review its road policy completely, in order to secure a broad basis for financing and place the cost burdens upon the users as appropriate. As the first step, Zambia joined the Road Maintenance Initiative (RMI) and accepted its basic principles. Also, Zambia decided to ask the World Bank for support to implement the RMI, and developed a Road Sector Investment Programme (ROADSIP) as a prerequisite for IDA financing. For the first half (from 1997 to 2001) of a ten-year ROADSIP, financial support from IDA amounts to \$70 million. The total investment in the first half is estimated to be \$400 million, which includes road user charges amounting to \$130 million. All on-going and future road projects implemented by donors such as the EU, other European countries, and Japan are also included in the ROADSIP. ROADSIP aims to improve over 15,000 km of roads, which carry more than 90% of road traffic countrywide, to make them fit for regular maintenance by 2001. Moreover, it plans to secure a maintenance budget, and repair over 8,000 km of roads and about 1,000 km of rural roads a year, in order to carry out regular maintenance. For these purposes, ROADSIP includes the reinforcement of administrative institutions such as the National Road Board (NRB). Besides, training in private companies is included so that they can be commissioned to design and construct roads. The overall ROADSIP covers rehabilitation of roads (14,000 km) and maintenance of a road network (36,000 km), which requires investment of no less than \$860 million.

1-2 Railroad

A railroad network in Zambia connects Copperbelt to ports in Mozambique, Angola, Tanzania, and South Africa. Routes to Angola and Mozambique have not been fully utilized due to civil wars in these countries. Instead, the relatively longer routes to Tanzania and South Africa have been used. There are two Public Railway Corporations in Zambia; namely, Tanzam Railways bound for Tanzania, and Zambia Railways for the rest. The former was established jointly by the two governments. The latter is suffering from poor performance. For example, despite its transport capacity of 8.5 million tons, the volume of freight of Zambia Railways dropped from 4.5 million tons in 1990 to 1.5 million tons in 1996. This drop is attributable to the following problems of Zambia Railways itself: (i) Rail cars have become decrepit, (ii) Insufficient maintenance has caused frequent accidents, and (iii) Locomotive power has decreased by half of the designed value. In addition to these problems, severe competition with road transport companies has also contributed to this drop. The transport capacity of Tanzam Railways, too, has decreased by half of the designed value due to the lack of an adequate signalling system.

2. Energy Infrastructure

In 1996, total energy consumption in Zambia was 4.8 million tons in terms of oil consumption (TOE), 88% of which was covered by domestic energy sources, and the rest of which, or 12%, was covered by imported oil. Major energy sources are biomass such as wood and charcoal (72%) and electricity (12%). An extremely small number of solar power plants are in operation. However, a high tariff imposed on solar equipment at the time of purchase has restricted its introduction. As for energy consumption according to use, household consumption accounts for 3.1 million TOE or about 75% of total energy consumed, with biomass being the major source. The mining industry (the Zambia Consolidated Copper Mines Limited (ZDDM)) is a large electricity consumer, consuming 65% of total domestic electricity. On the other hand, only 10% of the general population have access to electricity, consuming about 15% of the total.

A survey in 1990 shows that biomass accounts for 92% of household energy sources in local areas and 78% in urban areas. Therefore, if the use of biomass continues at the current level, it will obviously have an adverse effect on the environment. The forest in Zambia is 610,000 km²,

accounting for 81% of the total land area. However, due to deforestation and slash-and-burn agriculture, the forest area is decreasing by some 140,000 ha each year. Thus, FAO estimates the forest area actually contributing to the supply of timber to be less than 50% of the total land area.

2-1 Electricity

Electricity is the major domestic energy source after biomass. The total generating capacity exceeds 1,800 MW, and the Zambia Electricity Supply Corporation (ZESCO) supplies 1,650 MW. Electric power generation slightly exceeds domestic demand; thus 150 MW is exported to Zimbabwe. In respect to the electricity distribution network throughout Southern Africa, Zambia is incorporated into a transmission network linking Congo and power plants along the Zambezi River basin. However, due to insufficient maintenance of transmission and distribution systems and a shortage of skilled personnel, power failures occur frequently. This has undermined the reliability of electricity supply. Moreover, the charges for electricity have been set well below the actual cost, and even these charges have not been collected appropriately. Therefore, ZESCO has a substantial deficit, which hinders economic growth. In order to solve the problems in the energy sector, it is necessary to set charges at a level, which is financially sustainable, and to protect consumers from a possible abuse by supplier of their monopoly status. Charges should be set at least at a level to cover capital and future investments. In 1997, the government established a supervisory organization (the Energy Regulation Board) independent of the government, authorizing it to set charges in the energy sector. However, the success of this new system is questionable without consolidating cumulative debts and the provision of capital.

2-2 Oil and coal

As for the oil sector, the government has formulated policies for energy development and security. Refining, supply, and setting the charges for oil are commissioned to each public corporation (refining: INDENI Refinery; supply: ZNOC). The government plans to remove restrictions on oil imports to liberalize transactions. In addition to these two public corporations, INDENI and ZNOC, several private companies have already entered in this sector. The government is assessing the future availability of oil.

Coal production dropped from 740,000 tons in 1975 to 180,000 tons in 1996. Coal users are limited to the cop-

per mining industry and other industries. Zambia hardly exports coal; instead, it imports 100 tons of coke from South Africa for copper production.

2-3 Water supply

Although about 70% of urban residents have access to water supplies, people in the urban outskirts and in the Compounds rarely have access to water supplies. Though there are some differences among Provinces, only 10% to 30% of local people have water supplies. The government formulated a National Water Strategy to enhance water supply in urban and local areas, thereby carrying out water resource management, irrigation, and water pollution control. It aims to achieve 100% water supply to urban areas and 50% to local areas by 2004. The Water Supply and Sanitation Act established in 1997 approves the operation of private water supply companies, and stipulates the establishment of a supervisory organization. However, before privatization, it is necessary to eliminate cumulative deficits that burden the existing organizations. It is also urgent to repair urban water and sewage facilities which are in poor condition. Moreover, appropriate charges should be set and their collection assured.

3. Problems of the Infrastructure Sector

The greatest problem common to the infrastructure sector in Zambia is insufficient "Cash". At present, the necessary "Cash" is never available. Therefore, even though the government guarantees the transparency of expenditures, and users contribute funds and monitor the use of funds themselves, politicians and government departments desparately need the "Cash". In the past, road funds were used for road projects other than their intended scope, so the NRB has been persistently engaged in a thorough investigation. Until the financial management gets on track, similar problems are likely to occur.

Due to insufficient capacity and flexibility of the existing administrative organizations, reforms in the infrastructure sector are now underway. These reforms are characterized by enhancement of the private sector and deregulation, which the British administration under then Prime Minister Margaret Thatcher adopted. Zambia endeavors to follow this British model closely. This is natural, as Zambia currently depends on the Europe and the United States for most of the necessary technical and administrative skills. This must be fully taken into account when Japan provides assistance in the infrastructure sector.

As the Zambian people themselves must operate infrastructure facilities in the future, it is urgent for the country to provide personnel training. As is obvious from Japan's history, national development cannot be achieved without education. The difference between these two countries is that in Japan, the government took the initiative in the development of the infrastructure, whereas in Zambia, the existing public sector, including its structure, personnel, and wage system, are lacking in flexibility for future development. Thus, the first requirement would be the commercialization of public organizations and personnel training in the private sector. While it is necessary to transfer technology, capacity building among managers is more important.

4. Aspects for Assistance

Stabilization of the macro economy is the key to economic growth in Zambia. A three-year Enhanced Structural Adjustment Facility (ESAF) decided by IMF of March 1999 establishes the following two major objectives of assistance: (i) reform of the public sector, and (ii) promotion of exports. Accordingly, the government has placed special emphasis on the policy of privatization of state enterprises that accounted for 80% of the national economy in the past. In the infrastructure sector, too, carrying out major structural reform and privatization is inevitable.

Poverty reduction is another important issue of assistance for Zambia discussed at donor meetings. It is necessary to prevent the aggravation of poverty in the course of implementation of the Structural Adjustment Programmes. Traditionally, the government provided social services, as private businesses were not considered suited to this. Thus, for more than 30 years since independence, Zambia has been striving to create a welfare state. Ironically, these efforts have resulted in inefficient operation of the state enterprises and public organizations, resulting in a decline in social services.

Projects in the infrastructure sector must be implemented aiming at two seemingly incompatible targets, privatization and poverty reduction. The courses to be taken are summarized below.

- To restrict the role of the government and local authorities to policy planning and evaluation.
- To make a comparative study on various options to improve the management of state enterprises.
- To ensure ownership, accountability, and transparency.

- To promote so-called "grassroots projects" carried out through community participation, not by the government or local authorities.

In the infrastructure sector, Sector Investment Programmes (SIPs) have been implemented for roads. Compared to SIPs implemented to other countries and sectors, ROADSIP does not anticipate common implementation procedure or use of basket funding. The only rule in selecting an investment project is to respect as much as possible the economic aspects. It is also planned to develop a design manual and common tender specifications with the major objective to facilitate the participation of new road construction business in Zambia. Thus, large projects implemented by donors under international competitive bidding are unlikely to be affected. Road repair work in Lusaka City implemented by Japan was in accordance with the urban road development plan, which became a part of the SIPs. There has been an argument that bridges for rural roads should have been rebuilt with the funds used for the construction of the new Chirundu Bridge. However, from the viewpoint of economic impacts, this project is in line with the principle of the SIP. When Japan implements road projects in the future, it is necessary to evaluate the projects based on their economic impact, and confirm whether the projects are included in the SIP or not.

5. Future Direction of Assistance

Road infrastructure definitely serves as a basis for economic activities and a prerequisite for national development. In developing countries, including Zambia, where economic activities have been underdeveloped, it is necessary to recognize that infrastructure itself creates employment. Particularly in rural areas where the means for cash acquisition is rare, road maintenance through community participation will have a considerable economic impact in these areas. Therefore, when providing assistance to the infrastructure sector, it is necessary to take into account not only the road network itself, such as a new construction for complementing a missing link, but also the impact on the regional economy. In general, requests for infrastructure development are made by people supporting construction to supplement insufficient physical facilities. This is applicable to large cities in Asia and other developed countries, where traffic is extremely heavy on their trunk roads, but not to Zambia, where it is very hard to justify a road project just in terms of direct

economic impacts. On the other hand, in order to reduce the financial burden for road maintenance in Zambia, it would be necessary to construct sturdy roads, thus reducing maintenance costs. Therefore, international highways and urban roads with heavy traffic could be reconstructed based on this aspect. Potential projects include the rehabilitation of urban roads in Lusaka and the Copperbelt where traffic is relatively heavy (1,000 to 5,000 cars per day) which can be appropriately regarded as conventional large-scale civil engineering projects. If a conditionality is established that public funds saved by implementing these road projects should be used for the development of community and feeder roads, not only the direct impacts of road development but also wider secondary impacts can be expected, thus enlarging to benefits of such projects. For this purpose, it is necessary to take into account the following points when planning and implementing projects.

i) Necessity of personnel training

Instead of relying on foreign experts, it is necessary to enhance the policy-making capacity of the government, and the management skills and capacity of the private sector. However, as there are already some expatriate experts and consultants at the governmental level and the transport policy follows the British example, Japanese experts are unlikely to play an active role in this regard. On the other hand, in rural and local areas, despite the growing need for road development, human resources are very limited. Therefore, the demand for skilled personnel is acute, and it would be necessary to dispatch personnel to directly support the planning and managing capacity in field.

ii) Development of rural roads at the community level

Road development at the community level is effective to open up new possibilities for cash acquisition and to enable inhabitants to become aware of their ownership of roads. This kind of project is expected to make progress through provision of the necessary materials. What is actually lacking is not materials, but capacity for the planning and implementation of projects, so human resources are required when providing cooperation in earnest to this sector. Therefore, it is desirable for Japan to combine technical cooperation, including the Japan Overseas Cooperation Volunteers (JOCV) with the provision of equipment by the Grant Aid for Grassroots Projects.

iii) Role-sharing between the government and the private sector by regarding the road development as a business

As the basic principle in the road sector in Zambia is “outsourcing”, there is no need to prepare excessive human and physical resources for the government and local authorities. It is not desirable, for example, to provide equipment for road construction on the assumption that the government continues to be in charge of road development, as this brings great pressure on the private sector. The number of government officials will be reduced, whereas entrepreneurs must be trained. Therefore, it is highly desirable to provide active support for the training of retired government officials who plan to start up new businesses. However, one might decide here whether ODA should be used to provide training for private individuals or not.

iv) Railroad

There is some possibility for assistance in the railroad sector, as it is in the course of full privatization. The needs for infrastructure include tracks, telecommunications, and traffic signals, but to what extent these should be developed is not clear. The reorganization and privatization of the Japan National Railways(JNR) in particular, is an example of railroad reform. A regional division as Japan did(or according to routes in the case of Zambia) does not seem to be practicable; rather, the separation of infrastructure from operations should be adopted as in Europe and the United States. The only way for Japan to provide assistance is to make Loan Aid at low interest rates for infrastructure improvement, unless there is a particular reason for further active participation.

v) Electricity

As for electricity, we can only expect the Zambian Electricity Supply Corporation (ZESCO) to make progress in its performance. Moreover, access to electricity focusing on urban residents should be improved. It is necessary to develop transmission and distribution facilities. However, as structural reform including privatization is underway, it is not the time to implement many projects. As for biomass used in most households, dependency on biomass should be reduced through the improvement of access to electricity mainly in urban areas. At the same time, cooperation should be provided to promote the introduction of improved

stoves including the *shichirin*" (a small portable stove for cooking with charcoal) to enhance thermal efficiency. According to an experiment in a "Household Fuel Project" carried out in 1992, a *shichirin* developed in this project saved 40% of woodfuel, compared to the conventional Baura. Thus, a *shichirin* is effective in enabling the poor to save fuel costs, and contributes to the conservation of forest resources. It is desirable for Japan to actively participate in such projects, if there is no other effective means to save biomass.

6. Conclusion

The Zambian Government is unlikely to allocate further expenditures for the infrastructure sector whose future needs and profitability are unpredictable but large. Therefore, it is urgent to introduce new financial sources (like user fees). The development of physical infrastructure including maintenance is necessary. However, what is more important is improvement in the operational bodies. Under these circumstances, assistance for the road sector that is easy to set up a clear target and also complies with a current ODA experience would be considered. Other projects to directly benefit people such as the "Household Fuel Project" are also necessary; it would be necessary to discuss whether continuous assistance in this field should be provided.

References

《Japanese》

- International Development Center (1999) "Keizai kyouryoku sakutei no tameno kiso chousa-kunibetsu keizai kyouryoku keikaku- (zambia, mozanbiku)" Japan International Cooperation Agency, Planning Division (1997) "Heisei 9 nendo Tokutei tema hyouka chousa houkokusyo-zambia/nougyou houkokusyo"
- Kimura, Etsuko (1992) "Zambia no sinrin no genjou to katei ni okeru mokushitsu nennryou syouhi jittai ni tsuite"

《English》

- Ministry of Energy and Water Development (1998) *Energy Statistics Bulletin 1974-1996*.
- World Bank (1995) *Management and Financing of Roads*, Technical Paper No. 275.
- World Bank (1997a) *Staff Appraisal Report: Project to Support a Road Sector Investment Program*.

- World Bank (1997b) *Project Information Document: Zambia Power Rehabilitation Project*.
- World Bank (1999a) *Economic Growth with Equity: Policies of the Government of Zambia*.
- World Bank (1999b) *Zambia: Country Assistance Strategy*.
- World Bank (1999c) *Zambia: Policy Framework Paper*.

Part II. Aid Trends

Chapter 1. Japanese Aid Trends

Noriko SUZUKI (JICA Regional Dept. IV (Africa, Middle East and Europa))

1. Basic policy

1-1 Economic situation

Zambia has made relatively steady progress in economic development since its independence in 1964. However, Zambia was heavily dependent on imports under the government-controlled economic policies, and about 90% of its foreign currency revenue was dependent on copper. Therefore, the first Oil Crisis in 1973 and the subsequent fall in international copper prices from the mid-1970s decimated the Zambian economy. Since then, it has become physically difficult to maintain the rate of economic growth rate at 3% or above exceeding the population growth, with the GDP per capita continuously dropping. Finally, supported by IMF and the World Bank, Zambia introduced the Structural Adjustment Programmes in 1983. The MMD Administration coming into power in 1991, though meeting with a setback, aggressively promoted the Structural Adjustment Programmes aiming at the following changes.

- i) liberalization of foreign exchange and trade
- ii) abolition of price controls on staple foods(maize)
- iii) privatization of state-run enterprises, including copper mines
- iv) public service reform
- v) financial reform
- vi) decentralization

Consequently, the Zambian economy registered positive growth in 1996 and 1997, but this was followed by negative growth in 1998, and the problem of external debt is far from being solved. Thus, the prospects for the future of the Zambian economy are bleak. The GDP per capita is still declining. Moreover, the social indicators such as life expectancy, infant mortality rate, and school enrollment ratio have been worsened in recent years. About 70% of the total population are poor. Concerns are rising that the high prevalence of HIV/AIDS may have major socio-economic impacts both in the short and long term.

1-2 Present status of development plans

Under these circumstances, the current administration substantially abandoned the 4th Five Year Plan (1988-93) and introduced Public Investment Programmes (PIP). The PIP have not been further developed since the 1995-96 Programme as well. At present, in cooperation with the government and donors, Sector Investment Programmes (SIPs) mainly led by the World Bank are being developed and implemented in various sectors, such as agriculture, public health, education, and road infrastructure. In addition, the government is now developing a National Poverty Reduction Action Plan 1999-2004 to incorporate various policies that have been developed and implemented to lessen the effects of the Structural Adjustment Programmes on the vulnerable groups.

In March 1999, in relation to the discussion with the World Bank on the country assistance strategy for Zambia, the Zambian government narrowed down the priority issues for 1999-2001 as follows.

- i) promotion of a community approach; capacity-building of local governments in order to provide cost-effective services in response to needs at the grassroots level
- ii) infrastructure development for the promotion of industry and agriculture; improvement of production sectors such as agriculture and manufacturing through personnel training and the promotion of agricultural cooperatives
- iii) promotion of good governance and accountability; capacity-building of the police, judiciary, prisons, and boards of audit
- iv) capacity-building of the public sector, including public service reform
- v) enhancement of access to social services; poverty reduction
- vi) educational and vocational training
- vii) environmental management

Table 1-1 Japan's ODA to Zambia

(Net expenditure; Unit: \$1 million)

| Year | Grant Aid | | | Loan Aid | | Total |
|-------------------|---------------------------|---------------------------|---------------------------|-------------------|---------------------------|-----------------------------|
| | Grant Aid | Technical assistance | Subtotal | Total expenditure | Net expenditure | |
| 1994 | 65.0 2 (61) | 22.3 3 (21) | 87.3 5 (82) | 23.83 | 18.9 6 (18) | 106.3 2 (100) |
| 1995 | 34.2 8 (44) | 27.7 6 (35) | 62.0 4 (79) | 49.62 | 16.4 5 (21) | 78.4 9 (100) |
| 1996 | 27.4 4 (-) | 20.8 3 (-) | 48.2 7 (-) | - | -5.9 9 (-) | 42.2 8 (100) |
| 1997 | 35.7 2 (-) | 15.8 6 (-) | 51.5 8 (-) | - | -8.0 8 (-) | 43.5 0 (100) |
| 98 | 22.9 7 (-) | 13.1 2 (-) | 36.0 9 (-) | - | -2.4 9 (-) | 33.5 9 (100) |
| Accumulated total | 550.1 2 (50) | 234.6 2 (21) | 784.7 3 (72) | 426.04 | 308.7 4 (28) | 1093.5 0 (100) |

Note: Figures in the parenthesis show the percentage (%) of each form of assistance to the total ODA.

Source: Economic Cooperation Bureau of the Ministry of Foreign Affairs (1999)

1-3 Japan's basic assistance policy

Japan has actively provided assistance to Zambia for the following reasons:

- i) Zambia is one of the influential member states of the Organization of African Unity (OAU), taking a leadership position in Southern Africa.
- ii) Under the guidance of the World Bank and IMF, Zambia is aggressively promoting the Structural Adjustment Programmes, such as liberalization of financial regulations, privatization of public corporations, and abolition of price controls.
- iii) For Japan, Zambia is an important country as a provider of minerals such as copper and cobalt and enjoys long-established favorable relations.

The cumulative amount of assistance up to 1998 from Japan reached 96.543 billion yen for third-ranking loan assistance, 74.180 billion yen for second-ranking grant assistance, and 29.815 billion yen for third-ranking technical assistance within the sub-Saharan region. Due to the economic crisis and external debts in Zambia, loan assistance has not been provided since 1984 except for debt payment rescheduling. However, in 1992, in order to support Zambia's efforts toward democratization and economic reform, Japan started commodity credit through joint financing with the World Bank.

For future assistance, Japan will focus on administrative capacity and good governance of the Chiluba Administration whether they can deal with the opposition party. In June 1996, in the process of adopting constitutional amendment, Japan decided to put off balance-of-payments assistance, in concert with the United States and Germany, as the government had not held discussion with the opposition party.

1-4 Priority Areas for Development Assistance

For the development of Zambia, a turnaround from a copper-dependent economy, revitalization of the economy as a whole through the promotion of private economic activities, and poverty reduction are essential. Japan has provided assistance focusing on the following fields: promotion of private economic activities, development of social infrastructure (public health and medical care, education, personnel training, and environmental conservation), and improvement of productivity in agriculture. More specifically, Japan has set the following six priority issues, while focusing on good governance of the Zambian government:

- i) Promotion of private economic activities
- ii) Improvement of access to good-quality public health and medical services
- iii) Improvement of access to good-quality primary/secondary school education and technical training
- iv) Steady expansion of agricultural production by supporting small-scale farmers
- v) Improvement of access to safe water
- vi) Environmental conservation

As part of an export-incentive scheme during the 1980s, Japan carried out Development Study in mineral resource reserves in order to find possibilities for the development of mines. However, due to the fall in international mineral prices, Japan provided hardly any assistance in this field in the 1990s.

2. Achievements in Priority Areas

2-1 Promotion of economic activities in the private sector

- Development of economic infrastructure
- Assistance in developing basic infrastructure including a transport network
- Development of infrastructure in urban areas with high population density

(1) Development of economic infrastructure

Insufficient access of railroads and roads to major ports as well as poor transport networks have hindered the development of economic activities in Zambia. Taking this fact into account, Japan has carried out Development Study and provided Grant Assistance mainly to the development of basic infrastructure, such as transportation, communications, and electricity in urban areas with high population density. Moreover, Japan has provided technical assistance for maintenance of facilities.

More specifically, Japan has cooperated in the following fields:

- i) development and maintenance of roads and bridges;
- ii) improvement of management, control, and techniques of transport institutions;
- iii) development of a communications network;
- iv) improvement of a maintenance system and a charge collection system;
- v) maintaining and improving generation capacity; and,
- vi) development of a transmission and distribution network

Typical projects include reconstruction of the Kafue Bridge through Grant Assistance, and development of a master plan for nationwide communications networks through Development Study.

(2) Training of personnel in small and medium-sized businesses

The government is advancing economic liberalization and the privatization of public corporations. However, as these corporations have long been dependent on the government, privatized companies are not competitive enough. Japan has therefore cooperated in receiving train-

ees for small and medium-sized companies.

2-2 Improvement of access to public health and medical services

- Achieving the goal of DAC New Development Strategy to reduce the infant and maternal mortality rate
- Measures for family planning, population, and AIDS prevention
- Improvement of Primary Health Care (PHC)
- Promotion of educational activities for residents and high-risk groups

(1) Improvement of Primary Health Care (PHC)

Due to economic deterioration and entrenchment finance, medical facilities have not been fully developed, particularly in local areas. In addition, the population influx to urban areas has caused a decline in public health and medical services in urban areas. Little progress has been made with health reform due to poor capacity in financial management and local operational management, as well as delays in assigning personnel to the local level. Under these circumstances, Japan has cooperated in improving Primary Health Care based on Zambia's health reform strategy, which aims to decrease the infant and maternal mortality rate.

More specifically, Japan has provided grant assistance and technical assistance in the following fields:

- i) promotion of measures against infectious diseases;
- ii) establishment of a referral system;
- iii) repair and improvement of medical facilities;
- iv) fostering medical personnel;
- v) improvement of sanitary conditions;
- vi) enhancement of community health awareness; and,
- vii) promotion of health education through school health approaches

Typical projects through Grant Aid include the provision of basic medical equipment in Lusaka City, improvement of the pediatric department of a university hospital, and comprehensive measures against malaria. Project-type Technical Cooperation are implemented for the School of Medicine at Zambia University, measures against infectious diseases, and Primary Health Care projects.

(2) Measures for family planning, population, and AIDS-prevention

In Zambia, one in every five adults is infected with HIV/AIDS. Due to high population inflows, loss of educational opportunities, and juvenile sexual behavior, the prevalence of HIV/AIDS in urban areas is particularly high. Accordingly, the number of HIV/AIDS orphans has increased, whereas prevalence among middle-ranking workers has decreased, thus having a serious impact on the society and economy. Against this background, Japan has made comprehensive efforts to tackle HIV/AIDS as well as reproductive health, in view of maternal and child health, safe childbirth, and prevention of mother-to-child HIV/AIDS infection.

More specifically, grant assistance for grassroots projects include a support plan for the technical training of HIV/AIDS orphans, popularization of the use of condoms, and an HIV/AIDS high-risk group project as a Community Empowerment Program implemented through NGOs. In addition, Japan has provided Project-type Technical Cooperation for measures against infectious diseases.

2-3 Improvement of access to primary/secondary school education and technical training

- Improvement of access to primary/secondary education
- Improvement of vocational training at the level of secondary education for the enhancement of livelihood

(1) Improvement of access to school education and its quality

Based on the recognition that improvement of the quality of education will lead to economic revitalization and improvement of living standards, the government has made efforts to improve access to education, to provide equal opportunities, and to improve the quality of education, as the priority issues. However, the number of schools and teachers has not kept up with the continuously increasing numbers of students due to population growth. Under these circumstances, in order to improve access to primary/secondary education in urban areas, Japan has cooperated in the construction and repair of educational facilities, and for improvements in science and mathematics education as well as the quality of teachers.

Typical projects include construction of secondary

schools through Grant Aid, construction of primary/secondary schools in Lusaka City, and construction of primary schools as Grant Aid for Grassroots Projects.

(2) Technical training for the enhancement of livelihood

Vocational training conventionally provided under the socialist economy cannot respond appropriately to the demands of society in a market economy. At present, the number of public servants is being reduced as a result of the Structural Adjustment Programmes, however, industries that can absorb these unemployed workers have yet to be fully developed. Therefore, vocational training is required not only for the formal sector but also for the informal sector. Japan has provided cooperation (Grant Aid and Project-type Technical Cooperation) to contribute to the improvement of vocational training programmes at technical and vocational schools.

2-4 Steady expansion of agricultural production through assistance to small-scale farmers

- Stabilization and promotion of production/distribution
- Development of infrastructure including distribution/information delivery systems
- Development and spread of technology regarding increased food production and post-harvest treatment
- Development and spread of technology regarding increased production in the livestock and marine products industries

(1) Stabilization and promotion of production/marketing

Zambia is blessed with an abundance of land compared to its population. Thus, agriculture, instead of copper, has potential for acquiring foreign currency. However, since it is mostly traditional rainfed agriculture, the yield depends largely on annual weather patterns. As changes in the price of agricultural products affect the purchasing power of the population, agricultural production has a substantial impact on the overall economy. Thus, the stable growth of agriculture has become the priority issue for the government. Under these circumstances, Japan has actively cooperated in developing irrigation facilities, providing appropriate agricultural materials and equipment, and improving distribution networks.

More specifically, Japan has assisted in increasing food

production, and provided Grant Aid assistance for the construction of granaries and for rural development. Japan has also cooperated in rural development in the Mongu District in the Zambezi Basin based on Development Study, and dispatched experts in farm management and agricultural development planning.

(2) Development and spread of technology regarding increased production in the livestock and marine products industries

Support for small-scale farmers in the livestock industry and for aquaculture in inland waters, as in crop agriculture, is the priority issue. So far, Japan has cooperated in research and the spread of livestock technology, infectious diseases prevention technology, and aquaculture technology.

More specifically, Japan has provided Project-type Technical Cooperation to the department of veterinary medicine at Zambia University, and provided equipment for livestock research. In addition, Japan has implemented a Mini-Project regarding the development of aquaculture, and provided aquaculture equipment.

2-5 Improvement of Access to Safe Water

- Increasing the rate of population with access to safe drinking water
- Water resource research
- Groundwater development
- Water-supply infrastructure development
- Improvement of the capacity for facility maintenance and the promotion of health education through community participation

(1) Development of the infrastructure

In Zambia, only 27% of the total population has access to safe drinking water, which is an extremely low proportion for the African region. Safe water is essential for a healthy life, especially for the prevention of water-borne infectious diseases, thereby becoming the greatest need of community residents. However, due to economic difficulties, water supply services in urban areas are insufficient both in quality and quantity, resulting in cholera epidemics. In order to improve such conditions, Japan has cooperated in developing water supply facilities, and taking measures against water leakages. Typical Grant Aid includes improvement of water supplies in Lusaka City and the surrounding areas, and the successive development of

water supplies in local areas.

(2) Health/Sanitary education

Educational activities, such as promoting residents organizations and health/sanitary education, are extremely important for the maintenance and utilization of water supply facilities. Therefore, Japan has implemented Grant Aid for Grassroots Projects and Community Empowerment Programs, targeted at local communities.

2-6 Conservation of the Environment

- Protection of the natural environment (including wildlife)
- Forest conservation
- Development of alternative fuels

(1) Protection of the natural environment including wildlife

There are 19 National Parks and 34 Game Management Areas in Zambia. However, poachers and local residents have exploited wildlife for their tusks and for meat. This has caused a decline in wildlife resources. It is now urgent to develop infrastructure while keeping a balance between protection of the natural environment including wildlife and tourism development, and to enhance environmental conservation capacity. Thus, Japan has implemented a Mini-Project regarding the management of National Parks, received trainees, and conducted Development Study.

(2) Forest conservation

It is estimated that forest areas are decreasing by 5% of the total forest area each year (250,000 ha). In the urban surroundings, the rate of decrease is high. About 80% to 90% of all households use firewood and charcoal as domestic fuel. In urban areas, in particular, their dependence on charcoal is high. Therefore, Japan has cooperated in preparing a forest management plan, and conducted Development Study in relation to the production of fuel briquettes, and implemented Grant Aid for Grassroots Projects on community education.

3. Direction of Assistance

– Participation to the Sector Programmes –

According to an estimate by the Zambian government, 80% of the government's investment is covered by exter-

nal aids from donors. Thus, in order to provide efficient cooperation, coordination among donors has become increasingly active. In accordance with such coordination moves among donors, Sector Investment Programmes (SIPs) have been introduced as a development method to achieve comprehensive sector development. Ideally, the recipient government takes the initiative to formulate policies covering whole sectors, and the development frameworks based on strategies, fiscal/expenditure plans consistent with the national budget plan, detailed implementation plans, and implementation methods, in close cooperation with donor countries.

In Zambia, Sector Investment Programmes have been actively promoted in the health, education, and agriculture sectors. Therefore, it is important for Japan to develop each project by duly considering the content of each Sector Programme, through close discussions with the Zambian government.

Chapter 2. Aid Trends of Other Major Donors

(Secretariat)

1. Outlook

(1) Changes in the amount of assistance

As shown in Table 2-1, the amount of development assistance to Zambia through bilateral and international assistance organizations has reached around \$600 million per year, though there is some variation depending on the

year. The ratio of the amount of ODA to GNP in 1997 was about 16%, showing considerable dependence on foreign aid. Looking at the form of assistance, Grant Aid accounts for about two-thirds, and Loan Aid accounts for about one-third.¹

As for the amount of bilateral assistance, the United Kingdom as the former governing state is always ranked

Table 2-1 Changes in the amount of ODA to Zambia by major donors

Upper figure: the amount of assistance(Unit: US\$ 1 million)

Lower figure: the percentage(%)to the total ODA

| | | 1993 | 1994 | 1995 | 1996 | 1997 |
|--|----------------|---------|---------|---------|---------|---------|
| Bilateral donors | Japan | 90.9 | 106.3 | 78.5 | 42.3 | 43.5 |
| | | 10.43% | 14.79% | 3.86% | 6.89% | 7.04% |
| | Germany | 128.6 | 54.5 | 71.0 | 79.7 | 16.9 |
| | | 14.75% | 7.58% | 3.49% | 12.98% | 2.73% |
| | United Kingdom | 40.5 | 68.9 | 76.5 | 60.7 | 93.7 |
| | | 4.65% | 9.59% | 3.76% | 9.89% | 15.16% |
| | United States | 34.0 | 13.0 | 21.0 | 18.0 | 48.0 |
| | | 3.90% | 1.81% | 1.03% | 2.93% | 7.76% |
| | Sweden | 34.5 | 35.5 | 32.4 | 31.1 | 21.3 |
| | | 3.96% | 4.94% | 1.59% | 5.07% | 3.45% |
| Norway | 33.2 | 51.2 | 35.1 | 30.6 | 37.2 | |
| | 3.81% | 7.12% | 1.72% | 4.98% | 6.02% | |
| Denmark | 15.6 | 17.7 | 25.6 | 25.8 | 24.0 | |
| | 1.79% | 2.46% | 1.26% | 4.20% | 3.88% | |
| Others | 133.3 | 86.9 | 99.4 | 65.9 | 82.4 | |
| | 15.29% | 12.09% | 4.88% | 10.73% | 13.33% | |
| Subtotal | | 510.6 | 434.0 | 439.5 | 354.1 | 367.0 |
| | | 58.56% | 60.40% | 21.60% | 57.68% | 59.37% |
| International donors | IDA | 173.3 | 185.0 | 206.8 | 178.0 | 165.6 |
| | | 19.88% | 25.74% | 10.16% | 28.99% | 26.79% |
| | CEC | 143.7 | 45.7 | 76.9 | 37.1 | 28.7 |
| | | 16.48% | 6.36% | 3.78% | 6.04% | 4.64% |
| | IMF | - | - | 1254.2 | - | 13.8 |
| | | - | - | 61.6 | - | 2.2 |
| | UNDP | 3.9 | 4.3 | 4.2 | 6.7 | 11.5 |
| 1.00% | | 0.60% | 0.21% | 1.09% | 1.86% | |
| WFP | 9.0 | 6.0 | 15.1 | 3.9 | 2.0 | |
| | 1.00% | 0.83% | 0.74% | 0.64% | 1.00% | |
| Others | 31.4 | 43.5 | 38.3 | 34.1 | 29.7 | |
| | 3.60% | 6.05% | 1.88% | 5.55% | 4.80% | |
| Subtotal | | 361.3 | 284.5 | 1595.5 | 259.8 | 251.3 |
| | | 41.44% | 39.59% | 78.41% | 42.32% | 40.65% |
| Total | | 871.9 | 718.6 | 2034.9 | 613.9 | 618.2 |
| | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| The amount of GNP | | 3,347 | 3,009 | 3,169 | 3,293 | 3,850 |
| Percentage of the amount of ODA to GNP | | 26.05% | 23.88% | 64.21% | 18.64% | 16.06% |

Source: OECD(1998)p. 262.

¹ Loan Aid is mostly provided by international organizations, such as the IMF and the World Bank, based on the Structural Adjustment Programmes.

Table 2-2 The Amount of Bilateral ODA to Zambia According to Sectors (on the commitment basis)

| | 1993 | | 1994 | | 1995 | | 1996 | | 1997 | |
|----------------------------------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Social infrastructure/Services | 91.5 | 18.8 | 109.6 | 24.8 | 190.9 | 41.4 | 93.2 | 35.7 | 70.0 | 32.4 |
| Education | 15.7 | 3.2 | 15.2 | 3.4 | 19.0 | 4.1 | 20.0 | 7.7 | 15.1 | 7.0 |
| Public health and medical care | 30.2 | 6.2 | 36.6 | 8.3 | 51.1 | 11.1 | 31.0 | 11.9 | 7.2 | 3.3 |
| Water supply/Sanitation | 15.2 | 3.1 | 33.4 | 7.6 | 26.7 | 5.8 | 7.6 | 2.9 | 27.7 | 12.8 |
| Economic infrastructure/Services | 30.5 | 6.3 | 46.8 | 10.6 | 42.0 | 9.1 | 80.8 | 31.0 | 8.4 | 3.9 |
| Energy | 5.2 | 1.1 | 2.3 | 0.5 | 2.0 | 0.4 | 0.5 | 0.2 | 1.8 | 0.8 |
| Transportation/Communications | 18.9 | 3.9 | 31.8 | 7.2 | 39.2 | 8.5 | 67.3 | 25.8 | 2.3 | 1.1 |
| Production sector | 68.9 | 14.1 | 115.0 | 26.1 | 63.4 | 13.8 | 42.2 | 16.2 | 30.3 | 14.0 |
| Agriculture | 49.7 | 10.2 | 38.1 | 8.6 | 53.3 | 11.6 | 26.4 | 10.1 | 27.4 | 12.7 |
| Industry/Mining/Construction | 9.5 | 1.9 | 9.7 | 2.2 | 11.2 | 2.4 | 15.8 | 6.1 | 1.7 | 0.8 |
| Trade/ Tourism | 9.7 | 2.0 | 67.2 | 15.2 | 0.0 | 0.0 | - | - | 1.1 | 0.5 |
| Multi-sector | 26.9 | 5.5 | 14.2 | 3.2 | 19.2 | 4.2 | 12.9 | 4.9 | 10.7 | 4.9 |
| Program Aid | 81.1 | 16.6 | 103.1 | 23.4 | 21.5 | 4.7 | 1.1 | 0.4 | 2.4 | 1.1 |
| Food Aid | 14.6 | 3.0 | 0.8 | 0.2 | 21.5 | 4.7 | 1.1 | 0.4 | 1.3 | 0.6 |
| Debt-related assistance | 185.7 | 38.1 | 51.9 | 11.8 | 117.2 | 25.4 | 28.7 | 11.0 | 92.9 | 43.0 |
| Emergency assistance | 2.7 | 0.6 | 0.3 | 0.1 | 5.1 | 1.1 | 1.0 | 0.4 | 1.5 | 0.7 |
| Other sectors | 0.2 | 0.0 | 0.5 | 0.1 | 1.5 | 0.3 | 0.9 | 0.3 | 0.3 | 0.1 |
| Total | 487.5 | 100.0 | 441.2 | 100.0 | 460.9 | 100.0 | 260.7 | 100.0 | 216.2 | 100.0 |

Source: OECD(1998)p. 262.

as No. 1 or No. 2, followed by Germany. Japan always ranks around No. 3.

As shown in Table 2-2, according to recent ODA figures, assistance related to debt relief accounts for about 40%. This shows that debt accumulation has put pressure on the amount of new assistance. Assistance related to social infrastructure accounted for about 32% in 1997, showing that each donor put special emphasis on assistance to the poor.

(2) Efforts for Sector Investment Programmes (SIPs)

Currently, in Zambia, Sector Investment Programmes (SIPs)are implemented in the following four sectors: agriculture, education(basic education), roads, and public health and medical care.

Project-type cooperation conventionally implemented in Africa has not generally been successful. Moreover, the cooperation activities of donors often overlapped, thus assistance resources were not utilized effectively. Therefore, in order to improve these points, SIPs are being implemented as a new approach to assistance that provides comprehensive cooperation within a single sector through efficient coordination between donors, avoiding duplicated assistance carried out as a series of separate projects. Basket Funds common to donors have been established, and the content of assistance has been decided based on discussion between donors. The measures to be

taken and content of SIPs differ according to each sector and country.

Therefore, the Status of each SIP currently implemented in four sectors in Zambia is different. In the education and health sectors, for example, specific discussion on Basket Funds has started. However, the content of the discussions, such as details of agreements and amount of funds, differs according to each sector.

Most donor countries have expressed their intention to participate in SIPs, but only Germany shows its disagreement to SIPs.

For Japan, it is difficult to deal with every aspect of SIPs in the short term, such as Basket Funds and signing for an agreement document, and participating in donor meetings to discuss SIPs. However, it is necessary to fully understand the future progress in SIPs and other donors' activities.

Table 2-3 gives an outline of present status of SIPs in the four sectors.

2. Aid Trends of other major donors

2-1 International organizations

(1) The World Bank

1) Objectives and strategies

The World Bank (WB)has provided assistance to Zambia based on a Country Assistance Strategy(CAS)

Table 2-3 Outline of SIPs in Zambia (as of the end of 1999)

| | ASIP(Agricultural Sector Investment Programmes) | Education(Basic Education Sub-Sector Investment Programmes) | Roads | Public health and medical care |
|---|--|--|---|---|
| Preparation period | 1993-1995 | January 1999 | January 1998 | Since 1992/3, Health Reform as an administrative reform programme has been implemented, which can be considered as a sort of SIPs. |
| Implementation period | January 1996-1999 | 1999-2005(seven years in total) 1st phase: 1999-2002(four years) 2nd phase: 2003-2005(three years) | 1998-2005(five years) | There is no planned period. Based on a plan under the Health Reform Policy in 1992, a three-year strategy called the National Health Strategic Plan(NHSP)has been revised each year, and an Action Plan has been developed. |
| Major objectives | 1)Food security and steady supply 2)Maintenance and improvement of agricultural production infrastructure 3)Creation of employment by developing the domestic and foreign market for agricultural products, and improvement of livelihood 4)Contribution to self-sustaining industrial development 5)Contribution to the acquisition of foreign currency | Provision of high-quality basic education(grade 1-9)to all children, based on the National Policy on Education called "Educating our Future" announced in May 1996. With the aim of increasing school enrollment ratio, and providing equal educational opportunity(correction for disparities in gender, location, and social status) the Ministry of Education has taken the initiative to implement a comprehensive programme with the World Bank and each donor. | Promotion of economic growth and diversification through appropriate investment in road infrastructure and the establishment of a sustainable finance and management system for the development of road networks. | Provision of fair access to cost-effective and good-quality basic health services. In order to make the most of limited resources, it is necessary to establish a decentralized administrative system with the district as a unit, increase budget distributions to districts, improve economic infrastructure, strengthen monitoring and evaluation, and reinforce partnership. |
| Specific plans for major sector projects | Planning, financial management, information, human resource development 1)Plans for human resource development and personnel training 2)Plans for agricultural infrastructure development 3)Information services for marketing 4)Plans for small-scale irrigation development | In the First Phase, the number of enrolled children will be increased to 260,000. By the end of the Second Phase, all children can have basic education to grade 7. The Programme covers the development of education infrastructure, development of teaching materials, capacity-building of the Ministry of Education, teacher's training, and curriculum development. Common issues include equal opportunity for access to education, and health and nutrition education in schools. | Development of 33,500 km of a major road network: Maintenance of at least 50% of roads in good condition, and reduction of roads in poor condition to less than 10%; Capacity-building for technical and operational aspects of the road management sector; Creation of employment – Poverty reduction through employing 30,000 people for road maintenance; Improvement of the environment of road transportation; At least a 20% increase in the transportation capacity of trucks and buses in local areas; Development of a community road management system; Promotion of community participation in road management | Lowering the infant mortality rate to 100/1000, under-5 mortality rate to 185/1000, and maternal mortality rate to 600/100,000 by 2001. The Programme is recognized as a long-term process. Projects inconsistent with the NHSP cannot be formulated. "Horizontal programmes" are recommended. |
| Organizations taking initiative in planning | Ministry of Agriculture, Fisheries and Food Security, World Bank | Ministry of Education; Donors including the World Bank were involved from the planning stage, but the Ministry of Education took the initiative in planning, and donors evaluated and revised the plan. | Ministry of Transport and Communications and Ministry of Works and Supply take the initiative in planning, in cooperation with the World Bank, EU, and NORAD. | Ministry of Health. Advisors in the planning division dispatched from donors seem to be involved in planning. |
| Size of the programme | 1996-1998: \$350 million; 1999: \$35 million(donors: \$210 million, the government: \$130 million, the recipient: \$10 million) 2000: \$35.14 million - Human resource development and personnel training: \$870,000 (World Bank, ADB) - Development of agricultural infrastructure: \$2.3 million(AfDB, IFAD) - Information services for marketing: \$870,000 - Plans for small-scale irrigation development: \$2.3 million(UNDP, FAO, AfDB, Germany, Sweden, IFAD) | 1999-2001: \$340 million(the government: \$167 million, World Bank: \$40 million, other donors: \$133 million) | \$515 million(the government: \$35 million, road funds: \$130 million, World Bank: \$70 million, other donors: \$280 million) | Budget of the Ministry of Health in FY1999: 244,922 million Kwacha (about \$100 million) donors: 107,706 million Kwacha, the government: 137,216 million Kwacha) The budget of the Ministry of Health corresponds to some 12% of the total budget except for debt repayments and reserves. A large discrepancy exists between the budget and actual expenditures, and dependence on donors is likely to increase further. |
| Progress in the programme | Due to delays in structural reforms in the Ministry of Agriculture, Fisheries and Food Security, implementation of a programme was considerably restricted, with the budget falling below the initial plan. Expected results were not obtained. | A specific target index and the evaluation method are given to each sub-component. As the implementation capacity of the Ministry of Education is unknown, capacity-building for the Ministry of Education is included in the programme. | In order to achieve specific target index, donors are allocated their resources. The government has commissioned the management of road funds introduced in 1993 to the National Road Board, and established a road maintenance system. The World Bank, EU, NORAD, and DANIDA are cooperating in the operation of the system with major ministries. | The Ministry of Health and donors have almost agreed on a development index(draft), so the approval of this ministry will be the center of concern. For implementation, the Central Board of Health (CBoH)separated from the Ministry of Health will be in charge of preparing technical guidelines, management, commissioning of tasks to the administration at the district level, and supervision. Much progress has been made with the establishment of a financial management system for decentralization and a health information system. |
| Countries participating in donor meetings | WB, IMF, WFP, USA, EU, FAO, France, Finland, Germany, Italy, Japan, Canada, Netherlands, Sweden, Norway, UK, UNDP, USAID, GTZ, JICA, etc. | WB, UNDP, UNICEF, EU, DfID, Finland, Irish Aid, DANIDA, Sida, NORAD, USAID, Netherlands | WB, EU, NORAD, DANIDA, FINIDA, KfW, UNDP | All donors are expected to participate in donor meetings with the Ministry of Health. Donors actively participating in meetings are the Netherlands, Denmark, Sweden, Ireland, UK, USAID, WHO, UNICEF, UNFPA, WB, Japan, etc. |
| Common Funds | No activities | Aimed at the establishment of Basket Funds, an accounting department exclusive to BESSIP was established in the Ministry of Education, and published a "Manual for Accounting and Procurement". Basket Funds have not been utilized yet. In preparation, Norway, Irish Aid, the Netherlands, and DfID provided \$1.03 million in total for the purchase of vehicles, consultation, and research. | No activities | The District Basket Steering Committee(DBSC)is in charge of making an accounting report for each district, and decides the matters regarding Basket Funds. With support from Denmark, a Financial Administrative and Management System(FAMS)is now being developed. Funds are managed by CBoH at the central level and by DHMB at the local level. |

Source: The Ministry of Agriculture Food and Fisheries(1998) etc.

developed every three years.

The CAS, targeting at the 1996-1999 period, set the following three assistance strategies:

- i) stabilization of the environment for the macro economy as a prerequisite for economic development and employment security;
- ii) development of the private sector and improvement of efficiency in the public sector for more rapid economic growth; and,
- iii) assistance directly targeted at the poor and the vulnerable groups

Based on the Comprehensive Development Framework (CDF) proposed by the World Bank, the latest CAS announced in September 1999 targets the 2000-2002 period, with a different assistance policy combined with Zambia's tentative CDF.

The CDF is a new assistance framework first proposed by the President of the World Bank, James Wolfensohn at the annual general meeting of the World Bank in October 1997.²

Basic assistance strategies in a CAS for the next three years are almost correspond to development issues in the matrix of a tentative CDF. However, as the World Bank considers it possible to change a CDF dynamically and continuously according to the situation in each

country, the content of a CDF may become different from that of a CAS through the review of the CDF.³ Table 2-4 shows assistance strategies of the CAS for the 2000-2002 period.

2) Efforts toward PRSP and CDF in Zambia

In March 1999, the IMF and the World Bank developed the Policy Framework Paper (PFP) as a Structural Adjustment Programme for the 1999-2001 period. The PFP covers analyses of recent economic and fiscal conditions and policy implementation, macro economic targets, privatization and public sector reform plans, development policies for each sector, the required amount of foreign aid, and the state of external debt. Table 2-5 outlines the PFP.

In September 1999, the joint development committee organized by the World Bank and IMF decided to introduce the Poverty Reduction Strategic Plan (PRSP) as a criterion for loans provided by the World Bank and IMF. Currently, the PRSP is being formulated. The PRSP is a successor to the Policy Framework Paper (PFP) jointly developed by the World Bank/IMF and each loan-recipient country, and will be a prerequisite for the HIPC Initiative which the World Bank and IMF are going to deal with. Therefore, each country should expedite formulation of the PRSP.

In Zambia, the Interim-PRSP was already formulated

Table 2-4 Assistance Strategies and Plans of the World Bank Country Assistance Strategy to Zambia for the 2000-2002 Period

| Assistance strategy | Major plan |
|--|--|
| Strategy 1: Removal of constraints to economic growth | |
| Appropriate macro management | Loans for supporting economic reforms, etc. |
| Improvement of efficiency and competitiveness in the private sector | ZCCM Privatization, ASIP, etc. |
| Improvement of infrastructure | RoadSIP 2, Railways Restructuring Project, etc. |
| Appropriate environmental management | Copperbelt Environmental Improvement, etc. |
| Knowledge diffusion for capacity-building | TSSIP, etc. |
| Strategy 2: Improvement of governance | |
| Securing transparency and accountability | Public Service Capacity Building, etc. |
| Improvement of efficiency and capacity-building in the public sector | Public Service Capacity Building, etc. |
| Capacity-building in local governments and support for decentralization | Local Development Funds, etc. |
| Strategy 3: Improvement of basic services and direct support for the poor | |
| HIV/AIDS prevention | HIV/AIDS Project, etc. |
| Improvement of education and public health and medical care | Health Sector Support Project, Support for Basic Education, etc. |
| Assistance targeted at the vulnerable groups | Social Recovery Project, etc. |

Source: World Bank (1999)

² The CDF aims to prepare a matrix that clearly shows the development issues and assistance plans of each donor for the efficient implementation of assistance, by identifying each country's priority issues in development and strategies for poverty reduction. Currently, in thirteen pilot countries, CDF development is underway. Though Zambia is not a CDF pilot country, a tentative CDF has been developed through discussions on a CAS with the Zambian government in accordance with the CAS revision process.

³ The period of a review has not been decided yet.

Table 2-5 Outlines of PFP targeting at the 1999-2001 period

| Field | Actual state/Achievement | Major plans in the future |
|----------------------|--|--|
| Privatization | As of December 1998, 224 out of 282 companies were privatized (in the mining industry, six mines and ZCCM electricity department were privatized during the 1997-1998 period). | Privatization of ZAMTEL, ZESCO, oil-related companies, and state-run commercial banks. With support from Sida, the privatization of Zambia Railways is under consideration. |
| Public sector reform | Based on the Public Sector Reform Programme (PSRP), a reduction in the number of public servants is underway. Expected results have not been obtained. | With support from the WB, it has been planned to reform Ministries and pension systems since the beginning of 1999. In order to improve the financial condition of local governments, tax reform and decentralization will be promoted. |
| Agriculture | Much progress has been made in liberalization/privatization of agriculture. Rationing of fertilizer by the government will be suspended by 2000. | Support for matching funds for local farmers, and development of local roads, by using the Rural Investment Fund (RIF) mainly by ASIP. |
| Mining industry | More than 30 mining rights were certified in the past few years. In 1997, \$20 million was spent for mining. | It is estimated that \$800 million will be further invested in the next three years. The focus will be placed on the development of precious stones and other minerals as well. |
| Tourism | Due to insufficient infrastructure and deficiencies in the management and operation of public lodges, tourism development has not made much progress. | Based on the Medium Term Tourism Development Strategy set in 1997, tourism development through private and foreign capital will be promoted. |
| Transportation | Development and maintenance of roads have not made much progress. The transport capacity of railroads dropped by 3 million tons during the 1990-1996 period. | Based on the ROADSIP developed in 1997, road maintenance has been carried out. Development of roads and capacity-building of the road department will be promoted through the private sector. |
| Water | Access to water in urban areas is about 70%, and 10-30% in local areas. | Based on the Water Supply and Sanitation Act, the collection of user fees on a commercial basis, and capacity-building of the agency in charge will be promoted. Access to water in urban areas should be increased to 100% by 2004, and to 50% in local areas. |
| Energy | Due to a tight budget, the central government cannot allocate a sufficient budget for electricity development. | Through support from the World Bank, the privatization of ZESCO and investment by the private sector will be promoted. Liberalization of oil retailing and abolition of import restrictions will also be promoted. |
| Poverty reduction | Public health and medical care | Due to insufficient health service facilities, medicines, and capacity of personnel, the quality of health service is poor. |
| | Education | The enrollment rate for primary education dropped from 73 in 1993 to 69 in 1996. Thus, the educational index as a whole shows a decline. |
| | Environment | Deforestation, soil degradation, and the decline in the numbers of wildlife have all worsened due to poverty. |
| | | By reducing the budget for personnel, the budget for local health service facilities will be increased. Health services will be fully provided to the whole population by 2001. |
| | | Through the BESSIP, the enrollment rate will be improved, and the construction or rehabilitation of school facilities will be promoted. By increasing budgetary allocations to the Ministry of Education, the costs for educational development will be secured. |
| | | Through the Environmental Support Programme (ESP), the environmental protection policy will be strengthened, and educational activities for resource protection will be promoted. |

Source: World Bank (1999)

in May 2000. The final PRSP will be submitted to the World Bank and IMF by January 2001. It took four years for Zambia to prepare a draft of the National Poverty Reduction Action Plan with support mainly from the UNDP. This draft is under deliberation in the cabinet. In the NPRAP, each donor's project in the field of human resource development is incorporated into a programme, while each donor is participating in its planning process. The NPRAP is quoted in the Interim-PRSP, as the NPRAP seems to be applicable to the PRSP.

3) Achievements in assistance

As of June 1999, the amount of loans from the World Bank to Zambia reached \$2,794.8 million, for 72 projects in total, consisting of IBRD loans (28 projects) of \$679.1 million, and IDA loans (44 projects) of \$2,115.7 million. From July 1998 to June 1999, the World Bank approved IDA loans (2 projects) of \$212.8

million.⁴

4) Future outlook

The World Bank recognizes that the future development of Zambia will be faced with difficulties, as Zambia has various problems, such as debt accumulation, heavy dependence on foreign aid, a copper-dependent economy, poverty, and a high prevalence of HIV/AIDS. However, the World Bank intends to strengthen its efforts toward debt reduction and public sector reform through the HIPC Initiative, as well as programme-type assistance based on the newly introduced PRSP and Sector Investment Programmes (SIPs).

(2) United Nations Development Programme (UNDP)

In order to provide effective assistance to Zambia, the UNDP developed the Country Strategy Note (CSN) as a basic policy of assistance for the 1997-2001 period, based

⁴ These two projects are: (1) a loan of \$172.8 million for public sector reform and export promotion, and (2) a loan of \$40 million for the Basic Education Sub-Sector Investment Programmes (BESSIP).

on the policy of the Zambian government, in cooperation with other UN organizations.

According to the CSN, the priority issues for UNDP assistance are "sustainable human development" and "poverty alleviation", both aiming at capacity-building in the Zambian government. The Zambian people are expected to participate in the economic and social development process. Moreover, the CSN gives specific objectives as follows:

- i) to create the political, economic, and social environment through continuous development focusing on people and eradication of poverty;
- ii) to support all sectors in society, especially, the vulnerable and poor groups, to be incorporated into the nation's economic and social development process so that they can be involved in decision-making; and,
- iii) to promote partnership of the government, private sectors, community groups, and NGOs, and contribute to capacity-building for human development.

The priority issues for assistance are shown below:

- i) development of the private sector and economic growth
- ii) creation of employment and income security
- iii) local development, agriculture promotion, and food security
- iv) education and human resource development
- v) public health and medical care and nutrition
- vi) population and environment
- vii) sustainable human development, public sector reform, and capacity-building for decentralization
- viii) regional Cooperation

Based on the above-mentioned policies, the UNDP plans to provide assistance to Zambia while discussing assistance sharing with other UN organizations.

(3) European Union (EU)

EU has provided support for Zambia within the framework of the Lome Convention, placing special emphasis on agriculture and local development.⁵

⁵ http://europa.eu.int/comm/development/country/zm_en.htm

⁶ <http://www.info.usaid.gov/zm/phn/so3.htm>

For example, under the 4th Lome Convention, based on the National Indicative Programme (NIP), support of about 110.7 million Euro will be provided focusing on the development of the road infrastructure, the promotion of export industries(except the copper industry) and the development of social infrastructure. In addition to the NIP, support of 96.5 million Euro through the Structural Adjustment Facility(SAF), and 60 million Euro through the Sysmin Fund will be provided. Based on the NIP under the extended 4th Lome Convention, aiming to support the Zambian government, 138 million Euro will be provided to promote fair and sustainable socio-economic development. It is clearly stated in the NIP that about 54% of the above-mentioned support should be allocated to the production sector, about 24% to the social sector, and about 15% to macro economic policy making.

Moreover, in order to support refugees from Angola and former-Zaire(the Democratic Republic of Congo), 1.2 million Euro will be provided.

(4) African Development Bank (AfDB)

From 1967 to 1998, the AfDB approved financial assistance for 59 projects(equivalent to about US\$538.78 million)in Zambia.

2-2 Bilateral Donors

(1) USAID

1) Outline

The United States started providing assistance to Zambia in the mid-1950s, when scholarships were granted to Zambian students to study in the United States. Since the establishment of the USAID Zambia office in 1977, USAID has continuously provided its support to Zambia.⁶

Currently, in order to contribute to the development of Zambia, the USAID implements cooperation programmes focusing on the following four fields:(i) agriculture and private sector development,(ii)basic education,(iii)population/health/nutrition/ AIDS,(iv) democratization and governance.

2) Major assistance programmes

(a) Agriculture and private sector development

The USAID points out that the agriculture sector has

not fully prepared a marketing system and a distribution system for fertilizer and equipment, and agricultural technology has not been widely spread. The USAID also points out that the private sector has insufficient knowledge and experience in corporate activities, and is not competitive enough with the neighboring countries.

In order to solve these problems, the USAID has set "improvement of income of a certain group in local areas" as a basic support objective in the Zambia development strategy for the 1998-2002 period.

(b) Basic education

In Zambia, the situation of education has worsened over the past 20 years. The education sector is faced with various problems, such as insufficient school facilities, textbooks, and teaching materials, and a drop in the number of teachers and an increase in the number of orphans due to HIV/AIDS.

Therefore, USAID puts the emphasis on improvement of the quality of basic education and female education, as well as access to education. The USAID provides assistance for education, public health and medical care, sanitation, and capacity-building of the Ministry of Education.

(c) Population, public health, nutrition, and AIDS

Zambia is one of the most severely affected countries by HIV/AIDS in Africa. As a result, life expectancy rate has dropped sharply, and infant and maternal mortality rates have increased.

The USAID implements various activities to improve the condition of public health and medical care, by incorporating measures for child health, reproductive health, and HIV/AIDS prevention.

(d) Democratization and governance

In 1991, a multi-party election was held for the first time in Zambia. Currently, political and economic reform is underway in earnest.

In order to contribute to such democratic reform in Zambia, the USAID provides assistance for capacity-building of the judiciary and local governments.

(2) United Kingdom (Department for International Development: DFID)

In the 1998-1999 period, the United Kingdom provided 14.986 million pounds as bilateral assistance. Thus, among Southern African countries to which the UK provides assistance, Zambia is ranked No. 6 following Tanzania and Malawi.

More specifically, technical assistance amounts to 8.263 million pounds, followed by debt relief of 2.867 million pounds, and project/sector assistance of 2.525 million pounds.

(3) Canada (Canadian International Cooperation Agency: CIDA)

Canada started providing cooperation in 1964, mainly through the CIDA, and has implemented various programmes, such as BHN, environment, human rights, economic reform support, energy infrastructure, and public sector support. Such assistance has been provided under three schemes, namely, bilateral, multi-lateral, and Canadian Partnership Programmes.⁷

As priority sectors, CIDA provides technical assistance and institution building support to education, public health and medical care, AIDS prevention, and nutrition, targeted at women, children, and other vulnerable groups, in order to satisfy BHN. At the same time, the CIDA provides technical assistance and training for environmental management, food production, and local development.

Moreover, Canada supports local projects, such as the planning and operation of local infrastructure, economic integration, education/training, and sustainable management of natural resources, for Zambia and the surrounding countries.

(4) Sweden (Swedish International Development Co-operation Agency: Sida)

Through Sida, Sweden provided 126.13 million SEK (Swedish krone) in total to Zambia in 1999.⁸ More specifically, support for natural resources amounted to 47.73 million SEK, the social sector received 38.90 million SEK, infrastructure/trade/ industry/urban development received 27.97 million SEK, and human rights and democratic government received 10.84 million SEK.

⁷ <http://www.acdi-cida.gc.ca/cidaweb/webcountry.nsf/VLUDocEn/Zambia-Canadianassistance>

⁸ <http://www.sida.org/Sida/jsp/Crosslink.jsp/d.364>

(5) Germany (GTZ)

Through the GTZ, Germany has provided technical assistance over the past 25 years. Since Zambia has fallen into the economic stagnation, Germany has supported the following four fields:

- i) Industrial development, privatization, and promotion of employment
- ii) Agriculture and commercial services
- iii) Local and environmental development
- iv) National water sector reform

In 1998, the GTZ provided totally 9.6 million deutsche marks to Zambia.

(6) Norway

Zambia was one of the priority assistance countries⁹ for Norway in 1997.¹⁰ In the past, Norway provided support for economic development, democratization, development of social services, and sustainable use of natural resources. Since 1999, based on the review of such assistance, Norway has put emphasis on democratization, human rights, good governance, basic education, and agriculture.

The amount of assistance to Zambia in 1998 reached 240.2 Norwegian krone (NOK).

References:

《Japanese》

Economic Cooperation Bureau, the Ministry of Foreign Affairs (1999) *Waga kuni no Seifu kaihatsu enjo ODA hakusho.*

World Bank (1999) *Nenji houkoku.*

《English》

African Development Bank (AfDB) (1999) *African Development Report 1999.*

Department for International Development (DfID) (2000) *Departmental Report 2000: The Government's Expenditure Plans to 2001-2002.* April 2000.

GTZ (1998) *Annual Report 1997/1998.* November 1998.

Institute of Economic and Social Research, University of Zambia (1998) *Zambia - Agricultural Sector Invest-*

ment Programme: A Mid-Term Review. June 1998.

Neda (1999) *Netherlands Development Assistance 1997/1999.* January 1999.

OECD (1998) *Geographical Distribution of Financial Flows to Aid Recipients 1994-1998.*

UNDP (1995) *Zambia: Country Strategy Note 1997-2001.*

World Bank (1999a) *Zambia: Policy Framework Paper.* March 1999.

World Bank (1999b) *Zambia: Country Assistance Strategy.* August 1999.

⁹ The priority assistance countries are Zambia, Eritrea, Ethiopia, Malawi, Mozambique, Tanzania, Uganda, and Zimbabwe.

¹⁰ <http://www.norad.no/english/countries/countries.html>

Part III. Recommendations for Japan's ODA to Zambia¹

Yoichi SUZUKI (JICA Senior Adviser)

Chapter 1. Basic Perspectives on Development Assistance to Zambia

- Recognition of present conditions of Zambia in the historical context of development exercises and identification of future tasks for development (Failure of the past copper-dependent economic structure and efforts to break away from it; New role of the government; Poverty reduction as a top priority issue; Support for the vulnerable groups; Formulation of a well-balanced economic structure)
- Harmonization between various development cooperation bodies and the enhancement of Japan's role
- Integration and utilization of Japan's accumulated resources for assistance in hand

1. Recognition of present conditions of Zambia in the historical context of development exercises and identification of development issues

1-1 Establishment and failure of a copper-dependent economic structure

After the independence, Zambia initiated its efforts for economic development with the basis of the legacy of past colonial economy, and until recent years, the country's economy has been heavily dependent on minerals, mainly copper. Therefore, resources were mostly invested in the mining sector in specific areas and cities. Accordingly, urbanization has progressed further than in any other African countries, resulting in expanded migration of the labor force and population to those urbanized areas. The more resources have been invested in urban areas, the higher rate of urbanization has been attained, consequently the disparity between urban and rural areas has been expanded.

Zambia, a landlocked country with the above economic basis, borders on eight countries. Distribution routes are therefore an extremely important factor in the economy, topography, and politics. For instance, copper is transported to Dar es Salaam in Tanzania through the Tanzam

railroad, and also through overland routes to the ports of Beira in Mozambique, Walvis Bay in Namibia, and East London in South Africa.

The export of minerals, mainly copper, has mostly contributed to the acquisition of foreign currency. Development investment has been financed by these foreign currency earnings as well as large amounts of loans from abroad. However, due to the inefficiency of investment allocation based on state-owned enterprises, and plummeting international market price of copper as the primary product, Zambia faced an economic crisis with huge amounts of the external debts. Thus, Zambia's copper-dependent economic development process up to the end of the 1980s has resulted in failure.

1-2 "Brightness" and "Shadow" seen in the conversion of development directions; New perspectives in the government's role

Since the early 1990s, the Structural Adjustment Programmes aimed at macroeconomic stabilization have been implemented to expedite a streamlining of the government and economic liberalization, including privatization, liberalization of the marketing system, and abolishment of subsidies. In order to break away from excessive dependence on the copper industry, these policies placed emphasis on diversification of the industry, in particular, reinforcement and expansion of the manufacturing sector and agricultural sector.

While there has been some diversification in products and export items, the negative impacts of the Structural Adjustment Programmes and economic liberalization have emerged, such as a decline in social services and an increase in unemployment in the process of economic reform, and the spread of poverty in both urban and rural areas. Zambia is a low-income country with its economic growth rate remaining lower than the population growth rate throughout the 1990s, and the Gross National Product (GNP) per capita falling below \$400/year. About

¹ Task force chief compiled Part III, based on the discussions and comments of the Study Committee.

70% of the population are poor, and 80% of them live in rural areas. The Zambian government currently regards poverty reduction as a top priority.

From the macroeconomic viewpoint, the largest bottleneck in industrial development in Zambia is the excessive burdens of external debt left by the copper-dependent economic development policy up to the end of the 1980s. The Zambian government strongly hopes to apply for a Heavily Indebted Poor Countries (HIPC) Initiative introduced by IMF and the World Bank. A requisite for the application strengthen the capacity of foreign currency reserves. It is not clear whether such capacity building is to be attained by the acquisition of foreign currency through restoration of a copper industry that has been successfully privatized, or the contribution of the agricultural sector, the agro-industry, or the manufacturing sector for curtailing or acquisition of foreign currency in the medium to long term. Nonetheless, it is necessary to correct resource distribution currently biased to the mining sector and urban sector, and to create the foundation of a better balanced, autonomous, and sustainable national economy. For this purpose, limited development resources of the public sector in Zambia should be distributed mainly towards the development of rural and farm villages, the agricultural sector (including the marine products industry and forestry, as well as the agro-industry), in consideration of the role and supplemental functions of the private sector (private companies).

2. Harmonization with various cooperation actors and enhancement of Japan's role

Poverty reduction and support for the vulnerable group (mainly through education and health and medical services) that have been established as assistance issues, must be carried out in close connection with Sector Investment Programmes (SIPs) resulting from the Structural Adjustment Programmes and economic liberalization that Zambia has promoted with substantial efforts. Planning and implementation of SIPs require cooperation and coordination with other donors, involving various development organizations and recipients, thus enhancing ownership of the development process on Zambian side. In such cases, it would be possible for Japan to actively participate in SIPs, through the contribution in some important issues. This approach could provide an opportunity to show the essence of Japanese assistance as one of "visible support with policies and principles of cooperation," though assistance has so far been stressing the importance as an aid

provider. Moreover, Japan should discuss the appropriate direction for enhancing the impact of Japan's assistance, by strategically applying its approaches to assistance in accordance with operational frameworks as well as the capacity of the Zambian side to absorb short- and medium-term assistance.

3. Integration and utilization of Japan's accumulated resources for assistance

In order to improve the effectiveness of approaches for these cross-sectoral and multi-layered issues, Japan should coordinate and combine the accumulated bases and achievements of many forms of its assistance provided to Zambia. In addition, it is necessary to make best use of various assistance methods, forms, and assets both in Japan and in Zambia. It would also be effective to utilize Japan's experience as a donor country in Asia, as well as assistance resources of Asian countries, with the inclusion of South-South cooperation that is already in operation. At the same time, through the utilization of assistance resources in the region, mainly in Southern Africa, regional interdependence and cooperation can be promoted. These steady but real and practical approaches would eventually contribute to regional stabilization.

Based on the two points mentioned in 1. and 2., Chapter 2 presents the following three priority issues for Japanese cooperation:

- Issue 1: Support for poverty reduction regarded as the top priority policy for the Zambian government
- Issue 2: Support for the vulnerable severely affected by declined social services
- Issue 3: Support for efforts to shift into a well-balanced economic structure from a copper-dependent economy

These issues should be taken as to help the efforts of Zambia to create a basis of self-reliance, supplement the conventional Structural Adjustment Programmes, and support post-Structural Adjustment Programmes. Moreover, these issues should be consistent with and supplement TICAD-II, including a Tokyo Action Plan, that was adopted in the framework of the outcomes of social development, economic development, prevention of conflicts, and post-conflict development.

Approaches for these issues aim to enhance the impacts of assistance through collaboration with various donors to mutually supplement assistance resources, and to seek more innovative practical methods based on the past per-

formance of assistance. This Study Committee has received a firm impression that the Japanese government is endeavoring to positively cope with these approaches, though on a trial basis.

Table 1-1 Matrix of the Issues and Targets for Assistance to Zambia

| Assistance issues Target area/group | Major Cities | | | Local small/medium cities | | Rural areas | | | |
|--|--|--|--|--|--|---|---|--|---|
| | Industry in genera | Agro-industry | The poor/informal sector | Agro-industry | The poor/informal sector | Large-scale farmers | Medium-scale farmers | Small farmers | Fishermen |
| Poverty reduction | | | - Employment increase in industry/ service industry through vocational training - Support for small-scale firms (Training in skills and management) | | - Employment increase in industry/ service industry through vocational training - Support for small-scale firms (Training in skills and management) | | | Reinforcement of rural development efforts (diversification of crops; intensification; soil improvement; reduction of dependence on fertilizers; livestock raising; improvement of storage methods; measures for environmental conservation) | - Aquaculture - Development of infrastructure (transportation network; facilities for freezing and processing) - Training of engineers/administrative personnel |
| Support for the vulnerable (improvement of social services) | <p>Education</p> <ul style="list-style-type: none"> - Priority on primary and secondary education (construction of cost-effective facilities; teacher training/education; development of teaching materials; capacity building for the implementation of educational policies; reduction of gender disparities; expansion of opportunities for primary and secondary education of the poor) - Vocational training directly linked with job creation (development of skills and entrepreneurship) <p>Health and medical care</p> <ul style="list-style-type: none"> - Improvement of efficiency in the sector: reduction of recurrent costs; improvement of cost-effectiveness (e.g. Restraint of excessive use of health centers/hospitals by PHC; reinforcement of the economic effect of cooperation in medical/biological studies; Utilization of Special Equipment Provisions/Grant Aid for Children's Health) - Promotion of behavioral changes in recipients through health education including school health programmes - Taking measures to provide health information to preschool children (especially poor children in the urban surroundings) | | | | | | | | |
| Formation of a well-balanced economic structure | - Industrial policy (supervision of foreign capital; tax measures; trade policy) - Industrial skill - Reinforcement of small and medium-sized companies | - Strengthening linkage between agriculture and rural villages in the outskirts | | - Strengthening linkage between agriculture and rural villages in the outskirts | | - Promotion of crop exports (study on agriculture including processing; reinforcement of financing projects; improvement of distribution) | - Steady food supply to urban areas (reinforcement/diversification of cash crop production; reinforcement of the activities of cooperatives; improvement of distribution) | | |
| ' Relevant cooperation | - Receiving trainees - South-South cooperation - Dispatch of experts specialized in industrial policy making | - Small-scale financing - Training in trade - Marketing - South-South cooperation | | - Small-scale financing - Training in trade - Marketing - South-South cooperation | | - Reinforcement of marketing; development of an information network on costs | - Reinforcement of marketing/ Livestock raising/ Food safety standards - Development of access roads; preparation of a system for skill dissemination | - Study and promotion of resource recycling in agriculture - Small-scale financing; vocational training - Coordination with NGOs | |
| <p><Field and scheme of supplementary cooperation></p> <ul style="list-style-type: none"> - Active participation in Sector Investment Programmes (SIPs) and securing consistency with possible cooperation projects; living/social infrastructure in general (development and improvement of water supplies); linkage with private economic activities - Environment: human resource development; forestry management (agro-forestry, etc.); afforestation; development and utilization of alternative energy (solar and wind energy; use of improved stoves and briquettes) | | | | | | | | | |

Note: indicates the most important targets; indicates the second most important targets.

Source: Original

Chapter 2. Issues and Framework of Assistance to Zambia

1. Support for poverty reduction: Serious poverty in rural areas; Assistance to correct large regional disparities in poverty

- Support for poverty reduction in rural areas, emphasizing the security of staple foods
- Diverse poverty reduction approaches, focusing on rural development
- Urban-oriented poverty reduction approaches, focusing on vocational training

When looking at poverty in Zambia using the Gini coefficient showing the degree of imbalance in income distribution, income distribution is gradually improving, thus the proportion of poor people is decreasing little by little.¹ This is due to a shift from the extremely poor² to the moderately poor.³ In particular, income distribution in rural areas is more dispersive (which shows a larger disparity between rich and poor) than that in urban areas. In rural areas, about 80% of the population is extremely poor. Most farmers (especially small farmers) engaged in subsistence farming have limited opportunities for cash transactions. Moreover, their reserves are scarce, and they are vulnerable to drought conditions. Accordingly, small farmers in rural areas especially suffer from severe poverty. Farmers often complain about the low market price of maize, and the high price and low availability of fertilizer. With the abolishment of subsidies, small farmers in remote areas from trunk roads are faced with twofold difficulties: access to the market, and a retreat from the market.

As mentioned previously, there is a large regional disparity in infrastructure and industrial distribution, due to the past form of economic development too much dependent on the copper industry. This also affects poverty distribution. The proportion of the extremely poor in Lusaka Province, in which the capital city is located, and Copperbelt Province, which is the center of the copper industry, is less than half of that in the Eastern, Northern, North Western, and Western Provinces. When looking at the proportion of the poor according to the type of industry, agriculture accounts for the largest, followed by the

fishing industry and the construction industry. In recent years, the construction, finance, and education sectors have shown an increase in the proportion of poor people. This is because too many financial institutions were established temporarily as a result of liberalization in the early 1990s, and because personnel expenses in education were restrained or reduced due to the financial difficulties of the government.

Poverty in rural areas is mostly caused by vulnerability to climate changes, including drought, as farmers are dependent on rainwater. Moreover, the soaring prices of farming-input materials, such as seeds and fertilizer, limited availability of farming materials, difficulties in access to agricultural financing, a decline in production, and economic deterioration have also accelerated poverty. On the other hand, poverty in urban areas is mainly caused by economic deterioration linked with adverse working conditions, including low wages, an inadequate job opportunities, high commodity prices, and the low availability of funds for business.

The fundamental issue of poverty in rural areas is the security of staple foods, which is difficult to deal with from the viewpoint of comparative advantage in the industry. In particular, the low nutrition level of the poor leads to disease, resulting not only in a decline in agricultural productivity, but also a drop in average life expectancy. As soil fertility has been degraded due to soil acidity and leaching, inappropriate expansion of farmland is being carried out to compensate for the decline in productivity, which then causes soil erosion and the depletion of water resources. Moreover, deforestation has occurred due to the production of charcoal and collection of firewood for urban areas as a means of obtaining cash easily and quickly. Thus, poverty in rural areas is closely related to environmental degradation, so it is necessary to take some environmental conservation measures. In the livestock industry, a continuous drop in the number of cattle has had a major impact on small-scale farmers dependent on cultivation using cattle. Cattle are also indispensable in the use of ox carts for alleviating the burden of transporting goods, especially for women. The overwhelming majority in the marine products industry are poor people en-

¹ Central Statistical Office (1997).

² "Extreme poverty": 20,181 Kwacha/month or below.

³ "Moderate poverty": 28,979 Kwacha/month or below.

gaged in small-scale fishery and aquaculture using rivers, lakes, and fish-breeding ponds. Thus, measures for increasing employment are required. Moreover, it is necessary to strengthen the productivity of small-scale enterprise in the marine products industry, as fish consumption per person has been decreasing for more than two decades in Zambia.

Based on the above-mentioned situations, the examples of assistance are as follows;

<Examples of cooperation>

- diversification of crops
- reduction of dependence on fertilizers(including resource recycling or environmentally-friendly agricultural methods)
- strengthening of reserves through improvement of methods for storage
- enhancement of small-scale financing systems
- development of access roads
- improvement of systems for the diffusion of technology
- support for the livestock industry

The fishery requires the following approaches;

- enhancement of fishery in inland waters
- development of infrastructure focusing on small-scale fishery(such as fishing gear, fishing technique, means of transportation, facilities for freezing and processing)
- training of fishery engineers and related administrative personnel

The urban poor include those affected by a decline in the copper industry, the new poor resulting from the Structural Adjustment Programmes and liberalization, and people engaged in the informal sector, including those coming to towns from local or rural areas. The following approaches are suggested;

- 1) vocational training in the Copperbelt District
- 2) technical training and management training targeting at small-scale firms and the informal sector

Considering the fact that engagement in informal sector is rather saturated, it is necessary to revitalize formal private economic activities in urban areas(such as the construction industry and the manufacturing industry in-

cluding farm products processing)so as to absorb surplus labor. Therefore, it is effective to provide support for skill upgrading or technical training(including retraining)that is required at such stages of industrial recovery.

2. Support for the vulnerable group (in relation to a decline in social services in the education and health sectors)

- 2-1 Focus on primary and secondary education
- 2-2 Formulation of cost-minimum/cost-effective public health and medical services; Promotion of health education

2-1 Focus on primary and secondary education

In addition to conventional financial difficulties in the nation, the Structural Adjustment Programmes through staff cutbacks and privatization of state-owned enterprises have put people in a more difficult position to receive basic social services that were conventionally provided by state-owned enterprises. People's response to this includes frequent workers' strikes. In order to prevent a repeat of major riots during the 1980s and to maintain regional stability, which is the indirect objective of Japan's assistance, Japan is required to provide support for public social services.

Policies during the socialist regime put the emphasis on education. As a result, the educational level in Zambia is higher than in neighboring African countries, and the literacy rate exceeds the average of developing countries. However, due to financial difficulties since late 1980s caused by the decline in the copper industry and the subsequent economic crisis, budgetary appropriations for the educational sector have been curtailed. Consequently, the educational sector is faced with difficulties both in quality and quantity, such as shortages of teachers due to wage reductions, decrepit school buildings, and insufficient teaching materials and tools.

Besides in rural areas, primary and secondary education especially has worsened in urban areas. School facilities have become insufficient due to a population influx into urban areas. In Lusaka and the Copperbelt, primary school enrollment rate has fallen to the level of the 1960s against such background as: (1)Due to liberalization of the educational sector, the cost of textbooks and other materials should be covered by the household budget, (2) With worsening conditions in the household economy, the number of children selling things on the street has in-

creased.(3)Due to the economic depression, appropriate employment cannot be obtained even though people receive an education at school, and (4)The number of AIDS orphans has increased. These factors contributed to a drop in the school enrollment rate. Although secondary school enrollment has somewhat recovered in the late 1990s, the proportion of dropouts is still high, and human resources are inadequate to meet the labor needs demanded during economic liberalization. Moreover, since gender disparity in the rate of enrollment from primary to secondary education has expanded, some measures must be taken. Under such circumstances, the Zambian government formulated a Basic Education Sub-Sector Investment Programme(BESSIP)with the aim of raising the primary school enrollment rate to 100% by 2005, and the secondary school enrollment rate to 100% by 2015. Various programmes have been prepared such as expansion of school facilities, teacher training, development of teaching materials, and capacity-building for the implementation of educational policies with major donors' support. Japan should also endeavor to make a substantial participation in the Programme, and consistently integrate Japan's assistance methods into the framework of the Programme.

Based on the above-mentioned situations, the examples of assistance are as follows;

<Examples of cooperation>

- focus on primary and secondary education
(construction of facilities that take into account sustainable maintenance costs)
- teacher training/education
- development of teaching materials
- capacity-building for the implementation of policies at the national/local level
- correction of gender disparities
- provision of educational opportunities for the poor
- support for technical subjects(including science and mathematics)that are directly connected to employment

2-2 Formulation of cost-minimum/cost-effective health and medical care services; Promotion of health education

Financial difficulties and population growth have threatened the health sector. The current "critical composition" including the conventional vicious circle in the health sec-

tor consisting of poverty, insufficient development resources, malnutrition, and infectious diseases, has become worse due to the spread of HIV/AIDS. (In urban areas, the prevalence of HIV/AIDS exceeds 30%.) The infant mortality rate, the number of AIDS-infected people, and the number of malaria-infected people are all higher than the average for the surrounding African countries. There is a chronic shortage of medical supplies, doctors and nurses, and the quality of services is obviously declining. Moreover, most of the public health care facilities have been constructed in the major cities, and high-cost medical services at high-ranking hospitals have been given exaggerated importance. Such inefficiency in the distribution of health care resources has become an important issue in Zambia.

The improvement of budgets for health care cannot be expected in the short and medium term, and a mechanism of direct cost recovery, in general, does not work effectively for the social sector investment. Therefore, improved efficiency in resource distribution is the key to solving these problems, thus the essence of Health Reform in Zambia should be the pursuit of this efficiency. In other words, Health Reform aims to provide cost-effective preventive and treatment services at relatively low cost through public health care systems all over the country. The providers of these services include facilities smaller than health centers(health posts)and personnel(community health workers) and the first referral level hospitals supporting them.

Considering the above-mentioned situations, the basic directions of support for the health sector in Zambia should be as follows;

- from quantitative expansion of services towards promoting efficiency in services
- from independent and individual approaches to integrated approaches
- from a priority on hospitals to a focus on primary health care
- from centralization to decentralization
- high-level medical services should be supported by Loan Aid not by Grant Aid(and to utilization of private services)

It is also necessary to participate in Sector Investment Programmes based on the above directions.

<Examples of cooperation>

Japanese assistance should be provided for the improvement of resource efficiency in the sector, the reduction of recurrent costs, and the improvement of cost-effectiveness. Some examples are shown below;

- By emphasizing primary health care, excessive use of health centers and hospitals can be prevented, and provision of special equipment and Grant Aid for Children's Health can be further utilized.
- Medical and biological assistance should be provided so that its economic effect and social service effect can be materialized.

Moreover, through health education such as a school health programme, Japan can contribute to changing or improving the demand-side behavior, and to providing health information to poor pre-school children especially in the urban surroundings.

3. Support for the efforts to formulate a well-balanced economic base and structure

- 3-1 Rural areas: Steady food supply to urban areas; Promotion of crop exports
- 3-2 Urban areas: Maintaining industrial activities in connection with rural areas
- 3-3 Industry in general: Policies of industrial technology and industrial promotion; Promotion of small and medium-scale businesses; Industrial policies linked with liberalization)

This section focuses on the correction of the imbalance of production activities formed under the copper-dependent economic structure of the past, in order to broaden the basis of the economic structure, reinforce coordination among industries, and promote measures for a new phase in the development of the economy, that is, liberalization. Thus, it intends to overview the creation of sustainability in the country's economy.

3-1 Stable food supply to urban areas; Promotion of crop exports in Rural areas

Support for rural areas in this section is different from that for poverty reduction targeted at small-scale farmers. This section relates to the production activities of commercial farmers who serve as a driving force in the market economy. Medium-scale farmers focus on the sale of

farm products in the domestic market and cash crop food production (particularly high-yielding maize) for urban areas. They raise and utilize cattle, including by ranching, and consume relatively large amounts of modern agricultural inputs. Large-scale farms have more capital-intensive operations, occupying favorable geographical locations, such as land along the railroads and in the suburbs of cities. They are also exporting farm products. Since the mid-1990s, when the protection policy for maize was abolished, farm production has diversified. In addition to maize, the total production of cottonseed and tobacco is shipped to the market. Other new cash crops include rice, sugar cane, raw materials for dairy products, sunflower, and garden products. The production volume of soybeans and peanuts fluctuates significantly each year.

Based on the above-mentioned situation, the examples of assistance are as follows;

<Examples of cooperation>

- information system for indicating market trends
- marketing
- support for the improvement of operational efficiency based on agricultural financing and agricultural inputs
- cooperation in livestock raising that contributes to better breeding at ranches and strengthening the transport system with livestock.
- study on the introduction of farm products that are internationally competitive
- clarification of food safety standards
- development of the infrastructure that supports exports

3-2 Maintaining industrial activities in connection with rural areas and Urban areas

In order to break away from the past copper-dependent economic structure, the Zambian government has given priority to industry, in particular, to the manufacturing industry. It is estimated that the manufacturing industry accounts for 30% of the GDP. On a value-added basis, the food processing industry (food, drinks, tobacco, etc.), though a relatively rudimentary industry, accounts for 50% or more of the manufacturing industry as a whole, followed by the timber, furniture, textiles, clothing, and leather industries. The international or regional comparative advantage of Zambian industry is not equal to that of South Africa and Zimbabwe. The manufacturing industry is, in principle, led by the private sector. However, from the strategic viewpoint of securing a foundation for domestic industries, maintaining the linkage between in-

dustries, and absorbing unskilled labor, the manufacturing industry is significant due to its character of providing sustainability based on rather low value-added products.

Based on the above-mentioned situation, the examples of assistance are as follows;

<Examples of cooperation>

- technical cooperation and training in the related production fields
- small business financing (including an analysis of micro-credit programmes as successful models that are offered by the U.S. and other donors through NGOs)

3-3 Industry in general (Policies of industrial technology and industrial promotion; Promotion of small- and medium-scale businesses; Industrial policies linked with liberalization)

According to one critical analysis, which includes the possibility of tariff reductions by the Southern African Development Community (SADC), manufactured products in Zambia have no international competitiveness, except for food processing products (especially, refined sugar), textiles, clothing, and processed copper products. As mentioned previously, the manufacturing industry, in principle, is led by the private sector. However, as the Structural Adjustment Programmes and liberalization of the economy and trade are underway in Zambia, experiences in Asian countries including Japan can contribute to future policy making, such as industrial development of business activities and industrial technology at the international level. What is required here is the formulation of specific industrial policies in line with the performance of the Structural Adjustment Programmes.

Based on the above-mentioned situation, the examples of assistance are as follows;

<Examples of cooperation>

- receiving trainees in the fields related to industrial development and trade promotion policies as well as in the fields related to the aforementioned manufacturing industries (including Zambia's South-South cooperation with Thailand, Malaysia and Singapore)
- receiving of trainees related to foreign investment policies (e.g. supervision, tax measures)
- dispatch of experts specialized in industrial policy making, from a long-term perspective

- third-country training and vocational training (in cities where manufacturing industry concentrates such as in Copperbelt District)
- Non-project Grant Aid
- small business financing (including the analysis of a micro-credit programme as a successful model that is offered by the U.S. and other donors using NGOs)

References:

Central Statistical Office (1997) *Evolution of Poverty In Zambia 1991-1996.*

Chapter 3. Practical Measures and Consideration

1. Active participation in Sector Investment Programmes (SIPs) and contriving Japan's contribution Methods

- 1-1 Clarification of Japan's attitude towards active participation in SIPs
- 1-2 Clarification of the issues and problems intrinsic to SIPs and Japan's contribution to preparing countermeasures
- 1-3 Training of Japanese aid personnel; Better utilization of present aid schemes with reinforced combination with local cooperation resources on Zambian side; Efforts for harmonization with other donors

In view of the history of development in Zambia and the resulting current socio-economic conditions, we have established the issues for assistance, such as poverty reduction, support for the vulnerable, and formulation of a well-balanced sustainable economic structure. Due to the overlap with these development issues, Sector Investment Programmes (SIPs) are promoted in the agricultural sector, education sector, and health sector, in Zambia more actively than in other African countries.

SIPs, formulated on the basic performance of the Structural Adjustment Programmes actively carried out by the Zambian government, emerged from the need for the efficient distribution of assistance resources. Therefore, a special focus has been placed on "donor coordination" (coordination among donors) and "capacity building" on the Zambian side through promotion of the concept of ownership of the development process by Zambia itself. In fact, individual projects supported by various donors tend to be discrete, with rather weak coherence among them. Moreover, due to insufficient administrative capacity in the government framework and the lack of a sense of ownership on Zambian side, assistance has become somewhat inefficient with many disagreements in implementation. The Japanese assistance organizations have also been discussing the necessity of a programme-type approach, in order to clearly position each provision of assistance in an appropriate framework of development programme.

1-1 Clarification of Japan's attitude towards active participation in SIPs

In view of the rising demand for a programme approach in Zambia and the current state of assistance as a whole, it is essential for Japan to clearly indicate its attitude toward active participation in SIPs. "Information sharing" and "setting goals with the focus on achievements" which are the basic concepts of SIPs, should be applied to Japanese assistance policies as well. Though it is difficult to fully participate in Common Basket Funds at this stage, and "to adopt a functional assistance mechanism (to standardize the procedures for accounting, budgeting, procurement, and monitoring) as a methodology", some measures could be devised. There may be some fields in which Japan could positively examine (such as providing non-project grant aid for sectors and Sector Programme loans; the possibility of earmarking for specific projects). If Japanese projects are implemented with a negative attitude towards participation, it may be difficult for Zambia to allocate funds to those projects. Or, in the worst case, Japanese projects may spend up financial and human resources otherwise allocated to the projects of other donors (or Zambia itself). Therefore, it is desirable and necessary for Japan to clearly indicate its attitude toward active participation in SIPs.

1-2 Clarification of the issues and problems intrinsic to SIPs and Japan's contribution to preparing countermeasures

Accordingly, Japan could clarify problems and issues inherent to the SIP system in collaboration with the Zambian side and other donors, and actively contribute to the formulation of any necessary measures to the effect. Some essential points are given below;

- 1) There is an interdependence between capacity building and a functioning of a system (e.g. health system). Therefore, when adopting a programme approach, it is necessary to put special emphasis on human resource development in administrative institutions as well. Agreement on the content of cooperation should be decided jointly.
- 2) Ownership in development and the implementation of a Sector Programme is not limited to the government. It must be shared with the beneficiaries of the programme and the related private sector.

Therefore, the means of implementation should be formulated jointly. (Though stressing “ownership”, a donor often takes the initiative in the development and implementation of a programme. A specific means for establishing cooperative activities in developing and implementing a programme with Zambian personnel should be discussed with the parties concerned, based on the recognition that capacity-building is a prerequisite for ownership and that these are two sides of the same coin.)

- 3) As for Common Basket Funds, the means of securing transparency and accountability in fund utilization is extremely important. Thus, the means should be formulated jointly.
- 4) The substance of the programme appears through the accumulation of individual projects with a specific content. (For example, it is necessary to estimate the programme cost by accumulating and combining individual project’s domestic currency portion and foreign currency portion. As the domestic currency portion is comparatively large in the case of agricultural projects. Such projects require a special attention.) Therefore, there is a room for cooperation in formulating projects that provide the substance to desk planning. (It is also useful to discuss how to improve planning methods in public investment programmes.)
- 5) When it is necessary to choose specific sub-programmes, reliable criteria for evaluation and selection are required. Thus, assistance should be provided for determining such criteria.
- 6) Scrutinization is necessary whether a programme/project produces the greater benefit under a SIP or through bilateral cooperation.
- 7) The current programme approach is not the final goal. There will be cross-sector issues(poverty reduction, environment, etc.) such as linkages between specific Sector Programmes, and linkages to macro-policies and other projects. Therefore, making allowances for these problems, Japan should provide assistance in studying on interrelated aspects of the Sector Programmes.

As shown above, Japan could clearly and reasonably indicate its assistance policy and concerns, and thereby contribute to making overall assistance in Zambia more effective. This could be the essence of “Japanese Visible assistance of policies and principles.” Through active par-

ticipation in sector meetings and donor meetings, Japan could help Zambia to mature its ownership, thereby promoting harmonization, cooperation, and role sharing with other donors.

1-3 Training of Japanese aid personnel; Better utilization of present aid schemes with reinforced combination with local cooperation resources on Zambian side; Efforts for harmonization with other donors

First of all, it is essential to secure necessary expertise at Japanese embassy in Zambia and JICA Zambia office, and enable them to participate in Zambia as representatives of Japan. Moreover, it is necessary to improve and strengthen the coordinating functions of JICA overseas offices. In order to ensure that involvement in Sector Programmes is more effective and substantive, Japanese current systems must be fully utilized as follows;

- Utilization of Project Formulation Advisors(Participation in meetings of the government and donors)
- Utilization of Overseas Survey Specialists(Collection and analysis of information related to the specific sector; assistance for dispatched experts)
- Dispatch of advisory experts (Dispatch experts to ministries responsible for important sectors)
- Linkage between Development Studies, Project Formulation Studies and Sector Programme formulation and revision on the other.

In addition, it is desirable to further utilize assistance resources available in Zambia. For example, participation of dispatched JICA experts in donor meetings(including participation of JICA experts in specific fields in neighboring countries) should be considered in order to actively use their knowledge and experience. It is also useful to establish a coordination and cooperation system with local NGOs and think-tanks in relation to Japan’s activities, including participation in donor meetings.

In Zambia, Western donors maintain a solid and large network that includes the local white society and involves western capital. This network extends to the neighboring countries as well. Promotion of active exchanges with donor communities on a daily basis is important. It may be effective to invite relevant donors to meetings between Japan and Zambia.

Box 1 Dispatch of Regional Project Formulation Advisors in Poverty-related Issues

Since the 1990s, donors have attached great importance to poverty reduction, a part of which is the 'Poverty Reduction Strategic Plan' proposed by the World Bank and IMF in 1999. In assistance by Japan, however, such cross-sectoral issues as poverty reduction have been dealt with only through individual projects of technical cooperation and Community Empowerment Programme. This is mainly because country-specific conditions have not been fully understood, and because the framework for poverty reduction has not been established yet.

In reality, poverty in Africa is critical. As we saw in Chapter 7, more than half of the people in Zambia are suffering 'extreme poverty.' One of the targets of the 'Tokyo Action Plan' adopted at TICAD II is to halve the population in absolute poverty in Africa. In pursuing this target, Japan dispatched Regional Project Formulation Advisors on a two-year plan from October 1999, so as to understand the poverty situation in the poorest countries and to start investigations for future assistance as soon as possible.

Based in Zambia, the Advisors cover neighboring Zimbabwe, Tanzania, Malawi and Ethiopia to collect information on the status of national poverty reduction plans in each country and on the policy and status of the poverty reduction efforts of other donors. It is also their duty to participate unilaterally in the donor meetings on poverty-related issues, especially in various workshops for PRSP formation. The Advisor's diversified duties include giving feedback on the trends among other donors, to identify new areas of poverty-related projects and to give advice to projects in other sectors from the viewpoint of poverty reduction.

The dispatch of Regional Advisors is a new type of assistance by Japan in the sense that they deal with several countries and cross-sectoral research. It is a part of the 'Regional Itinerant Method (tentatively named)' which is proposed in Part 3, 5-1-2, Volume I "Southern Africa." Much is expected from this method for future assistance by Japan, especially when project planning from the regional point of view is needed.

2. Selection of approaches that match recipient's absorptive capacity for assistance and implementation systems

This section discusses Japan's strategic assistance from the short- and medium-range perspectives, along with assistance in fields other than Sector Programmes.

- 2-1 Selective approaches considering the absorptive capacity for assistance
- 2-2 Formulation of projects through dialogue, and reflection of an assistance strategy in specific projects

2-1 Selective approaches considering the absorptive capacity for assistance

In order to provide effective assistance, it is important to develop a system and capacity to absorb such assistance in the recipient country. Continuous support for improving and building of absorptive capacity for assistance (e.g. support for reinforcement of government personnel) is indispensable. However, in the short run, it is also effective to support fields in which such systems and schemes to absorb assistance are well prepared as well as where the counterpart institutions have a relatively high absorptive capacity for assistance. Similarly, as for cross-sectoral issues, such as environment and poverty, the capacity of the counterpart institutions (including capacity for coordina-

tion) will be the key point (e.g. a sense of ownership and responsibility regarding assistance projects, the capacity to disburse recurrent budgets, appropriateness and transparency of resource management).

Zambia, under severe financial difficulties, is heavily dependent on external assistance. Therefore, Japan should consider the modality of assistance it can provide to nurture Zambia's efforts in a relatively easy way. (In this respect, a temporary cost sharing by Zambia should not be regarded as their only self-reliant efforts, and malfunctioning or failure of assistance projects should not be attributed to insufficient cost sharing by Zambia.) As mentioned previously, in the case of public social sector investment, mechanisms for direct cost recovery are extremely limited. Therefore, when providing assistance in the social sector, this kind of consideration must be taken into account. Prior examination of a project is important, based on the maximum level of impact at the minimum cost or limited cost.

2-2 Formulation of projects through dialogue, and reflection of an assistance strategy in specific projects

When identifying or formulating a specific project, in order to accurately assess the capacity and needs of the Zambian side, a dialogue-based process, not a request-based or offer-based one, would be effective. This ap-

proach corresponds to the formulation of Sector Programmes. When a SIP approach is expanded into other fields, from a practical viewpoint, the next step is certainly how to identify and formulate specific projects. Assuming that ownership and implementation systems are diversified and multi-layered under a SIP system in the process of the Structural Adjustment Programmes, the related actors should be involved as much as possible when identifying and formulating projects. For this purpose, appropriate system needs to be established.

As a prerequisite to identifying and formulating a project, it can be an idea to provide an opportunity to hold discussions on the achievement of assistance in the past and the lessons learned. (For example, establishment of a new forum such as “Zambia-Japan Development Dialogue” based on a collaboration of industry, academia and government with participation from the private sector plus the donor community should be considered.)

3. Improvement of efficiency in assistance

3-1 Utilization of the achievements of past assistance

In relation to the priority issues for assistance, we have been proposed: (1) support for poverty reduction, (2) support for the vulnerable, and (3) support for formulation of a well-balanced sustainable economic structure. In order to provide support effectively with regard to these cross-sector issues using Japan’s limited assistance resources, achievement of past assistance provided at the governmental level should be utilized and linked. Moreover, Japanese related aid organizations should coordinate and cooperate with each other to find ways to utilize Japan’s experience and capacity as a donor country in Asia.

(1) Utilization, integration and consolidation of past projects

Japan has provided assistance to Zambia for more than 20 years, in various fields and in various ways, such as transportation and communications, agriculture, forestry and fishery, public health and medical care, education and vocational training, and natural environment conservation, with substantial achievements in each field. As for future efforts, what is important is not to find new projects or narrow down sector involvement regardless of past achievements, but to incorporate these past experiences and achievements into future assistance through linkages

with and integration of previous projects, focusing on priority issues of assistance.

(2) Coordination of various assistance projects

It should be noted here that fragmentation in assistance projects are often observed. For example, Japan had provided assistance to rural development projects in Kaunga District and Kanakantapa District focused on irrigation and crop cultivation skills. However, if these projects were implemented by integrated approach including live-stock breeding, distribution and market development, farm products processing, as well as local health care and education, the outcome of the projects would have been different. (In fact, Japan implemented various projects and dispatched experts in an agriculture sector, but there existed little interrelation.) As mentioned in Chapter 2, the poverty reduction issue cannot be solved only by increasing self-sufficient production by small farmers, who cultivate using cattle, spades, and hoes, and are dependent on rainwater. Various types of cooperation, such as diversification of crops, intensification, improvement of storage methods, and a focus on environmentally friendly agriculture, should be combined for the effective outcomes. Moreover, cross-sectoral and multi-layered support is necessary, including support for the fishery industry, and cooperation with NGO activities. In the past, cooperation in such fields was provided independently.

When looking at the Japanese assistance system, there are different dispatching organizations and support organizations on the Japanese side, and the counterpart organizations on the Zambian side also differ. Therefore, dispatched experts tend to adopt an attitude of noninterference in other projects. As past Japanese assistance shows, it cannot be denied that fragmentation among agencies in various assistance projects has caused inefficient allocation of assistance. This fragmentation becomes more obvious between JOCV and other JICA projects, or between JICA and other ministries and agencies. From this, it can be easily imagined that it is also in the case with assistance projects carried out with other donors.

In future, regardless of the assistance system and limited framework of each organization, assistance toward Zambia should be provided through mutual coordination, otherwise, an effective approach to the development issues in Zambia cannot be formulated.

(3) Collaboration with private cooperation

Currently, Japan’s direct investment in Zambia is lim-

ited. The importation of mined resources (copper and cobalt) is an overwhelming component of economic relations with Zambia. When considering Japanese assistance comprehensively in view of the economic situation in Zambia where the Structural Adjustment Programmes and economic liberalization are underway, it is also important to promote cooperation with private companies. Therefore, support for mines, mining cities, and the metal industry should be promoted in connection with our recommendations by utilizing Development Study for small-scale mineral resources, and vocational training such as metal processing in the Copperbelt area where there is social unrest over the privatization of mines.

(4) Promotion of regional cooperation with Asia

As a major donor country in Asia, it is important that Japan should utilize its relationship with Asia and the assistance resources available in Asia to implement effective assistance. Japan has provided much assistance to other Asian countries and Latin American countries. Such assistance has been based on different geographical, historical, and economic relations from those in Zambia, and the environment of assistance also differs as Japanese-related peoples' communities exist in these countries due to business relations and immigration. As Africa has focused on its relationships with Western countries, direct introduction of the experience and achievement of Japanese assistance in other areas may be difficult. However, while introducing such knowledge and experience in assistance in other areas, the possibility to create an applicable form of assistance to Africa should be recognized.

The promotion of exchanges straddling the Atlantic Ocean and Indian Ocean Rim Economic Bloc through South-South Cooperation will help Zambia and other African countries establish global relationships, as they locate between Asia and Latin America. It can also be said that this is an opportunity for these countries to get out of heavy dependence on relationship with Europe. More specifically, assistance that can be promoted at present includes the following activities¹:

- training in Asian countries
- utilization of Asian experts
- training on small- and medium-scale companies and

industries in the informal sector, which are powerful in Asian countries

- training in small-scale farming operations
- training on the management of plantations owned by Malaysia and other countries

In fact, major Asian countries are providing training to many people from developing countries including Africa. Thailand (food processing, rural financing, anti-AIDS measures), Malaysia (policies to introduce foreign capital, plantation management techniques), Indonesia (family planning, improvements in food self-sufficiency), and Singapore (policies for developing industrial technology, management and operation of ports and airports) are providing training based on their experience in Asia. In addition, through the South Asian Association for Regional Cooperation (SAARC) with which Japan has cooperative relations, implementation of training by India and other South Asian countries must be taken into consideration. Exchanges with universities in Singapore and Thailand will be also useful.

3-2 Assistance from a regional perspective

- | |
|--|
| <ul style="list-style-type: none">• Promotion of interdependence and cooperation in the region through the utilization of regional cooperation resources |
|--|

In sub-Saharan Africa, currently the southern part centering on South Africa is relatively rich and politically stable, whereas the northern part has remained poor with instability. This disparity between north and south is likely to expand. In the past, Zambia was the core of the former front-line countries against the white administration in South Africa. Now, Zambia has to play a front-line role in securing stability and peace in sub-Saharan Africa, including Zaire, Angola, as well as Rwanda and Burundi across Lake Tanganyika. For this purpose, regional stabilization and development including Zambia is essential based on good relationships with other Southern African countries.

Economic aspects of regional interdependence, as seen in people's livelihood along the border, have been intensified due to cross-border trade and production through the

¹ Japanese achievements include: utilization of Indonesian experts in the Tanzania-Kilimanjaro Agricultural Development Programme; the improvement of productivity in Singapore; and third-country training targeting at African countries in the field of agricultural engineering in Indonesia.

division of labor.

Needless to say, for Zambia as an inland country, relationships with the surrounding countries are extremely important both politically and economically. In the South-

ern African region with many small countries including Zambia, it is inefficient for each country to independently establish institutions for research and higher education that require high maintenance costs, in terms of finance and

Box 2. Zambia-Malawi-Mozambique Growth Triangles (ZMM-GT) Initiative

The Growth Triangles initiative is a form of regional economic cooperation often seen in Asia since the second half of the 1980s. The initiative aims at an increase in exports and direct investments through the establishment of a cross-border economic area. In this economic cooperation, the private sector plays a main role, supported by the public sector.

In 1998, the director of the UNDP Zambia Office, who stayed in Southeast Asia for a short period, introduced the concept of Growth Triangles to the Zambian government. In 1999, the governments and the representatives of economic circles in Zambia, Malawi and Mozambique approved the concept and launched the “Zambia-Malawi-Mozambique Growth Triangles (ZMM-GT) Initiative” as a regional initiative.

The private sector is playing a vital role, with the ZMM-GT aimed at increasing trade and investment in the region covered by ZMM-GT, promotion of the effective use of resources, an increase in exports to countries outside the region, sustainable development, and the promotion of welfare in the countries involved. ZMM-GT is also counting on a combined impact with SADC, COMESA, SDI, Cross-Border Initiative, and the Development Corridor Programme. So far, ZMM-GT has implemented the study and diffusion of the initiative, and has gained support from COMESA, ECA, DBSA, and UNDP. As of the year 2000, the work of ZMM-GT involves carrying out some feasibility studies.

Sources: ZMM-GT (1999) Brainstorming technical Working Session on the Application of Growth Triangles in Southern Africa. Mimeo.

Box 3. Impact of Instability in Southern Africa on Zambia

The first general election in 1994 in South Africa ended a history of minority rule in Southern Africa. Zambia has played a major part in liberation movements in neighboring countries after its own independence. This includes the offer to the ANC, which is now in power in South Africa, to establish its head office in Lusaka. In fact, Zambia paid dearly for this. “Apartheid Terrorism,” a report on destabilizing maneuvers issued by the British Commonwealth Office in 1989 described the price Zambia paid as follows.

In November 1965, the next year after Zambia’s independence, the white government of Southern Rhodesia unilaterally declared independence. Zambia, an inland country which had depended on the railways running through Southern Rhodesia for its oil imports and copper exports, could not escape a tremendous impact. To cope with the situation, Zambia decided to construct (i) a trunk road to Tanzania to the northeast, (ii) a railway from Kapiri Mposhi to Dar es Salaam, the capital of Tanzania on the coast of the Indian Ocean, and (iii) an oil pipeline from Ndola to Dar es Salaam. The railway to Dar es Salaam was built with the cooperation of China, costing 500 million dollars, which was divided between Zambia and Tanzania. The pipeline cost 36 million kwacha, two thirds of which was borne by Zambia. When Southern Rhodesia blocked the border in 1973, the extent of damage to Zambia reached 250 million dollars in the first two years according to an estimation by UN staff. Besides this, physical destruction occurred to roads and bridges. After the independence of Southern Rhodesia, Zambia was exposed not only to espionage and destructive maneuvers by South Africa but also to direct attack by the South African Forces. It was estimated that the regional policy of South Africa caused Zambia damage amounting to more than 2.5 billion dollars during the period from 1980 to 1988.

Zambia adopted a generous policy of accepting refugees from Angola, Mozambique and Zaire. At one time in 1988, there were 140,000 refugees in Zambia. The Zambian government provided 52,500 ha of land to support their life.

To Zambia, an inland country which shares long borders with eight countries, problems in Southern Africa are always problems of its own. The people accept as a matter of course that Zambian economic development cannot be achieved without stability in the region. The Zambian government is still continuing its efforts for the mediation of regional disputes, and is sheltering about 20,000 refugees.

(written by S. Tabuchi)

<Supplementary Note 1>

This Study Committee, focusing on the importance of the relationships with the neighboring countries (or the position of Zambia in Southern Africa), discussed economic relations, the potential for development, and the development of infrastructure astride national borders (e.g. the geographical position of Zambia as a supply route for electricity from Democratic Republic of Congo to South Africa and in the project implemented by South Africa for developing a transportation network between Lake Tanganyika and Great Lake). The contribution of such regional interdependence and mutual cooperation to regional stability will be further discussed in view of its progress and future development.

the volume of demand². SADC is trying to coordinate development projects by designating particular countries to cover certain fields, which, however, seems not to be functioning effectively.

Japan must actively provide support in order to reinforce a network of cooperation and promote exchanges with the surrounding countries in the region. This includes, for example, third-country training or the invitation and dispatch of experts from third countries³. By combining these Japanese assistances provided to Zambia and Japanese experts dispatched to countries within the region, support should be provided to form a comprehensive cooperation system in itself, including the identification and exploitation of cooperation resources in the region.

3-3 One measure to recover the confidence of Zambia and donor countries

- Producing examples of successful development

Zambia, despite substantial assistance, has remained dependent on such assistance, with little improvement in actual conditions, such as the spread of poverty, the spread of HIV/AIDS and other infectious diseases, a drop in the Human Development Index, and a drop in average life expectancy. The present conditions may have a major psychological impact on many parties concerned, not only on the Zambian side but also among the donor side as well. That is why donors tend to show signs of fatigue in assistance with a pessimistic view of the future of Zambia.

Under these circumstances, it is necessary and effective to appeal to people producing examples of successful de-

velopment⁴. For this purpose, a potential area or district should be selected carefully, to provide integrated support for comprehensive regional revitalization. In the selection, it is important not to expand the disparity between the selected area or district and the surrounding areas. Moreover, objective standards (e.g. poverty reduction) that are not easily influenced by vested interests should be established. The selection should be made rationally based on the overall framework including national land use and national policy. Here, substantial discussion between the Zambian side and the donor side is a prerequisite. As comprehensive medium- and long-term efforts are necessary, it may be effective to form open-type cooperation, to incorporate the participation of other donors and mutually agreed entry as required, so as not to force completion using Japanese assistance alone. Such approaches should be formulated so that it is replicable in other areas or districts as well in future.

More specifically, it is recommended to provide assistance targeted at a potential area or district in accordance with at least one issue of the three priority issues proposed in Chapter 2. In such a case, based on the achievements obtained from past Japanese assistance to Zambia, a particular development programme should be designed to organically combine assistance resources. Japan has cooperated in the preparation of comprehensive regional development plans in many developing countries. A proposed comprehensive development plan must include a cross-sectoral and multi-layered approach, without putting too much emphasis on the development of physical infrastructure.

² The Department of Veterinary Medicine of Zimbabwe University was established as a regional veterinary medical university, based on an FAO proposal. Zambia University, Zimbabwe University, Pretoria University, and Sokoine University are planning to provide postgraduate education by jointly using facilities and professors.

³ Japan started third-country training in 1999 at the Department of Veterinary Medicine of Zambia University, targeting at SADC countries. Moreover, Japan invited third-country experts from Kenya to Zambia. The U.K supports a South-South Link Programme, to exchange professors between Zambia University, Zimbabwe University, and Pretoria University. South Africa and Botswana are providing training courses in the field of livestock raising, targeting at sub-Saharan countries.

⁴ Successful development here refers to development that covers socio-economic activities in a certain region from all angles, not based on individual projects in specific fields.

<Supplementary Note 2>

This Study Committee discussed the development approach to select a specific area or district. It is expected that this argument will reach a conclusion through further verification of achievements in assistance for Zambia, including Japan's experience. The points of discussion are summarized below:

- (i) It cannot be denied that there exists the possibility and risks of widening regional disparities by external aids. The Study Committee points out that various races and ethnic groups live together in certain areas of Zambia. In this sense, it is not certain whether regional development causes regional disparities, thus leading to a conflict between races or ethnic groups.
- (ii) As a prerequisite for comprehensive regional development, the Study Committee pointed out that discussion on the move of various resources(human resources and physical resources)and the preparation of a plan based on a study on such a move are important. In other words, basic data including resource potential and the development of infrastructure should be prepared and compiled, in order to consider what the spatial development should be. In this respect, JICA can deal(or has already dealt)with this in its Development Study programme.
- (iii) When the feasibility is considered from a functional viewpoint as well as from the viewpoint of the living environment of experts and their families, urban areas including a capital city are highly suitable for regional development in order to produce a cumulative impact from the assistance. (Needless to say, this comes secondary to the priority issues in assistance, such as poverty reduction and local rural development, pointed out by the Study Committee.)

In this regard, it must be noted that there is a wide range between the capital city and remote areas, where many regional societies including local cities exist.

As there are many remote areas, the providers of assistance should not be too narrowly scope their assistance targets. When Japan cannot provide assistance effectively, cooperation with other donors and organizations could be considered. Moreover, location of the area where projects are implemented and personnel are dispatched does not necessarily coincide with the expansion of the assistance target. Some examples are given below:

- Even when an expert is assigned to work in a city, the targets of a project may extend all over the country. Or, even a specific sector may target various local areas.
- In the case of rural development, projects submitted by communities and local residents, such as micro-credit/micro projects, are often examined by a central institution in a city as to whether support should be provided. One example has been carried out in Latin America by FIS(which stands for Fondo Inversion Socialite, meaning "social investment foundation" in Spanish) Such a non-taxable organization as FIS could also be established in other countries including Zambia as a financing system. Staffs of such a non-taxable organization(not national public personnel)will be supported by the World Bank and other international institutions as well as bilateral assistance and examine a proposal submitted by NGOs or local governments as to whether it is eligible for financing.
- A Community Empowerment Programme implemented by JICA is an extremely innovative scheme. Recipients of the Programme are not limited to Japanese NGOs; thus NGOs in Zambia and international NGOs are also included. The Programme funds are appropriated as development funds and recurrent or working funds. The recent project-type technical cooperation(to provide cooperation as a package dispatching experts, receiving trainees, and providing equipment) also aims at the formulation of a public health project by examining its framework in a broader sense.

These examples show the direction toward innovative assistance that is not prepossessed by the conventional framework in that providers of assistance, in a sense that target areas or districts, and target population brackets are not forced to choose between two alternatives.

<Supplementary Note 3: "Good Governance">

"Good Governance" is a typical term expressing the modality of improvement in various issues of democratization and domestic politics throughout the 1990s when the MMD Administration was in power. In April 1999, the Zambian government published a "Governance Report", at the request of donors, as a conditionality of assistance. (In the past, donors froze or suspended assistance, claiming insufficiency in "good governance".) The process of preparing the "Governance Report" is worthy of remark, as this report was prepared under the guidance of donors without any involvement of NGOs and citizens, and the general public does not even know of the existence of the report. Some NGOs, however, had a high opinion of this report submitted to the CG Conference in May 1999, as political liberalization(democratization) human rights problems, capacity-building of personnel, and transparency and accountability were set as the conditions for resuming assistance. It is also to note that the related organizations do not necessarily consider that "Good Governance" can be uniquely defined.

The Zambian government established several organizations to fulfill this condition and the principle of "Governance", such as the Anti-Corruption Commission, Permanent Human Rights Commission, and Independent Election Commission. It is questionable whether these organizations can function effectively in the future and how far "Good Governance"(in particular, political liberalization and accountability)is making progress. Donors will hold a monitoring conference every quarter. It is said, however, that donors will provide assistance if stability in Zambia is secured. (International institutions give priority to regional stabilization when carrying out policy evaluation, and Zambia is regarded as relatively stable, compared to the surrounding countries, thus contributing to regional stabilization.)