



REPUBLIC OF ZAMBIA

MINISTRY OF NATIONAL DEVELOPMENT PLANNING

POLICY BRIEF ON THE SEVENTH NATIONAL DEVELOPMENT PLAN MID-TERM REVIEW

**Pillar 1:
Economic
Diversification
and Job Creation**

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Environment for a
Diversified
Economy**

October, 2020



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1.0 Introduction

The Seventh National Development Plan (7NDP) came into effect in 2017; its theme is **“Accelerating Development Efforts towards Vision 2030 without Leaving Anyone Behind”**. The Plan is anchored on five strategic development areas, which act as Pillars to underpin the development destination for the country by 2021 leading to the realisation of Vision 2030 aspirations. These aspirations are to transform the country from a primary products-dependent economy to a strong, dynamic middle-income industrialised country by 2030.

To assess progress made towards the achievement of planned outcome targets of the 7NDP, a Mid-Term Review (MTR) of the Plan was commissioned by the Government through the Ministry of National Development Planning (MNDP). The MTR exercise involved key stakeholders from academia, civil society, cooperating partners and the private sector, who constituted the multi-sectoral Reference Group, which was appointed by the Secretary to the Cabinet to oversee the process. The MNDP played the role of Secretariat.

The purpose of the policy brief is to inform the Cabinet and implementing agencies of the Government on the key findings of the 7NDP Mid-Term Review and to share the policy recommendations that need to be considered to enhance the development results of the 7NDP. This Policy Brief outlines key findings of the MTR which was undertaken from November 2019 to February 2020. The MTR was facilitated by independent experts who undertook consultations with various stakeholders and reviewed various 7NDP documents, including monitoring reports, to arrive at the assessment contained in the 7NDP MTR Report.

2.0 Purpose of the Review

The purpose of the 7NDP MTR was to assess progress towards achieving the 7NDP planned outcome targets for 2021 and provide recommendations from the lessons learnt, to keep the momentum on positive achievements and scale-up efforts in areas found to be off track. Apart from assessing the effectiveness of 7NDP interventions to achieve planned development outcomes, the MTR was also intended to assess whether the 7NDP development concept was working as envisaged.

Further, the MTR was aimed at ascertaining the Plan's relevance as a development framework designed to address local, regional and global development needs, including emerging ones. In addition, the MTR aimed to assess whether the progress made so far could be sustained over the Plan period and beyond, to ultimately generate socio-economic transformation.

3.0 MTR Methodology and Design

The MTR employed mainly qualitative approaches complemented with quantitative methods to collect data and information used in the analysis of findings. This involved desk review and stakeholder interviews (institutions, group representatives and individuals) covering national, provincial, district and ward levels. Five provinces namely, Copperbelt, Eastern, Luapula, Lusaka and Southern were purposively sampled and visited. Two districts (one old district and one new district) in each province and at least two wards in each district were also visited.

The Evaluation Conceptual Framework of the Organisation for Economic Cooperation and Development (OECD) was used in the MTR design and the assessment and focused on (i) Relevance; (ii) Effectiveness; and (iii) Sustainability of the 7NDP. The review also focused on assessing the Plan design, coordination, implementation and monitoring mechanisms.

The performance of outcome results was rated based on the progress made towards the planned 2021 targets using the following rating scale: (i) On Track (Green Circle): if at mid-term (by 2019), progress made indicated that targets were already achieved or most likely to be accomplished by 2021 (2021 target is at least 50 percent achieved); (ii) Partially on Track (Amber Square): if the performance of outcomes at mid-term fell between 49 and 30 percent performance range against the 2021 targets; and (iii) Off track (Red Triangle): if performance of outcome results were below 30 percent of the set target for 2021 and will most likely fail to reach the 2021 target.

4.0 Key Findings

The overall findings of the MTR were that the 7NDP was **partially on track** at mid-term. Pillar 4: Enhancing Human Development was on track to achieve the expected development outcomes by 2021. The other four Pillars of the Plan, namely Economic Diversification and Job creation, Poverty and Vulnerability Reduction, Creating a Conducive Governance Environment for a Diversified Economy and Reducing Developmental Inequalities were **partially on track**.

4.1 Pillar 1: Economic Diversification and Job Creation

Considering the set targets, the assessment of the outcome indicators indicated that the overall performance under this Pillar was **partially on track** at mid-term.

The number of key result areas (KRAs) that were **on track** was almost equal to those **off track**, although the KRA 10: Enhanced Research and Development could not be assessed due to lack of data. Two KRAs: Enhanced Information and Communication Technology and Improved Access to Local, Regional and International Markets were **on track**. Despite the decline in the economy, sound progress was achieved under trade. International trade as a percentage of gross domestic product increased from 73.5 percent in 2015 to 76 percent in 2019 against a target of 80 percent in 2021. The percentage share of total exports in total trade grew from 41.5 percent in 2015 to 51.1 percent in 2019 against the target of 60 percent in 2021.

The positive performance of the trade indicators was attributed to efforts by the Government to facilitate trade through, among other issues, initiation and establishment of bilateral engagements with trading partners (both within the region and internationally), removal of non-tariff barriers to trade, construction and operationalisation of One Stop Border Posts, simplification of trade regimes, improving logistics management and development of trade facilitating legislation. These efforts saw the country's exports to the dual market of the Southern African Development Community and the Common

Market for Eastern and Southern Africa improve from 8.3 percent in 2017 to 16.7 percent in 2019.

Appreciable progress was recorded in the information and communication technology (ICT) penetration across the country with an increased number of areas accessing mobile services. In this regard, mobile geographical coverage increased from 84 percent in 2016 to 86 percent in 2019, against a target of 96 percent in 2021. This result was attributed to the continued installation of communication towers by both the Government and the private sector. The total number of communication towers in the country increased to 2,758 in 2019 from 2,496 in 2018. Mobile phone ownership also increased as the percentage of households that owned at least one mobile phone was up from 64.5 percent in 2016 to 73.6 percent in 2019 against the 7NDP 2021 target of 100 percent.

Among the KRAs, four including the one on Diversified and Export-Oriented Mining Sector were **partially on track**. Three KRAs including: Diversified and Export-Oriented Agriculture, Diversified Tourism Sector and Enhanced Decent Job Opportunities in the Economy, which are envisaged to drive growth, diversification and employment, were found to be **off track**. The MTR attributed the average performance of Pillar 1 to, among other issues, slow implementation of planned programmes due to reduced funding, the slump in both domestic and global economies resulting in subdued private sector (domestic and foreign) investments, reduced energy supply and unfavourable macroeconomic and climatic conditions.

The good progress recorded in ICT penetration, market access, water resources development and management, fisheries development and transport management needs to be sustained. Efforts towards invigorating agriculture (i.e. crop, livestock and forestry), tourism and mining of gemstones and precious metals require to be stepped-up, considering the great potential that these have in unlocking economic growth and diversification, export growth and employment creation. Enhancement of investments in energy projects and seeking alternative financing modalities

to support the completion of ongoing infrastructure development projects, was also identified as a strategic approach that needs to be explored.

4.2 Pillar 2: Poverty and Vulnerability Reduction

The overall performance of Pillar 2 was rated as **partially on track** at mid-term. Two KRAs namely, Climate Change and Disaster Risk Reduction and Reduced Vulnerability Associated with HIV/AIDS Prevalence were **on track** at mid-term. The KRA on Enhanced Welfare and Livelihoods of the Poor and Vulnerable was found to be **partially on track**.

Enhanced Welfare and Livelihoods of the Poor and Vulnerable: This KRA was **partially on track**. The proportion of extremely poor households participating in at least one social assistance and one livelihood and empowerment programme increased from 27 percent at baseline in 2015 to 38 percent in 2019. Considering the 7NDP target of 40.8 percent by 2021, the indicator was **on track**. The main challenges include limited coverage, administrative inefficiencies, lack of a decentralised system of implementation and inadequate and erratic funding, making some interventions less effective. Based on the Multidimensional Poverty Index, poverty levels declined modestly from 50 percent to 44 percent, during the first half of 7NDP implementation. This was due to, among other issues, an increase in income levels among households and increased provision of services (e.g. education, health and sanitation) by the Government.

Climate Change and Disaster Risk Reduction: This KRA was **on track**. According to the data provided by the Disaster Management and Mitigation Unit, the utilisation of early warning information about impending shocks or hazards increased from 20 percent in 2015 to 83 percent in 2019. The positive performance was attributed to investments by the Government and cooperating partners in weather and metrological infrastructure countrywide and improved information sharing. A multi-hazard early warning system was developed at national level in 2018. Coordination of timely response to hazards such as floods, dry spells, pest infestation and epidemics such as cholera, was also found to have been strengthened.

Similarly, good performance was observed regarding adoption of policies and frameworks to tackle climate change and to build preparedness and resilience to various shocks including disasters. The launch of the National Climate Change Policy in 2017 was cited as one of the key milestones. Several climate change mitigation programmes were underway in various parts of the country. One such intervention was the Strengthening Climate Resilience of Agricultural Livelihoods in Agro-Ecological Regions Project which aims to (i) strengthen the capacity of 940,000 farmers to plan for climate risks that threaten to derail development gains and (ii) promote climate-resilient agricultural production and diversification practices to improve food security and income generation.

Reduced Vulnerability Associated with HIV/AIDS Prevalence: This KRA was assessed as **on track**. Among the notable achievements was the adoption of the Universal HIV Routine Testing and Treatment Policy which resulted in more people being tested and consequently, more people knowing their HIV status. All those found with HIV were immediately put on treatment and this contributed to reducing the prevalence of HIV from 11.6 percent to 11.1 percent among persons aged 15-49.

4.3 Pillar 3: Reducing Developmental Inequalities

Lack of data on most of the outcome indicators under Pillar 3, which only has one KRA - Reduced Inequalities - made it difficult to effectively assess progress. The MTR, however, noted good performance on the proportion of households owning mobile phones, which increased between 2014 and 2018 for both urban and rural areas to 88 percent and 61.6 percent, respectively. Further, participation rates in education under the Early Childhood Education (ECE) level improved for both rural and urban and surpassed the 7NDP target of 50 percent. By 2019, ECE participation rates were at 51.1 percent from the baseline of 29.8 percent in 2015. Completion rates for primary school improved for both girls and boys, with girls improving from 83.6 to 99.8 percent and boys from 88 percent to 94 percent almost achieving the 7NDP 2021 target of 100 percent. Similarly, secondary school completion

rates improved for both male and female learners, with girls improving from 27.4 percent to 66.4 percent and boys from 34.3 to 81.9 percent, respectively.

Primary school net enrolments reduced from 90 percent (2016) to 83 percent (2019), with rates for girls declining from 89 percent to 85.8 percent and rates for boys reducing from 90 percent to 81.4 percent. Similarly, enrolment rates for secondary school reduced from 40 percent (2016) to 20.2 percent at mid-term, against the 7NDP target of 60 percent in 2021. For female learners, enrolments reduced from 25.7 percent to 19 percent and for males, from 30.5 percent to 21.4 percent. Concerns were raised by 43.4 percent of the rural population who cited challenges in accessing health facilities due to covering long distances to the available health facilities (2018 Zambia Demographic and Health Survey). Hence, there was need for more equitable distribution of health facilities.

4.4 Pillar 4: Enhancing Human Development

Analysis of the performance showed that the country was **on track** to attain the targets towards Enhancing Human Development. Analysis of performance of outcomes showed that the country was **on track** on the KRA on Improved Water Supply and Sanitation and **partially on track** on the KRA on Improved Health and Health-Related Services while the KRA on Improved Education and Skills Development was **off track**.

Improved Health and Health-Related Services: The KRA on attaining Improved Health and Health-Related Services was **partially on track**. The areas where good performance was observed included: access to anti-retroviral therapy across sub-population groups; facilities with no stock-out of tracer drugs and vaccines; nurse to population ratio; and decrease in underweight and wasted children. On the other hand, outcome indicators that had not performed as planned include: infant mortality rate; maternal mortality rate; doctor to population ratio; and access to health insurance.

Improved Education and Skills Development: The outcome rating for Education and Skills Development was off track at mid-term; most outcome measures for secondary and primary education were **off track**. This result signals the need to review policies in primary and secondary education in line with emerging development needs and to step-up efforts to improve enrolments, retention, transition and completion rates, at all levels of the education system. Improvement of quality of education was also cited as a continuing challenge; however, interventions that have been introduced to improve reading among learners was a good step. On the other hand, performance in the tertiary sub-sector was **on track**. The majority of the indicators are **on track** or have surpassed the 2021 targets, these include: proportion of learners in universities graduating in Science, Technology, Engineering, and Mathematics (STEM); Technical Education, Vocational and Entrepreneurship Training annual enrolment (for both males and females); and university enrolments. The main recommendation at this level is to enhance implementation of vocational career pathways in secondary schools.

Improved Water Supply and Sanitation: The KRA for improved water supply and sanitation was **on track**, and the country is likely to attain the 2021 outcome targets. All the outcome indicators for improved drinking water are on track and all sanitation outcome indicators (national, rural and urban) are also on track, either reaching the 2021 targets or surpassing them. This is attributed to a number of interventions implemented to improve water supply countrywide as well as programmes to promote improved sanitation practices. However, the noted challenge that may impact water and sanitation outcome indicators is the limited research in water supply and sanitation which is necessary to preserve the quality of water sources by addressing emergent issues around water sources and water management systems.

4.5 Pillar 5: Creating a Conducive Governance Environment for a Diversified Economy

Analysis of performance showed that the country was **partially on track** to attain the targets towards creating a Conducive Governance Environment for a Diversified Economy. Analysis of performance of outcomes showed that

the KRA on Enhanced National Values, Principles and Ethics was **on track** at mid-term. Three KRAs on Improved Policy Environment, Improved Service Delivery and Improved Rule of Law, Human Rights and Constitutionalism were partially on track, while two KRAs on Improved Transparency and Accountability and An Inclusive Democratic System of Governance were **off track** at mid-term.

Improved Policy Environment: The country is partially on track to meet outcome targets for 2021. Consultative structures for engagement of stakeholders at national, provincial, district and ward levels have been established, although not fully operational at ward level. Policy reforms were underway including formulation and revision of various legislation. Tax administration was simplified through online tax registration and payment platforms and a good number of informal sector players brought into the tax net. Land Policy formulation commenced, the Employment Code was enacted, and the National Statistical Act came into effect, the latter as a way of strengthening the national statistical system, to anchor enhanced national data and information systems.

Transparency and Accountability: The assessment of progress on improving transparency and accountability found that the country was **off track** due to worsening public perception on levels of corruption. Notwithstanding, efforts were noted that the Government was strengthening transparency and accountability mechanisms and public finance management. In most areas where payment of services to the public were in cash, electronic payments were being encouraged to reduce chances of bribes and revenue leakages.

Inclusive and Democratic System of Governance: The assessment showed that this KRA was **off track**. Most of the outcomes had not progressed significantly. The proportion of women parliamentarians increased marginally from 18.1 percent in 2016 to 19 percent at mid-term, while the proportion of women in decision-making positions in the public sector (Director and Permanent Secretary levels), also increased marginally from 27 percent at baseline to 28 percent at mid-term, against the 7NDP target of 50 percent.

Improved Service Delivery: This KRA was **partially on track**, although the full assessment of citizens' satisfaction with public service delivery can only be measured when a Public Service Delivery Survey is commissioned. At mid-term, it was noted that efforts were underway to lay relevant foundations to improve service delivery in the public sector. Efforts were noted towards promotion of institutionalisation of Service Charters in all institutions across the public sector. Efforts were also noted towards rationalisation of remuneration across the various arms of the state and across various agencies in the public sector to enhance staff productivity. Further, the Government had embarked on E-Government reforms aimed at enhancing ICT connectivity to enable most public sector institutions to connect to government ICT infrastructure platforms; online government services were being provided and expanded; public service human resources audits were being undertaken; and performance contracts had been introduced for senior government officials. However, important reforms such as decentralisation were deemed not to have progressed fast enough. With slow progress on a number of reforms to improve the policy and business environment, the country's Ease of Doing Business Ranking remained static between 2017 and 2019 at 85 out of 190 economies.

Improved Rule of Law, Human Rights and Constitutionalism: This KRA was **partially on track**. Good progress was recorded in the indicator on the rule of law as the Rule of Law Index showed improvement from -0.25 in 2016 to 0.47 at mid-term, surpassing the planned 7NDP end target of 0.25. The MTR also notes some progress in the policy and legal frameworks around access to justice and a significant increase in the pool of legal professionals. The ratio of full-time lawyers per 10,000 population increased from 59 /10,000 in 2016 to 89/10,000 in 2019 against a set 2021 target of 100/10,000. This performance indicates that the country is likely to meet the 7NDP target. One of the main facilitating factors included the increase in the pool of professional lawyers and a robust paralegal system. Slow progress was, however, noted around outcomes meant to reduce the backlog of cases across the whole court system, hence the continuing high remand-convict ratio.

Enhanced National Values, Principles and Ethics: Although no explicit outcomes were articulated in the Plan on achieving Enhanced National Values, Principles and Ethics, good progress was recorded towards the development of the following: policy on national guidance; guidelines on national values and principles; communication and advocacy strategy; national value-based transformation framework; and establishment of national dialogue platforms with key stakeholders. All the planned processes had progressed significantly, thus the assessment of the KRA as being **on track**.

5.0 Key Policy Recommendations from the 7NDP MTR

The following are the key policy recommendations from the 7NDP mid-term review:

- a) Develop a strategy to address the current macroeconomic and fiscal challenges to re-invigorate economic growth and unlock resources to support 7NDP programme implementation and ensure effective private sector participation in the economy;
- b) Explore alternative financing modalities for 7NDP projects and programmes by taking advantage of available resources from the private sector (including through public-private partnership (PPP) mechanisms), civil society organisations and cooperating partners;
- c) Enhance effectiveness of PPPs to diversify sources of financing for tourism, energy and transport infrastructure development;
- d) Adopt smart-agriculture practices as a mitigation measure to address the impact of climate change on agriculture production and productivity;
- e) Upscale promotion of irrigated agriculture: expedite construction/rehabilitation of irrigation dams and other irrigation infrastructure under construction;
- f) Scale-up value chains development as a driver of employment creation;
- g) Improve the policy environment: attain exchange rate and tax regime stability, maintain policy consistency, and expand trade with regional and international markets, especially the European and Asian markets where potential already exists.
- h) Step-up efforts to promote informal sector membership to social security schemes to reduce levels of vulnerability;

- i) Improve the quality of education to emphasise practical skills, and promote entrepreneurship to enhance employment creation and employability;
- j) Scale-up implementation of the two-tier system in all learning institutions, as a practical step towards skills enhancement;
- k) Provide incentives to companies that promote internship and provide mentorship opportunities to young people entering the labour market;
- l) Strengthen coordination structures for the 7NDP at all levels for enhanced delivery of planned results, with focus on reinforcing the capacities of Ward Development Committees, and supporting the oversight role of Provincial Development Coordinating Committees on development implementation and monitoring;
- m) Streamline the number of indicators and support data generation efforts to ensure data availability;
- n) Speed-up the pace of decentralisation, including fiscal decentralisation, and promote closer supervision and management of development interventions at lower levels;
- o) Accelerate enactment of planning and budgeting legislation to institutionalise integrated budgeting to support integrated planning

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