

Zambia

Drivers of pro-poor change: an overview

Full-length version

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Note:

This report was prepared for DFID (Zambia) and has been made available to the Southern African Regional Poverty Network (SARPN) for distribution on the SARPN website. It should be noted that the analysis reflects the views of the authors and does not reflect, in any way, the views of DFID (Zambia).

Foreword and disclaimer

The importance of Zambia's achievements over recent decades in contributing to the end of white minority rule in South Africa, Namibia, Angola, Mozambique and Zimbabwe, in creating a relatively stable state in which neither ethnicity nor race have so far predominated, and in avoiding the worst of repression that has at times characterised Malawi and that may be taking root in Zimbabwe, should not be underestimated. Yet the principal emotions in the country, after over a quarter-century of economic decline, faced by the catastrophe that HIV/AIDS now represents, and in the light of growing recognition of the scale of corruption, are those of disappointment with the past, and confusion as to what went wrong. There is currently fear of what the future holds, growing anger at the emerging evidence of the scale of recent abuse of public resources, and, in some quarters, lack of confidence that a way forward can be found. Many young trained Zambians emigrate, seeing no reason to remain.

The purpose of this paper is to help to create a more informed basis for the Department for International Development's Zambia Country Assistance Plan, currently under preparation. The authors of this paper do this through identifying some of the factors that have underpinned past performance and that affect future prospects. Much of the focus is on political processes. Some of the judgements made are blunt, and many will be contentious. The team, which was given a good deal of room for manoeuvre in determining its approach, takes the view that it is better to be frank, as were many of the people interviewed. The paper has been written with the understanding that it will be made available for public debate.

It was prepared by a team comprising Alex Duncan (team leader and economist), Neo Simutanyi (political scientist) and Hugh Macmillan (historian), advised all too briefly by Dennis Chiwele (economist) and Peter Burnell. Astrid Cox and Liswaniso Mulasikwanda provided research assistance. After initial background research, the authors worked in Zambia from January 26th to February 8th, 2003, spending time in Lusaka and the Copperbelt, but did not reach more isolated rural areas. Within these limits, they consulted as widely as possible with people from the media, large and medium-scale private companies, farming, the research community, civil society, Parliament, the civil service, the unions, the Anti-Corruption and Human Rights Commissions, and international agencies.

The paper was commissioned by DFID. However, the views expressed are entirely those of the authors, and should be attributed neither to DFID, nor to any of its staff members, nor to any of the many people interviewed.

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Summary

Zambia has done well to avoid the civil conflict or severe repression that have characterised most of its neighbours over the past two to three decades. Yet, outside of disintegrated states, it has been one of the worst performers in the world over the past generation as measured by the growth of poverty, declines in some of the key indicators of human well-being, and falling per capita incomes. Reversing these trends can be done: Zambia is rich in agricultural and mineral resources and has many educated and skilled people; and other countries of the region (notably Uganda and Mozambique) demonstrate that progress can be made in turning around decades of decline.

The lead in economic recovery in Zambia will have to come about in large part through the energies of individuals acting singly or collectively, and of the private sector. Yet much of the potential they represent is neutralised by wider constraints, many of which centre on the performance of government. This paper suggests that those with power and influence in Zambia cannot be counted on to do enough to meet the challenges of pro-poor change --- enhancing broad-based economic growth, improving access to markets, services and assets, empowering citizens, and strengthening safety-nets.

Patrimonial politics in Zambia has arguably helped to hold a complex society together, but it has had a heavy cost in terms both of missed opportunities in the past, and of current economic and political problems. Economic growth has stagnated as available financial capital has been used inefficiently, savings and investment have lagged, and the economy has barely diversified; safety nets have lapsed; publicly-provided health services have deteriorated and are unable to respond adequately to severe challenges such as HIV/AIDS; widespread corruption has pernicious political and economic effects; there are structural problems in public finances (principally related to the civil service wage bill) which, through government borrowing, result in real interest rates that are crippling business; and a crisis of legitimacy currently faces the government as a result of alleged fraud in the 2001 election.

Development and poverty reduction will be more effectively achieved to the extent that changes can be brought about in the incentives and restraints that govern the behaviour of those with power and influence. This paper suggests that the necessary changes will come about only if effective pressure can be applied, principally by citizens through (among others) Parliament, the media, or civil society organisations. Zambia's aid-dependence means that the donor agencies are highly influential in the political and economic spheres and in civil society.

However, the prospects for such pressure being applied and sustained are problematic. On the positive side, civil society (although still limited, and uneven) has grown in reach and effectiveness over the past 15 years; the multi-party Parliament is showing signs of vigour; as compared with the one-party state period there is more open public debate; the anti-corruption campaign has a degree of popular support; some of the state-owned enterprises that served as instruments of patronage have been privatised; there is a larger

(if fragile) independent press and radio; and the Supreme Court has the opportunity to set precedents for future accountability, having recently determined not to overturn Parliament's decision remove immunity for the former President, and as it considers whether to nullify the 2001 Presidential election on the grounds of fraud.

Yet, negatively, some potential drivers of change are notably weak, and in important respects are getting weaker. Patrimonialism continues to dominate politics, and many citizens, civil servants, and private companies have little choice other than to be co-opted; the formal private sector (especially manufacturing) has contracted, weakening any role it might play as a source of pressure on government for improved provision of public goods; the middle class has shrunk; HIV/AIDS and poverty are contributing to the despair of many individuals, arguably reducing their ability to engage in wider issues, and promoting short-termism; and much of the rural population away from the line of rail is disempowered by weak urban and industrial links, and by an institutional vacuum that has resulted from the virtual disappearance during the late 1960s and 1970s of trading networks, and the closure during the early 1990s of most of the cooperatives, and the limitations of local government.

Looking to the future, despite the evident problems and the uncertainty about outcomes, many entry points do exist for strengthening the forces that can support pro-poor change in Zambia. They fall into two broad groups: first, there are measures to strengthen the social, political and economic context, for instance through supporting education and literacy, improving the functioning of markets so that they are more inclusive and less constrained, enhancing the health status of the population, and reversing the decline in living standards. Second, there are measures to support particular agents of change, including the media, civil society, reform-minded elements of the political system and of the civil service, associations of professionals and of large and small businesses, the churches, and perhaps traditional leaders. Not all members of such groups are of course favourable to pro-poor change, and careful judgements are needed about how to work with them.

Some of these measures are likely to have a longer-term impact, over say 10 to 20 years, especially those affecting the wider environment for change; others, principally those affecting agents for change, can have an impact in a much shorter period.

The donor agencies are particularly potent drivers of change, influencing as they do Zambia's political system, economy, and civil society. Aid programmes provide substantial resources that inevitably form part of patronage systems in Zambia, creating both possibilities and responsibilities for the agencies. At a minimum, the agencies need to recognise the full range of political as well as social and economic impacts of their actions. Further, the development effectiveness of the programmes they support will be enhanced if they develop a better understanding of the incentives that affect the behaviour of public officials with whom they engage. To the extent that aid management is moving from discrete projects towards sector programmes and budget support that are at the centre of the functioning of government, such an understanding will be essential to raising the effectiveness, and minimising the abuse, of aid resources.

The existence of patrimonial politics creates real dilemmas for those who would bring about change. The case is made in this paper that Zambia's success in maintaining relative peace and stability over forty years is in part due to patron:client relationships having provided some of the glue that has held the society together, but that there have been costs in terms of economic growth and the functioning of key public and private institutions. Paradigms other than the patrimonial one exist for how states can operate, notably one based on a separation of powers, a professional bureaucracy that is autonomous within defined rules, a clearly-defined public sphere, market forces determining most allocative decisions, and the role of the state being defined in terms of the provision of public goods and safety nets. It is, however, an act of faith for which little evidence is available one way or the other to suggest (a) that such a paradigm can be sustained in Zambia and that it can maintain political and social cohesion, and (b) that a transition from present circumstances can be made in an orderly way.

I Introduction and approach

The purpose of this paper is to contribute, alongside other analyses, to the Country Assistance Plan, currently under preparation, that will guide DFID's activities in Zambia over the coming few years. The particular focus of the paper set out in the Terms of Reference was to be "to use this analysis [of the country's political, socio-economic, cultural and historical context] to identify internal and external incentives and those that are likely to be, in Zambia, the most dynamic forces and mechanisms for positive change, specifically for real and effective pro-poor growth and development." During a first briefing meeting with DFID staff, agreement was reached that a particular focus should be on the nature of the state and its implications for development.

The approach adopted was informed by background reading¹, the team's own knowledge of Zambia, and initially open-ended discussion with a range of informed people around the central question of the TORs² (Annex 3 lists people met). The great majority of interviewees focused on aspects of the political process and the performance of government and the public sector, and the ways in which these impacted on factors crucial to development, including economic growth, the provision of social and economic services, public finances, the private sector, financial markets, and the isolation of rural areas. Based on these replies, elements of the emerging 'drivers of pro-poor change' approach (Box 1) were clearly relevant to Zambia. This provided the framework for much of the team's subsequent work.

It is important to recognise the scope and limitation of the work. In the short time available, the priority has been explicitly to identify the main features of a very broad and complex set of topics, rather than to investigate any one of these in detail. Many of these would warrant a detailed supporting annex, and much closer analysis than the team could provide. Some statements in this report should therefore be seen as hypotheses rather than as fully-documented conclusions.

The structure of the report is as follows. Section II briefly identifies features of poverty in Zambia, and of strategies for poverty reduction. Section III discusses characteristics of the state in Zambia, and their impact on development performance and prospects. Sections IV and V cover the drivers of pro-poor change, respectively dealing with wider contextual factors, and more specifically agents of change. For convenience, section VI draws out in one place implications for some of the main actors, especially the development agencies.

¹ Preparatory work included a review of available literature by one of the team (Macmillan).

² Sometimes posed for convenience in our interviews as "What makes Zambia tick – or not tick?"

Box 1: Drivers of pro-poor change – central propositions

The 'drivers of change' approach may be spelled out through six propositions. The degree to which they apply in different societies will vary.

1. The quality of institutions, and of their governance, is a key influenceable factor affecting the achievement of poverty goals. These institutions may be public or private, formal or informal, rural or urban. From a poverty-reduction perspective, the extent to which they meet the priorities of poor people, women and other marginalized groups, will often be important.
2. The role of these institutions, and the impact of any shortcomings, in poverty reduction may be understood through the effects they have on development strategies. There are different ways in which these strategies may be formulated, but one means of doing so that is applicable in many countries is to categorise them as involving some combination of:
 - sustainable economic growth;
 - empowerment;
 - access to markets, services and assets; and
 - security.
3. The quality of institutions for these purposes is defined in terms of accountability and/or effectiveness. Shortcomings of institutions (absent or narrow accountability, and/or ineffectiveness or inefficiency in undertaking mandated tasks) will often hinder achievement of these strategies. In particular the decisions and actions or inaction of those with power and influence may reflect narrow and often short-term interests. These patterns of behaviour may be actively oppressive, or they may simply make it more difficult for citizens to improve their livelihoods, through for example discouraging local initiative, weakening the performance of the civil service, or creating a disabling environment for investment.
4. The major reason for these shortcomings often lies in the nature of the incentives facing those with power and influence, and the restraints (or lack of them) to which they are subject. In some countries, living standards can be raised as a result of changes brought about by a modernising elite; in others the elite may fail to grasp the opportunities. In states of the latter type, the ability or willingness of citizens to apply sufficient demand or pressure for improvement will be crucial if pro-poor change is to come about. In some of these countries, patrimonial politics will hinder the necessary pressure being applied.
5. Strengthening this pressure on elites can come about through supporting two sets of factors that collectively may be termed the drivers of change:
 - a. Broad, long-term structural or institutional processes of social, economic and political change (the context for pro-poor change).
 - b. Reform-minded organisations and individuals (the agents for change).
6. In many countries, the main roles in strengthening this pressure have to be played by citizens and their organisations. However, outsiders, such as international development agencies, will often have opportunities to be supportive, and also need to avoid inadvertently causing harm to pro-poor processes.

II Development and poverty context

The purpose of this section is to set out some of the main features of poverty in Zambia, and of broad strategies for poverty reduction. While this framework is required in order to understand the types of pro-poor change needed in Zambia, it is not part of this study to undertake detailed analysis of poverty, which has for some years been the subject of intensive focus. Accordingly, we have used the PRSP as our starting point, in view of the fact that it is based on intensive consultation and analysis, and is endorsed by government, most civil society organisations, and the international agencies.

2.1 Performance, prospects and risks.

Some of the main features of poverty in Zambia are as follows³:

- 73% of all people are classified as poor.
- As elsewhere, poverty is multi-dimensional. The PRSP analysis of poverty is broad, including the perspectives of income, basic needs, and capabilities, as well as the lack of political freedom and personal security, and the inability to participate in decision-making and in the life of the community⁴.
- Poverty in Zambia has greatly worsened since the mid-1970s, with the decline in per capita incomes resulting in good measure from slow economic growth, itself associated with the contraction of mining and the failure to diversify.
- Poverty is worse in rural than in urban areas, but the gap has narrowed as poverty has risen rapidly in urban areas during the 1990s, while rural poverty may have declined slightly in some areas⁵.
- The socio-economic group with the highest incidence of both overall and extreme poverty is that of small-scale farmers⁶.
- Key social indicators have either stagnated, or have declined, with life expectancy having worsened disastrously as a result of HIV/AIDS.
- The incidence of poverty increases with the size of the household
- Female-headed households are poorer than male-headed households, and women are more vulnerable to poverty than are men.
- Child poverty is growing; 16% of the children in Zambia are orphans⁷.

Looking to the future, most Millennium Development Goals are unlikely to be met; and yet there is no fundamental reason why sustained economic growth and a reduction of poverty cannot be achieved. The country is resource rich in terms both of agriculture and of minerals. There is a widely-held view, with which our team agrees, that, despite the scale of the external challenges, Zambia is poor largely, though not entirely, because of problems in the way that public affairs are managed. One implication is that many of the

³ See PRSP, pages 22-31.

⁴ Ibid. p.22.

⁵ PRSP, table 2.1.

⁶ 'Living conditions in Zambia,' CSO.

⁷ PRSP p.26.

factors that can lead to improved future performance are within the control of key players.

Having said this, the country is faced with a daunting array of short and medium term social, economic and political risks that will affect the prospects for poverty reduction. These include but are not limited to: inability to counter HIV/AIDS and to mitigate its impact on a range of institutions and on economic growth; continuing increases in the number of people in vulnerable and food-insecure groups; in the policy arena (a) an inability to contain fiscal deficits which are currently (through government domestic borrowing) driving up interest rates to levels at which borrowing is unsustainable by most private businesses, and (b) possible unrest in the urban areas and in the public sector, given the long fall in living standards and the need for unpopular reforms; a further loss of mutual confidence between the government and the international agencies; and an inability to resolve the current crisis of legitimacy which is currently facing government.

2.2 Goals and pro-poor strategies

The poverty reduction goals, and the measures for achieving them, set out in the PRSP command a wide degree of support. Large parts – but not all – of Zambian civil society organisations are supportive⁸, and the donor agencies accept it as a basis for common approaches. The main features of the PRSP are consistent with the international agenda set out in the Millennium Development Goals.

There are different ways of understanding the strategies required to achieve these goals. A civil society view is set out in the following box.

Box 2. A civil society view of what is needed for poverty reduction in Zambia

The following is a quotation from “Poverty Reduction Strategy Paper for Zambia: a Civil Society perspective,” CSPR, Lusaka, June 2001:

“To address poverty four things are critically necessary:

- Political will: from the very highest authority in government, the reduction of poverty must be declared as the top priority. All national policies, strategies, and programmes must be evaluated in terms of their impact on the problem of poverty.
- Integral framework: the multi-faceted dimensions of poverty must be adequately addressed. Policy interventions must not be centred only at the income dimension of poverty.
- Effective implementation, monitoring, and evaluation: PRSP should not end up as a good document on paper; it must be implemented effectively. Donors, government, and civil society must ensure commitment to PRSP not only during formulation but also during implementation.
- Pro-poor growth: for poverty reduction to be sustainable, the economy must grow in an equitable manner. The economy must be tailored to generate high, sustained economic growth that benefits the poor more than the rich.”

⁸ The Civil Society for Poverty Reduction network, which includes on its Steering Committee some 30 organisations, cooperates with government on the implementation and monitoring of the PRSP. One or two NGOs, including Women for Change, however, are less directly engaged reportedly because of reservations about the role of the IMF and World Bank.

For the purposes of organising the discussion in this paper, the means by which poverty in Zambia can be effectively addressed are classified as being fourfold⁹.

- **Resumed and sustained broad-based economic growth.** There is widespread agreement that this is a central requirement for rising living standards and falling poverty. In broad terms it is possible to define what needs to be done to try to bring this about: to achieve macro-economic stabilisation, by bringing public finances and the current escalation of domestic debt under control; reaching the HIPC completion point in order to divert substantial resources from debt servicing to poverty reduction; creating a more supportive environment for the private sector through means including a sustained reduction in interest rates; reducing the widespread corruption; stimulating further recovery in agriculture and promoting tourism; raising the effectiveness of the civil service; dealing with losses and inefficiency in the remaining state-owned enterprises; and so on.

Two particular challenges may, however, be noted. The first is that **how** to achieve some of the required measures, when they run counter to the incentives facing key players, is very problematic. Second is the lack of a widely believed-in economic strategy¹⁰. Despite more than a decade of internationally-supported reforms, at times radical and rapid and at times slow, growth has continued to stagnate and living standards have fallen.

- The broad mass of the population, and poor people in particular, need better and more equitable **access to services, markets and assets** if they are to improve livelihoods and provide for basic needs. Some aspects are perceived as especially crucial to poverty reduction and development prospects in Zambia: rural areas in particular are very badly served by services and markets (the latter is discussed in section IV, below); health and education services and markets have major social and economic significance, but for many people are either not available, are unaffordable or are of poor quality. Access to land in particular is central to many households' livelihoods and to prospects for agricultural growth, but is highly problematic with widespread abuse of administrative land administration and the Lands Act No.27 of 1995 barely implemented. Finance markets and services currently constrain enterprises through the unwillingness of banks to lend to many potential customers even of the most creditworthy kind, and through high interest

⁹ See Box 1. This categorisation is consistent with the major elements of the PRSP. However, reflecting the team's discussion and analysis, it places more emphasis on measures that strengthen citizens' political and social empowerment. The categorisation is also broadly consistent with DFID's Target Strategy Paper 'Halving World Poverty by 2015' DFID, London, 2001, and with the World Bank's World Development Report, 2000/01, on Poverty.

¹⁰ This emerged from a number of the team's discussions. It is also the view of Rakner, van de Walle and Mulaisho in the Zambia case study of 'Aid and Reform in Africa' (World Bank, Washington DC, 2001): 'We argue that most of these explanations [of why the reforms achieved so little in the way of growth] point to a key underlying problem: the failure of the MMD government to set forth a genuine strategy for economic development. ...long-term development goals have also largely been absent from the donors' strategy' (p.564). The PRSP may provide the basis for such a strategy, but there is a problem of an underlying scepticism among a public wearied by past experiences.

rates. At the same time they offer potential for supporting broad-based increases in incomes through, for instance, the growing micro-finance sub-sector.

- **Empowerment.** The PRSP's emphasis on the 'inability to participate in decision-making and in the life of the community' as a feature of poverty is well-justified given the widespread problems in Zambia with the effectiveness and accountability of a range of political, social and economic institutions. The ability to address these issues will strongly influence the prospects of the country achieving its development goals. The reasons underlying the poor performance of institutions are discussed in section III.
- The slide of many people into poverty and destitution over recent years, and the lack of exits from poverty, exacerbated by a range of factors such as the non-payment and inflation-related erosion of pensions, and periodic rises in food prices induced by climatic variability or by policy failure, highlight the need for **safety nets**, whether in the form of food aid or of income supports. During the 1980s and 1990s, Zambia progressively abandoned substantial features of a welfare state previously funded by revenues from the mining sector, and the current reality of safety nets is that they are generally weak and underfunded, not least because of the political weakness of beneficiary groups.

The following section assesses some of the characteristics of the Zambian state and the influence they have on the prospects for making progress in relation to these four strategies. The strategies will also be referred to in sections IV and V to assess the potential role, and strengths and weaknesses, of a range of drivers of pro-poor change.

III The Zambian state: characteristics and development impact

3.1 Introduction.

This section suggests that a strong influence on development performance and prospects in Zambia is exercised by the **incentives** and **restraints** that explain behaviour, especially that of people with power and influence, in the political sphere, the civil service, or the private sector, but also extending to civil society and the donor agencies. The analysis in this section focuses on those involved in the exercise of state power, given that many of Zambia's problems centre on the role of the state.

The incentives include the factors that induce people to enter politics, and that lead them to behave in particular ways. The restraints include the range of means of pressure for accountability that citizens and the agencies of restraint (formally through the Constitution, the courts, the Auditor General, the Anti-Corruption Commission, and so on, and less formally the media and civil society) bring to bear. As an example, some of the factors bearing on the behaviour of senior civil servants include, among many others:

- the need to ensure that aid flows continue, without which key parts of government would barely function, and without which important salary supplements in the form of allowances would not be available;
- the need to maintain good working relationships with the political leadership in a situation where the demarcation between political and civil service areas of responsibility has become blurred, and where alternative employment in the private sector is scarce; civil servants are therefore in a weak position to resist pressure to use public funds for political purposes;
- the great uncertainties that affect the lives of all and that encourage short-termism, and (resulting from HIV/AIDS and the country's economic difficulties) threaten the ability to provide for one's dependents, and even personal survival.

Three interlinked ideas were used in understanding these incentives and restraints: patrimonialism¹¹; autonomy and factionalism¹²; and the availability and allocation of surpluses --- which in Zambia have essentially come from two sources in varying amounts and proportions over time, from the mining sector or in the form of foreign aid. While these ideas have explanatory power, they are not deterministic, and the analysis of the Zambian state is riddled with paradoxes and uncertainties both about the past and the future. The best-informed observers profess themselves to be the most confused.

¹¹ A political system based on patronage in which power is based on support received in exchange for the granting of favours.

¹² Understood as the extent to which the exercise of power requires negotiation and compromise with interest groups.

In summary, and despite this caveat, there is reason to believe that these three factors have had several effects on development performance and prospects, of which a few may be noted.

- The patrimonial nature of politics on the positive side may have contributed to political stability. But it has contributed also to wastage and inefficiency in the use of public resources as these were used to placate or buy the support of key groups. Patrimonialism in Zambia has not been conducive to a political culture oriented towards the promotion of economic growth.
- Arguably these tendencies, already in place during the 1970s, were given further impetus by growing political factionalism in the later 1990s which caused the leadership to focus on short-term considerations at the expense of measures with longer-term pay-offs.
- The surplus from the mining sector arguably reinforced patrimonial tendencies among the elite as it provided substantial resources available at a single point¹³ through the Ministry of Finance. At the most well-intentioned it provided resources for the ultimately unaffordable welfare state, but it also led to an expansion of the state sector, a concentration of power in the Presidency, and an orientation of politics primarily towards managing the surplus rather than promoting growth.

3.2 Continuity and change.

These three broad features are illustrated by the continuity and change shown in the Zambian state over the past 25 years. Reflecting the personalisation of politics, the narrative and main issues arising are best seen in four stages: UNIP rule to 1991; President Chiluba's first term (1991-96); his second term to 2001; and events currently unfolding.

Up to 1991. A principal dimension of change since the 1970s, following an initial post-Independence period of consolidation and of the balancing of various interests, has been a move from a higher degree of autonomy in the exercise of power towards more factional politics. Much of President Kaunda's rule was characterised by centralisation of power to State House and personalisation of the exercise of power, notably in the allocation of state resources. There was little separation between the Presidency, the single party UNIP, the civil service, and state-owned enterprises¹⁴. The civil service, by comparison with its subsequent decline to the present situation which combines ineffectiveness and widespread corruption, was at that time relatively capable of carrying out policy decisions.

¹³ Auty and Gelb emphasise the political significance of whether revenues are available at a single point, or are widely diffused.

¹⁴ In rural areas, the cooperative movement was also closely bound up with the system of power. The Zambian Federation of Cooperatives (which was central to the rural institutional framework) acted as a mechanism for patronage closely linked to UNIP. The Chairman of ZFC was up to 1991 on the Central Committee of UNIP.

Zambia's state has, at least since the 1970s, been characterised by a degree of patrimonialism. Under President Kaunda, the substantial mining revenues were used in part to create elements of a welfare state, and in part to sustain the support of, or at least placate, key groups (such as the then powerful unionised mineworkers). This arguably served as the 'glue' that maintained the relationship between the citizens and the governing elite, and indeed provided cohesion to the state. Some suggest that this goes a long way to explaining one of Zambia's two major political achievements: the maintenance in an ethnically complex society of political peace over 40 years when several of Zambia's neighbours have been subject to war or other forms of extreme conflict (Zimbabwe, Angola, Zaire/DRC, Mozambique and Namibia) or of more repressive dictatorship (Malawi)¹⁵.

In one of Africa's first peaceful electoral transfers of power, Kaunda was removed largely as a result of mounting popular anger at the government's inability to reverse the fall in per capita incomes that dated back to 1974, linked to the poor fortunes of mining, the weak performance of many state-owned enterprises, and the failure to diversify the economy.

First Chiluba term. Factionalism was relatively restrained during Chiluba's first term (1991-96), though on a rising trend after an initial honeymoon. Initially, a self-confident and relatively autonomous president was backed by widespread popular support, a very large parliamentary majority, hugely increased aid flows which offset declining mineral revenues, and a relatively clear policy agenda pursued with the support of the international community which regarded Zambia at this time as a star performer. The coalition that effected this electoral change was broad, but was not bound by strong glue of common economic interest – for instance it included business as well as unions.

Some reforms --- for instance to agriculture --- proceeded rapidly. One (albeit contested) explanation of the speed of these reforms was that, in addition to the strength of the economic and financial case for addressing them, government's incentives to move ahead were strengthened by the fact that the reforms undermined the cooperatives which had been part of UNIP's patronage system¹⁶. By contrast, during this period, the elements of the reform programme that most threatened patronage (notably mine privatisation) were delayed. The large-scale larceny that characterised Chiluba's second term was (as far as is now known) yet to develop fully.

The first term was also characterised by encouraging, and perhaps irreversible, developments in the political culture, with a greater openness towards public discussion of political issues. This was linked to multi-partyism, and the growth of a private press and of non-union civil society organisations. This development, that had begun in the final years of UNIP rule, accelerated to reach a high point in the successful 2001 Oasis

¹⁵ The other achievement is arguably the move to a multiparty democracy and the peaceful transfer of power. Zambia has now had three – though flawed -- multi-party elections involving two changes of head of state.

¹⁶ Chiluba's first budget removed crop-purchase subsidies to the cooperatives and allowed private competition in crop marketing. Cooperatives lost market share and many closed.

Forum campaign against Chiluba's proposal to change the Constitution to permit a third Presidential term. Linked to the introduction of multi-party democracy, these factors have created at least the potential for, and to some extent the reality of, greater political accountability.

1996-2001. The second Chiluba term saw a disastrous decline in standards of public financial accountability. The 1996 election revealed the extent to which the ruling group was prepared to use state resources for party political campaigning purposes¹⁷. Further, the attempted coup of 1997 is seen by some observers as accelerating financial abuse, adding extensive wholesale corruption to long-existing patrimonialism and lower-level corruption. This event, it is suggested, shocked the ruling elite into a sense of its own vulnerability, and the resulting short-termism strengthened the incentives for looting public resources. This was unchecked by any of the institutions of restraint, and was not reported (or even apparently known) by the main newspapers (with the exception of The Post).

Chiluba's failed attempt to amend the Constitution so as to be able to secure a third term (at least partly motivated by the need to protect himself against the risk of subsequently having to account for his dismal financial record) was a milestone in Zambia's development of accountability systems, and in the ability of Zambia's citizens to restrain abuse among the elite. Other factors were also significant, however, notably the unwillingness of senior MMD figures themselves to lose the opportunity to reach the presidency, the split in the MMD, and reportedly an indication from the military that they would not accept his continuation in office.

Since 2001. This period has been marked by a crisis of legitimacy and a weak presidency that undermines policy-making to the point that arguably even if the President is motivated to undertake key reforms, he is unable to do so if they involve confronting significant interest groups. Chiluba's failure to secure a third term caused him to seek an MMD nominee for the 2001 election who was (a) weak enough to be controlled from the wings, and (b) stood a chance of winning the election. President Mwanawasa was elected with only 29% of the popular vote, in an election that has led to allegations of large amounts of financial and other forms of fraud. He leads a party which is divided, with a significant Chiluba faction, and whose elected members form a minority in parliament.

From The Post newspaper, Lusaka, February 13th, 2003

“ ‘Corruption in Zambia has spread like cancer infecting the whole body’, information permanent secretary David Kashweka said yesterday”

The fragility of the President's situation (exacerbated by the current Petition before the Supreme Court to nullify the results of the election) provides him with a strong incentive to seek rallying points to create support and legitimacy, and to develop innovative

¹⁷ Burnell article...

coalitions to avoid or deal with conflict with influential groups. One of these is his popular, some would say populist, anti-corruption campaign; another is his announcement in 2002 of free universal primary education (despite the fact that this was not in his manifesto); a third may be an emerging revision of the privatisation orthodoxy of the 1990s concerning Zesco (electricity supply), Zanaco (the state commercial bank) and Zamtel (telecoms); and the inability to address the structural problems of public expenditure. The continuing slow progress with the Public Sector Reform Programme may also reflect the same fact --- that in effect, the President is poorly placed to undertake any measures that combine short-term pain to key constituencies with uncertain long-term benefits. One of Zambia's paradoxes is the current political weakness of the President at the same time as there is a widespread perception that the Constitution (especially as amended during President Chiluba's second term) accords excessive power to the executive, without sufficient checks and balances.

3.3 Other factors.

Four other factors have emerged over the past two decades that both affect and are affected by the political development of the state, and that bear on development prospects:

First, the decline in performance of the civil service has emerged over years as an increasingly significant political factor. Weak capacity means that even where there may be political support from the elite and where resources are available, it is difficult to pursue a coherent agenda (such as is set out in the PRSP) and to provide quality services to the bulk of the population. Capacity limitations are everywhere evident, especially in some of the more isolated rural areas in which government has virtually ceased to exist, but where there is extensive poverty.

Second, a historically strong urban bias has been offset in recent years by a slowdown and possibly a reversal of rural-to-urban migration, reflecting drastic falls in urban incomes, which have led, in turn, to falling urban-to-rural remittances. The isolation of the rural population has increased, with the destruction and limited re-creation of private rural trading networks, the disappearance of the cooperative movement, and the limited abilities of local government. To a very modest extent this is offset by the electoral cycle, which, every five years, has led to momentary but unsustainable attention to rural voters. The growth of NGOs with a rural focus is also a source of some hope for the future, but their extent and coverage remain partial.

Third, the contraction of the middle class is striking and has adverse long-term political as well as poverty effects. Although the MMD came to power as a party with strong backing from the then emerging middle class, the last ten years or so have seen enormous economic pressure applied to that class which is widely believed to have shrunk. Many professionals, especially civil servants, doctors in public service, nurses, lecturers and teachers, have seen their incomes decline to the point where they are unable to feed and clothe their families adequately, and are unable to maintain their status as members of the

middle class. For example, a primary school teacher's take-home pay is barely K237,000 per month (some US \$47) which falls far below the K339,000 (\$67) minimum basic food basket for an average urban family household in Zambia¹⁸. This has left a wide gulf between the mass of the population and the elite, from which political leadership is largely drawn, comprising a very small number of people who, largely because of previous access to state resources, have been able to consolidate sufficiently to engage in politics and in some cases in business. The position of many members of this elite group is itself precarious, however, as they are vulnerable to changes in the balance of political power, to the vagaries of the economy, to non-payment by government for supplies and services rendered, and crippling interest rates.

Arguably citizens thus impoverished are less able to live as empowered tax-paying citizens able and willing to apply pressure for improved governance. The widely-perceived crisis of leadership may be a product of the shrinking middle class, and reflects an emerging division of Zambian society between an elite who have (largely through earlier access to public office) been able to consolidate assets and influence, and the vast majority, whether urban or rural, living below \$1 per day.

And fourth, both the 1996 and 2001 elections have seen extensive use of state resources to fund the ruling party, further undermining both the integrity of public financial management and the legitimacy of the subsequent government. Yet given the absence of many alternative sources of campaign finance, it is hard to see an end to such practices. The private sector is to some extent such a source, but it is relatively small and, as the experience of other countries shows, the need to repay favours can become an important source of abuse and corruption. While all paths have pros and cons, it may be that the lesser evil would be to establish a transparent system of state funding of parties.

3.4 Relevance to poverty reduction.

The characteristics of the state over this period have had a substantial and continuing impact on the prospects for poverty reduction goals and the ability to make progress in terms of the four strategies set out in section II: growth, empowerment, access to markets, services and assets, and security.

In respect of economic performance, during the earlier period of Kaunda's rule, Zambia showed many of the characteristics of a 'staple trap' economy in which substantial natural resources (notably minerals) are associated with poor economic growth, stagnating or declining incomes, and lack of economic diversification. The reasons for the trap may be both economic and political. Economic explanations largely centre on the 'Dutch disease' problem in which substantial foreign exchange inflows to the primary resource sector drive up the currency to levels at which other sectors cannot develop without protection; if protection is provided and sustained, it leads to systematically inefficient allocation of resources. The political explanations centre on the development

¹⁸ Source: JCTR Bulletin, January 2003.

of a political elite more oriented (by comparison with some resource-poor countries) towards the control and allocation of the surplus than towards the creation and maintenance of an environment conducive to economic growth, diversification and the efficient use of limited resources¹⁹. Investment rates, and the efficiency of the use of capital, have both been affected.

A second set of effects has been on empowerment ---- the ability of the broad mass of the population to influence, or be served by, the operation of key public institutions. Here the picture is complex. The advent of multi-party democracy, and the growth of an independent media and of civil society, have created the possibility of more accountable institutions, and to some extent this is happening in reality. Yet the factionalism and trade-offs that have characterised the past decade have created a set of incentives facing the elite that have led, especially in recent years, to short-term perspectives on key decisions, and to decisions in the interests of small groups – at the most extreme to individual personal enrichment. In such a ‘negotiable’ system, important parts of the population, notably rural people and the urban unemployed or underemployed, remain marginalised except for short periods around elections.

The effects on access to markets, services and assets, and on safety nets, are multiple and complex. In respect of markets, the encouragement of market forces that was central to the reforms that began during the first term of President Chiluba has not succeeded in creating a comprehensive and well-functioning market system (see section IV, below). In many respects, notably in rural areas, markets (whether financial, labour, land or output markets) remain strikingly weak. Yet some progress can also be seen. Examples include that: farming requisites can now be bought from private suppliers in the better-connected areas of the country, provided that the purchaser has the finance; and market forces in the face of declining public education services have led to the proliferation of private schools, although of variable quality. The social services and safety nets, which were a feature of the relatively resource-abundant period under President Kaunda, built a degree of social cohesion, but could not be sustained. Their weakening has contributed to falling living standards and insecurity. Yet the growth of both private and community education schools is a testament to the ability of people to develop alternative solutions despite severe constraints, and several interviewees commented to the team on what they perceive to be a growth of entrepreneurial spirit in Zambia.

3.5 Concluding comments.

One of the paradoxes which afflicts Zambia’s prospects for economic reform and recovery is that the state is patrimonial, yet key reforms including liberalisation and privatisation threaten the patrimonial power of the state --- at least in the long run. In the short run, the way some of these reforms have been implemented have served to reinforce patrimonialism and give it new avenues and opportunities, through for instance the sale of state assets. The reforms that have made least progress are those that most threaten the

¹⁹ Zambia is regarded as a classic case of the ‘staple trap’ model. See ‘Political Economy of Resource-Abundant States,’ By R.M.Auty and Alan H.Gelb. Chapter 8 of ‘Resource Abundance and Economic Development,’ ed. R.M.Auty, Oxford University Press. 2001.

ability of the elite to maintain patron:client relationships. For example, the privatisation of the mines during the second Chiluba term was severely delayed. Ultimately, government was compelled to give way on privatisation --- but the prevarications and delays (that were also associated with partisan lobbying by groups backing different bidders) led to Zambia's missing windows of opportunity with apparently disastrous consequences. Over recent years, the slow progress on civil service reform has been another example.

While such political restraints on reforms can be identified, they are exacerbated by the lack of general expectation that future reforms will work. The reputation of key actors (government, the World Bank and IMF) that either take or strongly influence economic decisions is low among many people in Zambia. There is room for debate (which this paper does not seek to enter) on key policy areas: whether economic decline in Zambia was caused by, or simply not reversed by, Structural Adjustment; whether privatisation saved jobs in firms that would otherwise have wholly gone under²⁰; and whether liberalisation was carried out unduly rapidly, unnecessarily exacerbating the decline in the formal sector. But what appears undeniable is that after many years of reform there is a low public confidence in an economic strategy that is based on the certainty of further pain in the interests of an unpredictable longer-term recovery.

The existence of patrimonial politics creates real dilemmas for those who would bring about change. On the positive side, Zambia's success in maintaining relative peace and stability over 40 years is in part due to patron:client relationships having provided some of the glue that has held the society together --- rare in the region -- only Botswana and perhaps Tanzania in the whole of southern and eastern Africa can make the same case; it has also been able to accommodate the shift to multi-party democracy; substantial economic reforms were undertaken during the 1990s; and there is currently a vigorous anti-corruption campaign. The negative aspects, which can all be linked to the nature of the state, are very clear, however: economic performance has been dismal; theft of public resources is widespread and has so far gone unpunished; aid dependency has persisted; the erosion of civil service capacity; and some parts of the reform agenda are being weakly addressed.

Paradigms other than the patrimonial one exist for how states can operate, notably one based on a separation of powers, a professional bureaucracy that is autonomous within defined rules, a clearly-defined public sphere, market forces determining most allocative decisions, and the role of the state being defined in terms of the provision of public goods and safety nets. It is, however, an act of faith for which little evidence is available one way or the other to suggest (a) that such a paradigm (that does not have deep roots in

²⁰ A range of attitudes towards privatisation appears to exist among the public. Sceptics or those who are hostile are influenced by the poor record of some (and perhaps many) privatised enterprises, especially in the realm of employment. There are also concerns about the risk to continuation of what are perceived to be strategic services, such as electricity generation, telecoms, and rural banking. Those favouring privatisation point to persisting inefficiencies, the budgetary cost, and the role of the state-owned enterprises in serving as instruments of patronage and corruption. The latter point is currently (January 2003) being aired in the press as allegations are made before the Supreme Court of the role of Zanaco in channelling K 22 bn to the MMD for the 2001 election.

African politics) can be sustained in Zambia and that it can maintain political and social cohesion, and (b) that a transition from present circumstances can be made in an orderly way.

Looking to the future, an extremely difficult dilemma therefore faces the international community. If donors act (for instance through drastically reducing aid) in such a way that the bonds between state and citizen are further weakened (and inter alia the patrimonial state is dismantled with no alternative being put in place), will the state disintegrate as has occurred elsewhere?

IV Drivers of pro-poor change: the social, political and economic environment

The following two sections review a set of factors that affect political, economic and social change in Zambia, and that offer some scope for interventions to strengthen the probabilities of pro-poor outcomes. The present section focuses on structural and institutional factors that constitute the wider context for pro-poor change. Section V deals with organisations and individuals – the actual or potential agents of change, or champions for change. In each case, we have sought to identify the role played in pro-poor change, strengths and weaknesses, and section VI draws together a set of ideas on ways by which pro-poor impact may be enhanced.

The limitations of sections IV and V must be recognised. In view of the short period in which the study was undertaken, the intention has been to give a broad overview of the issues arising rather than to investigate any aspect in detail. The discussion focuses on the implications for pro-poor change only, and in particular on governance and institutional factors, and does not seek to provide a comprehensive review of the issues arising.

In the present section, the factors discussed are not necessarily exhaustive, but they are those which the team and interviewees identified as being influential in Zambia. Those covered are: markets for labour, produce and services; falling living standards; ethnicity, race and class; education and health; rural-urban dynamics; and cultural factors.

4.1 Markets

The reduction of poverty requires an increase in production and productivity on the part of Zambia's people, who need to be more closely linked to markets and the formal economy. Unfortunately, the underdeveloped state of the markets for labour, finance, services, and produce is a major cause of poverty. Some of the main characteristics of markets in Zambia are that: the bulk of the adult population in both rural and urban areas is employed in the informal sector; many people live in remote rural areas and are largely excluded from the cash economy; in urban areas informal employment is limited to sectors such as transport and petty trading; and the survival of many poor people in both urban and rural areas is only possible through income derived from a multitude of minuscule and almost invisible transactions. Systemic weaknesses in markets reflect problems with the wider enabling environment (for instance policy discontinuities (e.g. on the state's role in fertiliser supplies), and the extent of government's domestic borrowing that drives up the cost of credit), with the persistence of multiple market failures (for instance infrastructure, and regulatory problems), with exclusion (notably the weakness of links between rural and urban markets), and with weak market linkages

(notably the ways in which financial market weaknesses exacerbate problems with labour and land markets)²¹.

The weakness of market linkages shows itself across urban and rural, and formal and informal dimensions. The links to the market of many poor people in Zambia have been weakened over the last thirty years. Rural trading networks run by local and multinational trading companies, and in some areas by Asian traders, were dismantled and/or nationalised in the late 1960s and early 1970s. These had sold goods and bought produce in remote areas, but were replaced by less effective parastatal trading networks which did not buy produce, and supplied goods erratically. Produce buying was taken over by, or remained in the hands of, state monopolies such as NAMBOARD and the Cold Storage Board, and the Co-operative Unions, which were inefficient, politicised, and state-subsidised. All of these collapsed in the late 1980s and early 1990s as a result of their own incompetence, the inability of the state to continue to subsidise them, and pressure for liberalisation. The ability of the private sector to reconstruct rural trading networks and produce-buying mechanisms has been hampered by high interest rates and by the unpredictability of the state which has continued to intervene periodically in such areas as grain-buying and fertiliser provision. Despite the continuing weaknesses, some progress has, however, been made.

For example, in respect of **agricultural and rural markets there** are some recent apparently successful attempts to re-commercialise some sectors. Within the last few years, for instance, Zambeef has begun buying large quantities of cattle in the Western Province for slaughter at its Mongu abattoir. Although ownership of cattle in the Western Province is highly skewed, this must have put considerable quantities of cash into the hands of some people. At the same time the flow of beef from small producers in the Western Province to the Line of Rail has lowered the price offered for beef from commercial farmers, and may have helped to stabilise prices in urban shops. At the same time the establishment of branches of the South African chain store, Shoprite, in provincial centres such as Mongu has provided competition for local traders.

The improvement of living standards for some people in rural areas in the second half of the 1990s is apparently linked to the liberalisation of maize marketing and to the growth and sale in suitable areas of crops with comparative advantage such as cotton, tobacco and beans. The vibrancy and dynamism of some urban markets, such as the City Market in Lusaka, which plays an important role in supplying food and other commodities to well over a million people, suggests that commercialism has taken root in a section of the Zambian population. Complaints that Zambia has become a nation of traders overlook the necessary links between trade and production and the creative part played by traders in the economy. There is some evidence for the increasing formalisation of this kind of trade, though it does not appear to have been brought within the purview of the revenue authorities.

²¹ An agenda for strengthening markets in Zambia would be informed by DFID's paper 'Making Markets Work for the Poor,' Private Sector Policy Department and Economic Policy Research Department, November 2000.

The labour market. At present less than 10% of the adult population is in formal sector employment. It is more likely that employment in this sector will continue to decline than that it will increase. The previously protected and uncompetitive manufacturing sector has been almost wiped out as a result of liberalisation, and the rapid removal of tariff barriers, in the early 1990s. As a result of the falling price of copper on the world market, and of falling production, formal sector mining now employs less than half the number of people that it did in 1991, and its contribution to national income has fallen by two thirds. Nearly half of formal sector employment is now in government service. Furthermore, progress with the reform of the civil service will result in further redundancies.

The only significant increase in formal sector employment and production in recent years has been in commercial agriculture through the development of export markets for vegetables and flowers. The PRSP expresses high hopes for the development of new commercial farming blocks and for out-grower schemes linked to agribusiness. Wages in this sector are, however, low – averaging around about \$1 a day. The further development of tourism, which has expanded significantly in recent years, is also seen as a way of creating employment and stronger links with the world economy. The development of new mines on the Copperbelt and in North-Western Province is dependent on a sustained increase in the world price of copper. The informal mining of emeralds and other gemstones on the Copperbelt, and in the Central and Western Provinces, is reputed to employ large numbers of people, and to produce invisible exports of great value, but this sector is largely unsupervised by the state and makes a minimal contribution to revenue or to formal sector employment. The formalisation of this sector could increase the revenues of the state, but this would require political intervention that appears to run counter to significant interests.

Finance markets. For poor people in Zambia, the ability to mobilise financial assets and the availability of credit are widely perceived to be crucial to formal and informal trade and production in both rural and urban areas, but the constraints are severe. The record of government-sponsored credit schemes has been generally poor, and micro-finance schemes run by NGOs are reaching some people, but the demand still appears to be greater than the supply. Repayment rates for micro-finance schemes vary widely, as do their prospects of sustainability; one observer has suggested that the availability of donor finance has encouraged micro-finance institutions to press more energetically for market share than for loan recovery.

High interest rates (in nominal terms almost 60% per annum, and in real terms of the order of 30%, for formal sector borrowers), competition between the government and the private sector for scarce funds, the government's large and growing internal debt, and the preference of the banks for the relative safety of treasury bills, combine to make the availability of credit a major issue at all levels. Current problems are exacerbated by a hangover from a history of non-repayment of loans that began under UNIP, when loans were openly viewed as disguised grants exchanged for political support, with repayment never seriously envisaged. Interest rate spreads are currently very wide, with negative real interest rates on bank deposits discouraging savings. The viability of many businesses, and their ability to retain and to pay their employees, is also affected by the

cash budgeting system: 'The ad hoc expenditure management of government, operated through a cash budgeting system in which releases are controlled by a small unaccountable [Ministry of Finance] committee, subject to political pressures, fails to release funds in a predictable manner, leading to failure to pay contractors and suppliers...'²²

The way forward in respect of financial markets for poverty reduction has to combine addressing the macro-economic causes of high interest rates (in good measure centring on the fiscal deficit) and extending services for poor people, based on examples of good practice that are available in Zambia. Reforms directed at stimulating higher rates of domestic savings, foreign investment and sustaining the flow of donor funds may also help to break this logjam. They are all dependent, however, on the articulation of a clear and consistent economic strategy, and on greater accountability in government.

4.2 Levels of Living

Zambia has high levels of human deprivation that have worsened since the 1970s. Life expectancy at birth has dropped and most measures of mortality remain among the highest in sub-Saharan Africa. According to the national Human Development Report (Zambia, 1998), over 69 per cent of the population fell below the poverty line in 1996, rising to 87 percent in 1998 (World Bank, 2002, 2003)²³. A principal reason for the fall is the decline in GDP per capita, from US\$702 in 1972-76 (average of period, in 1995 constant dollars) to \$396 in 1997-2001²⁴. Income distribution is also extremely skewed: five percent of Zambians receive almost half the national income, and the Gini coefficient is estimated at 0.526²⁵. The external debt is almost 200 percent of annual GNP and, out of concern that the government has performed poorly on meeting governance conditionalities, donors have cut or delayed disbursement of funds in recent years, further worsening the country's economic prospects.

Looking to the future, the prospects for economic growth are bleak, despite progress in privatisation and budget reform. The mining sector, which formerly accounted for over 90% of Zambia's merchandise exports (now down to 55%) is still struggling to cope with declining production rates and low copper prices. More optimistically, commercial agriculture and tourism show signs of recovery.

The effects of falling living standards on this scale on the prospects for pro-poor change are multiple and almost all negative.

- Growth is affected as falling effective demand from domestic consumers, industry and government (via reduced tax revenues) contributes through linkages to

²² Source: 'The impact of cash budgets on poverty reduction in Zambia: a case study of conflict between well-intentioned macro-economic policy and service delivery to the poor,' Hinh Dinh et al, World Bank Policy Research Working Paper 2914, 2002.

²³ The PRSP gives a figure of 73%. While there are apparent data discrepancies, all agree on the central fact that the majority of the people are very poor, and in some cases destitute.

²⁴ Source: calculated from World Development Indicators. GDP per capita is said to have fallen to some \$300 in 2002.

²⁵ For 1997-2001. Source: World Development Indicators.

depressing services and industry. With the closure of some mines and manufacturing companies in the Copperbelt, many other businesses have either performed poorly or have been forced to close down. A number of new investments (including South African retailers) that did not understand the market implications of economic decline in Zambia have been forced to close down as they discovered that there was no effective demand for their products due to low incomes.

Supply-side capacities also fall as the poor living standards have forced a number of qualified professionals to leave the country to seek better opportunities in other countries, especially Botswana and South Africa. This brain drain has serious implications for resolving Zambia's development problems: the University of Zambia, for example, lost more than 300 lecturers between 1992 and 1999.

- Social and political empowerment and the quality of institutions are also harmed. Two effects may be noted. First, among the effects of falling living standards are that they may make the poor more focused on short term horizons and more receptive to particularist 'rewards' in exchange for their political support, rather than thinking longer-term and in more programmatic terms. An anecdotal illustration is the claim that some members of the eligible electorate have expected to be paid for undergoing the rather laborious process needed to get their name on the electoral register, and have declined to do so otherwise. Second, the take-home pay of public workers is so low that it has seriously affected morale and productivity, strengthening incentives for rent-seeking behaviour and graft.
- The access of the poor majority of the population to assets, markets and services is adversely affected as they are less able to purchase privately-provided services, and the quality of state-funded services falls. This may especially affect rural areas which typically involve higher unit costs in service provision.
- And finally, individual security is affected as assets are run down to meet consumption needs, and the publicly-provided safety nets which used to form part of the ultimately unaffordable welfare state decayed or disappeared.

While positive aspects may be hard to find, falling living standards have presented incentives and even opportunities for people to find alternative means of survival, and in the view of some have spurred the growth of an entrepreneurial culture that may have created new energies to be harnessed for future growth. Many Zambians have been compelled to seek out multiple means of supplementing their salaries. A teacher or civil servant may have a small grocery, market stall, or a butchery, run a taxi, a tavern/bottle-store, engage in small-scale farming, be a supplier of stationery, foodstuffs and other goods. Teachers also making a living through providing private tuition, given that they face huge classes which make effective teaching and learning difficult. Teachers also moonlight in the many private schools which are now being set up.

4.3 Race, ethnicity and class

Race has not been a major issue in Zambia since independence. The white settler community, a remnant from the colonial era, is small, but important in the business and commercial farming sectors. At least two of its members served in the Cabinet during the first MMD administration between 1991 and 1996. It has played an important part in the maintenance of business pressure groups such as the Zambia National Farmers' Union (ZNFU) and Zambia Association of Chambers of Commerce and Industry (ZACCI). The ZNFU has tried to broaden its base through the promotion of Farmers Associations, and ZACCI includes indigenous Zambian groups among its members, but the organizations are both seen as containing strong representation from ethnic minorities. In the view of some, this may have weakened their effectiveness as lobby groups. Some Zambian businessmen resent the apparent dominance of these organizations by expatriates or non-indigenous Zambians, but there is general acceptance of their role.

There are nevertheless sensitivities that need to be taken into account in policy for future recovery. References in the PRSP to the opening of new commercial farming blocks do not acknowledge the possible political implications of these developments. Domination of such developments by outsiders, including white farmers from Zimbabwe and South Africa, would be politically unacceptable to many people.

The Asian community is important in commerce and in the now reduced manufacturing sector. A number of Asians have been prominent in politics since 1991. One of them, Dipak Patel, served for two years in the first MMD administration and was elected as an independent MP for Lusaka Central in 1996 and as an FDD MP in 2001. He has been a prominent and effective critic of corruption and financial mismanagement. He has recently rejoined the government as Minister of Commerce and Industry. Asian traders were largely excluded from rural trade in the late 1960s, but are still important in the main urban and provincial centres. Asian traders in Livingstone were the victims of arson and violence in 1995. This was probably the only recent example of a serious racial incident in the country.

African 'aliens' are frequently blamed for crime, and an amendment to the constitution in 1996 excluded not only President Kaunda, but also hundreds of thousands of other Zambians of 'foreign' ancestry, from running for high office.

Ethnicity is clearly an important factor in Zambian politics, but the country has been blessed by its largely mythical '73 Tribes', and the more real nine language clusters. Bemba-speakers may be dominant in three of the nine provinces, and Nyanja-speakers may be dominant in two, but languages, and, especially, *lingua francas* such as Bemba and Nyanja, Tonga and Lozi, are not to be confused with ethnicity. In the final analysis provincial identities, and regionalism, are almost certainly more important than ethnicity and language. Zambia's multiplicity of ethnic groups and languages has been beneficial in so far as it makes for ethnic fluidity and tolerance, and compels ethnic alliances. During his long period in office President Kaunda discouraged ethnic discourse, but also

developed a system of governance which included 'tribal balancing' as one of its cardinal principles.

While political parties in Zambia tend to be identified by the perceived ethnicity of their leaders, no party can hope to gain power without presenting itself as national, and running candidates in most districts. The disputed results of the 2001 election created a situation where, for the first time since 1964, the party in government was unable to draw on support from the majority of the provinces. The bulk of the MMD's electoral support comes from three provinces, Northern, Luapula, and the Copperbelt. These are areas where the Bemba language is the *lingua franca*. There is a danger that the dominance of government by people from a minority of provinces may lead to ethnic and regional polarization. President Mwanawasa, who comes from Lusaka Province, but leads a government which is perceived as dominated by people from the north, has recently been quoted as making remarks with a distinctly 'tribalist' flavour. Most Zambians regard such remarks as in poor taste and would welcome a coalition which was more representative of the country as a whole. From the perspective of poverty, ethnicity and regionalism are largely neutral. Although two provinces, Western and Northern, appear to be marginally poorer than the others, because of their remoteness and poor soils, poverty is evenly distributed, and the poverty gap between urban and rural areas is clearly diminishing.

Some commentators have pointed to the absence of class-based political organisations in Zambia, and have suggested that class-based parties might be 'pro-poor' and provide an alternative to patronage and clientelism. The problem with this suggestion is that class-based political parties would be as incapable of winning power in Zambia as ethnically based parties. Classes are insufficiently developed to provide a basis for political action on a national scale. The industrial working class was always small as a proportion of the total population and has been in decline recently as a result of the reduction of formal employment on the mines and elsewhere.

The decline of economically based pressure groups, such as trade unions, has coincided with the rise of civic associations without clear links to the economy. It would be a mistake to imagine that a party with its roots in the working class would, in a context where formal sector employment is seen as a privilege, be 'pro-poor' in the widest sense. The unions in Zambia have tended to fight to preserve the relative privileges of their members, and have had different interests from the mass of the urban and rural poor. Opposition from the admittedly weakened trade union movement is a factor in governmental resistance to privatisation and to the reform of the civil service. It is not a coincidence that the MMD, which was seen at its inception as a party of business and of the market, also had the support of the trade union movement and drew its leader from it. There seems also to be little basis for the establishment of class-based parties in rural areas. An attempt to form a farmers' party, the Lima Party, was short-lived.

Looking to the future, several features of Zambia's ethnicity-class-race circumstances are likely to affect the prospects for pro-poor growth. It is unlikely that class-based politics will emerge. Political leaders will probably continue to be drawn from the same small

group, with some recruits from business, the NGOs and the intelligentsia. It should not be difficult to persuade most members of this group, and of the depleted middle class, that economic growth which increases the incomes of the poor will also be of benefit to them, and that they will be threatened by an immiserated mass. Commercial farmers, traders, manufacturers, and professionals, all have an interest in the enlargement of the market, the extension of the formal sector, and the widening of the tax base. This logic may, however, be undermined by pressures that make short-termism a rational response -- take what you can while its there and you have the opportunity, for those conditions might not last.

4.4 Education

Measured by adult literacy rates, Zambia has made progress since the early 1970s, with a progressive improvement over each five-year period, from 51.8% literate in 1972-76 to 78.2% in 1997-2001²⁶, and with some closing of gender disparities (which nevertheless continue significant, with 70.2% of women literate in 1997-2001, compared with 84.6% of men). However, like other countries in sub-Saharan Africa, Zambia has, since the mid-1970s experienced a chronic crisis in its education system, and in particular in public education. The source of the crisis has been reduced funding levels in the midst of population growth and increased demand for education²⁷. There has been a reduction in real expenditure, a deterioration in the quality of the teaching and learning environment, a decline in opportunities for education among low-income groups and rural children, and an increasing lack of faith in the value of public education by parents and children.

The government's initial response to this crisis was to require parents and other beneficiaries to share the costs of education. From the mid-1980s, cost sharing measures such as tuition fees and boarding fees were introduced. Studies have shown that primary schools meet many of their operational costs with funds derived from these sources (Lungwanga, 1999: 86). Capital development and the supply of educational materials now depend to a large extent on donor support supplemented by the labour and financial contribution of local communities.

Government also encouraged, among others, the establishment and ownership of educational institutions by other agencies: communities, NGOs, churches, private companies and individuals. The increase in the number of private schools in Zambia, especially in urban areas came as a response to liberalisation, the declining quality of education, and to diminishing places at Grades 1 and 8 in government schools. Just over 10 per cent of all Grade seven pupils who sat for examinations in 2002 were selected to Grade 8.

²⁶ Literacy of those aged 15 years and above. Source: World Development Indicators 2001.

²⁷ Per capita non-salary expenditure at the primary level is as low as US\$0.10. In recent years the government has not budgeted for textbooks and other materials for primary schools. Where textbooks have been provided the funds have come from donor sources.

The resulting demand, and extreme scarcity of secondary school places, has encouraged entrepreneurs to invest in the education sector. However, the scale is still limited: one study revealed that the proportion of private primary and secondary schools was only 5% of the total number of schools in the country. The standard of education provided in private schools varies enormously.

There is still a wide perception among the Zambian people that education is a right and should be free. In reaction to this general perception, President Chiluba ended the compulsory wearing of school uniforms in rural schools and exclusion of children who failed to pay PTA or school levies. In 2002, President Mwanawasa announced a policy of free education from Grade one to seven. This policy was announced with little preparation and resulted in chaotic implementation. K1 million (US \$200) was to be disbursed to each primary school in Zambia monthly; however, the sums were not only inadequate but were often not released on time and did not go into the purchase of critical resources needed for effective teaching and learning. One year on, many Zambians still feel that the Zambian educational system is not free. Given the low quality of education in government schools, many Zambians able to do so now prefer to take their children into private schools.

Education is an important tool for several of the pro-poor strategies set out above. Perhaps in the long term the most important issue is the relationship between education and political and social empowerment. A well-educated citizenry is more able to participate effectively in the political and development process, to make informed decisions and choices, and to hold government to account effectively.²⁸ Education, through its role in building human capital, is also central to the prospects for economic diversification and sustained growth, while those who have had an education are most likely to utilize available opportunities created by the market and liberalization to improve their well-being. Conversely, the less educated are more likely to be fatalistic and to remain in poverty.

4.5 Health

The links between poverty and health are clearly circular. Poverty leads to ill-health and ill-health leads to poverty. Almost all sources suggest that there has been a steady decline in the health of Zambia's population, and in the quality and availability of health services since the late 1980s. The expectation of life has fallen from over 50 (perhaps as high as 54) in the late 1980s to 43 in 1998²⁹, and probably lower today. The beginning of the decline in the expectation of life in the late 1980s coincided with the onset of the

²⁸ This is an international finding. See, for instance, a classic of political science from the 1960s 'The Civic Culture: Political Attitudes and Democracy in Five Nations,' by Gabriel A. Almond and Sidney Verba. Sage 1989. They found in the countries studied (the US, Britain, Germany, Mexico and Italy) that education levels were critical to what they termed the 'competent citizen', an idea close to what might now be termed an 'empowered citizen.'

²⁹ Source: World Development Indicators 200, table 2.18, drawing on the UN Statistics Division and Unicef; the Zambia Census 2000 suggests a mortality rate of 50, and UNAIDS (based on modelling) 41. This disparity needs attention.

HIV/AIDS pandemic. It also coincided with the introduction - between 1989 and 1994 - of user fees for health services as part of the Structural Adjustment Programmes. This resulted in a decline in attendance at all health facilities. Of particular relevance to the spread of HIV/AIDS was the reported decline in attendance at STD clinics. The adult HIV prevalence figure is given as 21.5% in 2001. This suggests that there are some 1,000,000 adults living with HIV/AIDS in Zambia. The number of people who died of AIDS in 2001 was estimated at 120,000. There were also estimated to be 570,000 orphans under the age of 15. The proportion of people living with HIV was in 1998 twice as high in urban as in rural areas. (UNAIDS, 2002). The population growth rate has fallen from over 3% to about 2% per annum. This is due both to the higher death rate and to the declining fertility rate, though the latter has not declined as dramatically as in some neighbouring states such as Zimbabwe and South Africa. The infant mortality rate for 1995-2000 was 94 and the under-5 mortality rate was 149. Rates of malnutrition and stunting in children have also increased.

Although HIV/AIDS is the major contributor to the reduction in the expectation of life, there are also other factors at work. These include the development of drug-resistant strains of malaria and TB, as well as the increased incidence of malnutrition resulting from poverty and, in some years and places, drought. Arguably the high incidences of HIV/AIDS, malaria, and TB, are all consequences of poverty. The education and economic empowerment of women and girls are both seen as among the most effective means of reducing or delaying the spread of HIV infection, to which females are more susceptible than males. The spread of malaria can be controlled by drainage and spraying, but the weakness and impoverishment of local government, and the breakdown of services, has contributed to the increased incidence of malaria in urban areas such as Lusaka and the Copperbelt. TB is now commonly associated with HIV/AIDS, but has always been seen as an indicator of poverty and poor housing. The apparently universal non-availability of even cheap drugs at government health facilities is clearly contributing to a worsening health environment.

The political, social and economic consequences of the deterioration of standards of health, and of life expectancy, are numerous and complex. While prophecies of total political and social breakdown may be exaggerated, the premature loss of many educated men and women, of civil servants, teachers, professionals, entrepreneurs and potential leaders, has a similar impact on the life of the country to that of involvement in a major and lengthy war. The higher incidence of HIV/AIDS in urban areas suggests that the formal sector and the public sector are being especially heavily affected; indeed there may be a link between HIV/AIDS and poor governance in that HIV-infected individuals or those with sufferers in their families may face particular incentives towards rent-seeking, for instance in order to be able to afford life-prolonging treatment; they may also have a policy orientation towards relatively expensive curative services rather than the preventive measures that might have more impact on the poor. In some respects, therefore, HIV/AIDS may be reinforcing elitist aspects of the patrimonial system.

It has recently been forcefully argued that HIV/AIDS, and its disproportionate impact on women, who carry the greater part of the burden of cultivation, has acted to compound

the problem of periodic famine in the Southern African region as a whole. It is argued³⁰ that the impact of famine has been enhanced as a result of the high incidence of death and illness among women, the inability of infected adults to resist hunger, and the failure of traditional coping strategies). The loss of essential labour power affects the ability of families to support themselves through labour-intensive methods of agriculture. Increasing numbers of children without parents, and of elderly parents without children, place a strain on extended family networks, which have always been the primary safety net in a country without effective social insurance, or adequate pension provision. This increases the need for state provision for vulnerable people who do not have the ability to engage in self-sustaining economic activity. The ability of the state to organize and to fund such provision is clearly open to question.

It would be wrong to suggest that any real benefit can flow from a health disaster such as HIV/AIDS. There is, however, no doubt that it has stimulated a great deal of research, as well as debate and discussion at all levels of society on issues such as sex, gender, women's rights, education and empowerment, as well as the role of the churches and of traditional healers. It has attracted large flows of donor funds and has stimulated the formation of a host of community-based associations, many of them involving women and girls, and provides opportunities for intensified public education.

4.6 The urban/rural dynamic

The discussion of rural-urban relations in Zambia dates back for over seventy years to the establishment of the Copperbelt mining complex in the early 1930s. The colonial government feared that the rural areas would be further impoverished by wholesale emigration to towns and that urban unemployment would be politically dangerous. It sought to delay urbanization and to prolong oscillating labour migration. By the end of the colonial period there was, however, a substantial and partially stable urban population. This increased very rapidly in the first decade after independence and had reached 40% of the total population by the mid 1970s. The proportion of the population in town was then expected to rise to 50-60%, but has in fact remained more or less stable at 40% throughout the 1980s and 1990s. The movement of people to towns stalled as a result of the onset of depression, falling copper prices, and rising oil prices.

There had been concern from the late 1960s onwards at the apparently widening gulf between urban and rural incomes. With the problems of the mining sector, and the introduction of Structural Adjustment Programmes from the late 1980s, this trend was stopped and reversed. The withdrawal of mealie meal subsidies, and the decline of formal employment in the wake of liberalization and privatisation, have resulted in an increase in the proportion of poor people living in towns. While the poorest provinces continue to be rural, the largest concentration of poor people now lives in the Copperbelt Province. The narrowing gap between urban and rural incomes has not only slowed the flow of people

³⁰ By de Waal.

from the country to the town, but has also resulted in a drop in the flow of remittances from urban to rural areas.

While the preliminary results of the 2000 Census suggest a small decline in the proportion of people living in town, the absolute numbers of urban dwellers continued to rise in line with the growth of the population as a whole, affected, however, by the higher incidence of HIV/AIDS in urban areas. Statistics for the later 1990s suggest that HIV infection rates were twice as high in urban as in rural areas. At the same time the flow of people from rural to urban areas has slowed down as a result of deteriorating economic conditions in town and a levelling down of urban incomes.

Complexities of movements. Population movements are highly complex, and only partially understood. For many people 'going back to the land' has not involved a return to a distant ancestral village, but an attempt to generate agricultural incomes while continuing to retain an urban base and, as far as possible, an urban life-style. There is for instance not much evidence for the movement of people from the Copperbelt to rural areas outside of the province. Rather, there has been some movement of people from the Copperbelt towns into peri-urban and rural areas within the Copperbelt Province, and there is more evidence for the movement of people from there to Lusaka and to provincial centres.

It is probable that more people are now engaged in 'rural to rural' migration than in either 'rural to urban' or 'urban to rural' migration. There is a tendency for people to move closer to main roads, services, and markets as well as to areas of good soil. This is, of course, necessary for the development of agriculture which is now seen as the main driver of economic growth. The PRSP places emphasis on the development of agriculture, on the opening of new blocks for commercial farming, and the encouragement of horticulture and floriculture by large-scale production, as well as by small-scale out-growers. All of these developments would require further 'rural to rural' migration. The PRSP also suggests that employment in urban areas may be increased through the employment of people in the packing and processing of agricultural produce.

Livelihoods and land. The need to move, and to diversify livelihoods, highlights the issue of land tenure, whether for farming or for housing. Oxfam has recently paid some attention to the serious problem of insecurity faced by squatters in forest reserves and mine land on the Copperbelt. Their studies shed light on the ways in which 'urbanised' people, retrenched from the mines, seek to make a living through market gardening, charcoal burning, fish-farming, and other activities on the edge of towns. They suggest that land tenure problems have created an artificial shortage of land in the area. The system of land allocation, often involving patronage rather than market forces, disadvantages the poorest people. Recent examples of this have included the sale of council houses to sitting tenants, and the sale of government-owned houses to incumbent civil servants, at nominal prices. The allocation of building plots in peri-urban areas has usually been by distribution to people with political access rather than through market forces. In view of the threat of further redundancies on the Copperbelt, there is clearly a need for continued support for squatters, for training projects, and for finding ways in

which the large numbers of artisans, who have been laid off by the mines, can find other ways of using their skills.

Conclusion. There is now less justification than before for talk of ‘urban bias’ in Zambia. There is, on the contrary, a need to combat prejudice against the towns and to see urbanized people, even when unemployed, as an economic asset, as people with higher than average levels of literacy, political awareness, and useful skills.

4.7 Cultural factors

In its discussions, the team found a number of interviewees who took the view that some cultural or attitudinal features of Zambia could affect, positively or negatively, the prospects for pro-poor change. Team members take the view that there are a number of problems with such approaches, not least that identifying and measuring cultural factors or attitudes is extremely problematic, and that such attitudes can and do change rapidly. Despite these reservations, two aspects may, however, be worth mentioning, principally because they are widely believed: willingness among Zambians to associate with others; and attitudes to traditional leadership.

Attitudes to associational life. A widely held view is that many Zambians are favourably disposed towards associating on a voluntary basis with others for the purpose of collective endeavour, and that they belong to a wide variety of organizations, both formal and informal – in urban as well as in rural areas. There are social and cultural organizations in rural areas to which many people belong which, in the context of poverty reduction, are important as they allow poor people to pool their resources, skills and assets to improve their livelihoods. It has been observed that rural people are used to associating with other, as part of the “economy of affection³¹.” The most common form of organization to which the majority of Zambians belong is the church. Several studies have shown that the majority (about 90%) of Zambians belong to Christian denominations; of these a quarter (24.6%) are Catholics (See Bratton, Alderfer and Simutanyi, 1996 and Erdmann and Simutanyi, 1999).

In addition, the growing number of community-based organisations and NGOs that undertake advocacy and/or service-providing functions, in part as an alternative to state-provided services, suggest that real needs are being unmet, and that collective action can go some way to making up these deficits. They are better placed, for instance, to distribute agricultural inputs and provide skills training to people located in far-flung areas where often the state does not reach. This is evidenced by the number of associations that seek registration with the Registrar of Societies and by the growth of CBOs in rural areas in a number of areas including HIV/AIDS, health and poverty reduction.

Associations of civil society provide an organizational framework of mobilizing the citizens to participate in both politics and development, and go some way to filling the

³¹ See Hyden (1983).

institutional vacuum, especially in rural areas, described in section II above. Some would argue that the evident value of these organisations is serving to strengthen an emerging culture of associational life in Zambia. On the other hand some may have come into existence in response to the availability of donor funds. The strengths and weaknesses of churches and CBOs/NGOs, and the extent to which they offer potential for pro-poor change, are discussed in section V below.

Deference towards leaders. A further widely-held view is that an understanding of the problems of governance in Zambia may partly be explained by a tradition of deference to elders and traditional rulers that has implications for the relationship between the rulers and the led. This deference, it is suggested, has been transferred to the modern political leadership. Leaders do not expect to be criticized by the people, and view criticism as an insult to the political leadership. Recently, President Mwanawasa complained that the Opposition has been insulting him, despite his being “father of the nation” (The Post, 5 February 2003). It is open to question whether authoritarianism and deference, if they exist, are the product of ‘tradition’ or of colonial rule and the more or less benevolent paternalism of President Kaunda. The deference and docility of the Zambian people is in any case commonly exaggerated. It seems to be forgotten that people in towns took to the streets with dramatic political consequences in 1986 and 1990.

4.8 Concluding note

This review of the context for pro-poor change is sobering. There are positive aspects --- the recovery of some markets, the possibility of payoffs from past reforms, and the relatively high literacy rates – but overall it is not conducive to pro-poor change. Multiple uncertainties, the physical and institutional isolation of many people, and growing poverty and ill-health, arguably combine to strengthen tendencies towards short-termism and the pursuit of narrow interests in public affairs.

V Agents of change

A wide range of actual or potential agents for pro-poor change in Zambia were identified and grouped for convenience³² into four categories:

- drivers from within: entrepreneurs and the private sector (with a focus on farming and tourism); the media; the policy research community; and professional associations;
- drivers from below: civil society organisations; churches; and trade unions;
- drivers from above: Parliament and reform-minded elements of political parties; traditional leaders; the civil service; the Electoral Commission; and the anti-Corruption Commission;
- drivers from outside: international agencies; expatriate Zambians; and regional actors.

5.1 Internal drivers

5.1.1 Entrepreneurs and the private sector

The private sector is understood as including a wide range of formal and informal enterprises, from the largest formal companies, through small and medium enterprises, to individual family farms and diverse livelihood-generating activities. Collectively the private sector plays multiple roles in pro-poor strategies, including that:

- the prospects for resumed economic growth clearly depend on the private sector's being able to mobilise resources of labour, capital, land and skills. The role of the formal private sector in bringing in foreign capital will in particular be crucial to growth, given extremely low domestic savings rates;
- private actors also have a potentially central role in pressuring government to provide key public goods that are necessary for the private sector to thrive --- including infrastructure, a supportive policy environment, equitable and efficient regulation, the control of animal disease, and so on.

The weak linkages (rural-urban, large-small and formal-informal) that characterise the Zambian economy have been noted. Some patterns of private sector development can go a long way to reducing these, including:

- outgrower schemes in commercial farming
- commercial farming providing the basis for infrastructure and service development that can then benefit local smallholders
- community conservation in wildlife and tourism development
- the re-introduction of cattle trading networks in isolated rural areas, perhaps (speculatively) later providing the basis for a re-growth of retail networks.

³² Following Schedler, Diamond and Plattner (1999). This categorisation is not watertight as there are important crossovers, for instance between CBOs, national NGOs and international NGOs. Nevertheless there are sufficient within-category commonalities (of location, accountability or function) to make the classification on balance worthwhile.

However, the private sector has long been in decline and is subject to a severe set of constraints which hinder the extent to which this potential is realised, many of them centring on the relationship with government (see Box).

Main issues faced by the private sector³³

- Macro-economic instability prevents the private sector from being able to plan ahead
- Inherent weakness of management in both the public and the private sectors
- Short-term outlook of donor projects
- Need for development of institutional framework for private sector participation in policy development. Private sector often left out of the equation, despite occupying a strategic position
- Lack of effective dialogue between the Government and private sector. Existing dialogue is characterised by suspicion and a perceived superior/subordinate relationship. Need for formally structured dialogue between public and private
- Corruption in government. Leads to unfair playing field for private sector
- Small domestic and regional markets
- Infrastructure constraints

The position of different parts of the private sector in Zambia varies considerably in the ways in which they can contribute to pro-poor strategies and the constraints to which they are subject. Some **larger scale enterprises**, for instance in agriculture and tourism (discussed below) are indeed showing signs of contributing to economic diversification and perhaps recovery. Some of these should be well placed individually and collectively to apply pressure for government to ensure that public goods are provided. Some trends, for instance the privatisation that has led to the creation of at least a few apparently strong private enterprises (for instance the purchase by Lafarge of the cement plant, and of the breweries by SAB), suggest there is growing scope for the formal private sector to play this role. However, the reality appears to fall well short of the potential. Several points may be noted:

- It is difficult to apply effective pressure from a position of financial weakness and, despite privatisation, much of the private sector remains small and fragile. The disappearance through bankruptcy in recent years of large parts of the long-established private sector³⁴, and the financial weakness of much that remains (in part due to late payments by government, to the cost of credit, and to declining purchasing power of consumers) has weakened the sector's lobbying power.
- Some of the formal private sector entities, for instance commercial farms, have been able to get access to required services privately, as an alternative to some of the state-provided services on which they used to rely (and on which smaller farmers have to continue to rely); they have therefore little interest in pressing for improved performance on the part of government
- Ownership of many enterprises is apparently concentrated in ethnic minority groups (discussed in section IV above), reducing their leverage on mainstream politics. Commercial farming is perceived still to be largely a preserve of white

³³ Source: ICC report (2002), pp. 14-15. Selected from among a longer list.

³⁴ Most multinational manufacturing firms that were in Zambia have closed their local operations down. Ndola for example, which had more than 45 large manufacturers is now almost a ghost town, with barely five manufacturing companies remaining.

farmers, a tendency that may be exacerbated if (as may occur) new farming blocks are largely developed by farmers from Zimbabwe and South Africa. The marginalisation of some parts of the private sector is underlined by press reports of February 8th 2003 of the difficulties met by business people of Asian origin in securing entry permits.

- Some interviewees suggested that there remains an atmosphere of mutual mistrust between government and private enterprises and that, with the partial exception of the agriculture consultative forum, there are few effective fora to facilitate creation of common visions and approaches.
- In the case of some substantial subsectors, notably the mining of emeralds, private players and some interests within government have combined to create an industry serving the private interests of a few but without substantial wider benefits
- The politically important role of the private sector in providing people with livelihoods that are independent of the state is undermined by the fact that some private sector players are perceived as part of systems of corruption and patronage, whether willingly or unwillingly, and have learned to operate within the existing system, however flawed. Several interviewees suggested that in some industries and services in which government is the principal buyer, whether using aid-sourced or taxation-sourced funds, commercial survival depends on staying on the right side of government. Involvement in bribery also extends to the taxation system where, in the words of one business person, ‘Honesty does not pay.’

From the team’s interview with a Zambian businessman, January 2003

“You are known to be a very honest person.”

“Unfortunately, yes.”

The overall effect of these weaknesses is that the private sector through its chambers of commerce seems to lack effective bargaining power to influence government policies in its favour. The Business Forum (which is made up of the ZNFU, the Zambian Association of Chambers of Commerce and Industry (ZACCI), the Zambian Association of Manufacturers (ZAM), the Tourism Council, and the Chamber of Mines) is, however, currently engaged in discussions with government with a view to creating a forum for this purpose.

ZACCI represents sectoral business associations and is engaged in advocacy on matters affecting private business, such as interest rates, foreign exchange, the implications of import liberalization, credit, markets, and so on, while ZAM has lobbied against the importation of cheap manufactured goods, especially from neighbouring Zimbabwe. While the economic and social impacts of these specific issues may be debated, business organisations do not appear to have been able to put sufficient pressure on government to address key weaknesses in the enabling environment for the private sector.

Small and medium enterprises are in a different situation, but they too offer some scope for applying pressure on government for addressing some of the constraints under which they operate. The constraints are essentially around the failure of government to provide basic public goods: long delays and costs are associated with the need to secure permits, often involving bribery ('The civil service is very slow unless you know someone'); there are a multitude of infrastructure problems especially in rural areas; and complaints about the cost and non-availability of credit are universal. NGOs and associated semi-commercial financial facilities (including micro-finance institutions) have a continuing role to play in strengthening the position of small businesses.

By necessity, smaller enterprises need to combine if they are to be able to lobby effectively, but collective efforts can be costly and time-consuming. A recent development is the emergence of District Business Associations which are organized with funds from USAID through the Chamber of Medium and Small Business Associations. This aims explicitly at bringing small businesses in mainly rural districts into the formal sector. While certainly not representative of poor people, some of these associations appear to be playing a part in the creation of markets and the re-commercialisation of the rural areas.

Annex 1 discusses the scope for promoting pro-poor change in two private sector-led subsectors, agriculture and tourism. Some of the main points are noted here.

Agriculture. It has been said for decades that the future of Zambia lies with the development of agriculture, and indeed it does appear that the country has few alternatives to agriculture as a way out of poverty. The majority of Zambia's poor and very poor people live in rural areas and are at least nominally engaged in small-scale agriculture, although as part of diverse livelihood strategies. Yet the constraints (which are well known and frequently enumerated) remain severe, not least problems around securing access to land, which government has failed to address effectively. Other crucial weaknesses in public goods relate to infrastructure away from the line of rail, and veterinary services. Further problems result from a continuing, and damaging, ambiguity in the mind of government as to the division of roles between itself and the private sector in relation to markets and the provision of services.

The PRSP rightly sees a larger role for commercial farming and agribusiness in the development of new farming blocks, in outgrower schemes and in further value-adding through processing. However, in developing new blocks it will be important to ensure Zambian farmers are supported so as to enable them to participate and the ethnic base of commercial farming is broadened. As agents of change, commercial farmers have much to offer, including through their engagement with government in developing farming policy and in their linkages with small-scale farmers. There are opportunities for encouraging synergies between the associations representing large and small-scale farmers. But there are also ways in which the interests of large and small-scale farmers do not coincide (for instance where small farmers require publicly-provided services which are not required by commercial farmers), and active support for small farmers' organisations may well be warranted.

Tourism. The recent significant increase in the number of international tourists visiting Zambia is largely a result of the political situation in Zimbabwe. It is almost certainly this recent upturn in tourist arrivals which has led the compilers of the PRSP to place special emphasis on the development of tourism as a means of reducing poverty. Tourism is a labour-intensive industry which can not only create jobs in remote places, but also markets for food and crafts. Tourism is the one industry which has the potential to transform the remoteness and inaccessibility of much of Zambia from a handicap into an asset.

There is, of course, room for debate about the kind of tourism that is best suited to Zambian conditions, but mass tourism might be both undesirable and unlikely to occur. There is a literature on approaches to tourism that optimise pro-poor impacts through stepping up the involvement of local communities. Further, an active tourism industry could act as a pressure group for improvement to some of the needed infrastructure improvements, with potentially wider benefits. With planning, effort, and political will, this can be done in such a way as to benefit poor people.

5.1.2 The media

Independent and critical media, and freedom of information, are essential for the building and preservation of democracy, for enabling people to hold government to account, to prevent corruption, and to promote pro-poor change. Under the one party state independent sources of news were minimal, but there was never a complete absence of critical voices. The National Mirror, a church-backed newspaper, published some stories that the state-controlled media would not carry, and a measure of licence was permitted to broadcasting journalists, such as Charles Mando, and to the satirical columnist, 'Kapelwa Musonda'. The inauguration of The Post, as an independent weekly in 1990, was a major step forward, and the paper played an important part in the movement towards multi-party democracy.

The election of the MMD in 1991 did not, however, do much to free the media. The ZNBC and the two newspapers, the Zambia Daily Mail, and The Times of Zambia, together with Zambia Information Services, and the Zambia News Agency, remain in state ownership and continue to act as the mouthpieces of the government. In the view of several of our informants, the state-controlled media have shown less independence under the multi-party system than they did under the one party state. A number of new newspapers were launched, but only one or two of them, such as the Monitor, which is backed by the human rights NGO, Afronet, have survived. The major development has been the opening of a number of independent radio stations. These include the commercially sponsored Radio Phoenix and a number of church-backed radio stations such as Radio Cengelo in Kitwe, and others in provincial centres such as Mazabuka, Chipata, and Lundazi. The availability of the BBC World Service, including its African programmes, on local FM, at least in Lusaka, is also a step forward.

Both the publicly and privately owned media have laboured under serious commercial difficulties in the last ten years. There has been a dramatic drop in the circulation of newspapers from an average total sale of 150,000 to 60,000. The price of a newspaper selling today for K2,000 is equal to almost half the daily wage of low paid workers. The drop in circulation reflects the decline in the standard of living, and of formal employment, but also the privatisation of parastatal companies, including the mines, which provided a captive market for the state-owned publications. Both the ZNBC and the state-controlled newspapers are reputed to be heavily indebted and unable to pay debts to the Zambia Revenue Authority and to suppliers such as ZESCO. The commercial situation of the independent newspapers is worse. Circulations do not exceed 15,000 copies and income from advertising is limited by the government's unwillingness to place advertisements with them. Distribution of all newspapers outside of Lusaka, the Line of Rail, and the Copperbelt, is minimal. NGOs are generally unable to use donor funds to subsidise the media directly, but some appear to do so indirectly through advertising. The independent papers are able to employ only a few journalists and can pay them only minimal salaries. They lack the financial resources to fund deep investigative journalism, and their ability to expose government corruption and malpractice is therefore limited, as is their ability to investigate social issues, those relating to poverty, and stories originating in the remoter parts of the country.

In spite of these handicaps, there is a vibrant press in Zambia and some papers display a remarkably high standard of journalism. The Post frequently carries lucid stories that are written at length and with panache. The Post and the Monitor, and the few other independent papers, continue to defy a campaign of government and police harassment, which reached its peak during President Chiluba's third term campaign in 2001. The radio stations were also targeted. There was a mysterious fire at Radio Cengelo and Radio Phoenix was taken off the air for a technical infringement of the licensing laws. Journalists on state-run newspapers were not then immune from harassment. The news editor of the Zambia Daily Mail was suspended. Coverage of the election on Zambian television was grotesquely skewed in favour of the MMD and against the rival parties. Police harassment of some journalists clearly continues. The team preparing this report arrived at the offices of the Monitor in time to witness the arrest of a reporter in connection with a story about apparently tribalist remarks made by President Mwanawasa during a bye-election campaign.

There has been talk for over ten years of the need for media law reform, for a Freedom of Information Act, and for the establishment of an Independent Broadcasting Authority. Pressure for reform may have been weakened by the existence of two apparently competitive pressure groups, the Press Association of Zambia (PAZA) and Zambia Independent Media Association (ZIMA). The Freedom of Information Act has not yet been passed, and the Minister of Information retains the right to licence radio stations. There is a clear need for a new media dispensation. There is also a need to establish, or to reinforce, a mechanism for securing the continued existence of an independent press in a hostile commercial environment. This could perhaps be done through the existing Media Trust Fund. The viability of independent newspapers in the present commercial climate must, however, remain in doubt. Independent radio stations have the ability to reach more

people through almost free coverage and the use of vernacular languages. Licences have, however, to be approved by the Minister for Information rather than by an independent authority, a situation considered by some to jeopardise the independence of the media.

There is no doubt that there is today a great demand for information in Zambia. It was pointed out to us that the ability even of Members of Parliament to question the actions of government is hampered by lack of information. It is also certain that the public has been shocked by the extent of corruption under the previous administration, which is now being revealed through the courts. A better legislative environment, as well as more, and stronger, independent sources of news, are needed to ensure that such corruption in high places is in future inhibited by the fear that it will be exposed quickly. Only then will the media in Zambia have become fully effective as drivers of change.

5.1.3 The policy research community

Consistent and sustainable policy that commands general support and is not perceived to be externally-imposed has to be based in large part on locally-conducted research and analysis. Unfortunately, the policy research community in Zambia often lacks vibrancy, depth and completeness. The institutions involved in independent policy research are few, and generally lack financial, material and human capacity to carry out critical studies. Zambia has suffered a serious brain drain in the last decade due to poor salaries and conditions, contributing to the rather poor level of internal discourse, and to policy formulation that lacks vision and direction. While the implementation of major policy decisions is often preceded by debate in public fora, there is a general lack of information on the issues and the participants in these debates do not always engage in critical analysis.

A detailed review of capacities, and of the reasons for shortcomings, was not undertaken but some observations may be made. The University of Zambia has a research centre, the Institute of Economic and Social Research, which is supposed to carry out independent policy research. However, resource constraints have posed serious limitations on its meeting its mandate. The energies of staff are largely taken up with donor-funded consultancies, which are rarely published, and little academic research is taking place. The two universities, the University of Zambia and the Copperbelt University depend on the government for their funding, which is not only erratic but inadequate to meet the universities' primary functions of teaching and research.

Apart from the universities, some of the advocacy NGOs and the churches (notably the JCTR) conduct policy-relevant research and analysis, some of it of high quality and highly relevant to poverty (for instance the monitoring by JCTR of the cost of living, and annual analyses of the budget from a poverty perspective), but the wider picture remains one of unevenness and weakness. The preoccupation with bread and butter questions has forced many professionals to go into the consultancy business. Some are afraid to criticize government policies openly, as criticism may deny them access to government consultancy contracts, or to appointments to coveted positions in the public service.

Addressing this dismal situation will be important for the long-term health of the public policy process in Zambia, but credible entry points are not easy to define. A starting point must be to find ways of strengthening the effective demand for quality policy analysis. The PRSP may have gone some way in this direction, and if sustained over time, could contribute further to highlighting the need for quality policy research. Reform-minded elements of government and of Parliament³⁵ may facilitate the cultivation of an environment that is conducive to debate and policy analysis by providing adequate funds to policy-oriented research centres, but if senior levels of government are not supportive there are limits to what can be achieved by this means. The private sector collectively has an interest in undertaking research into issues of current concern as well as into the factors that will enable them to thrive in the longer term. Elements of civil society have a thirst for quality research, and can be empowered to commission and undertake it, and it is important that the international community continues to recognise the need for policy research, and for well-informed Zambian interlocutors in policy debates.

In respect of specific mechanisms for addressing the supply-side limitations on policy research, the establishment of a council for funding innovative research could be a worthwhile undertaking. Such an initiative could be organized jointly with the private sector in key areas of their interests, and with the participation of research foundations in developed countries. However, there is no substitute for the human resources necessary to undertake policy analysis. Institutional restraints on the development of a critical research community will need to be addressed. These include the inadequate remuneration of professionals, lack of academic freedom, and management weaknesses. It is necessary to encourage a culture that insists on new policies being subjected to serious and critical analysis before implementation.

There is a need for continued, and possibly increased, donor assistance for the strengthening of research and policy analysis capacity in the country. This can be done by helping in the establishment of resource centres, promoting the publication and dissemination of the results of consultancy and other commissioned studies and promoting policy debates and discussions forums. The role of the universities in the training of researchers should be strengthened. Support for postgraduate training would help increase research and policy analysis capacity.

5.1.4 Professional groupings

Professional associations have considerable potential, partly realised in Zambia, to act as agents for social, economic and political change, both through maintaining professional standards of competence and integrity, and through taking a lead role in advocacy on wider issues. In a situation of widespread corruption and patronage politics these roles

³⁵ The level of interest recently shown by some MPs in the Zambia Human Development Report is an encouraging sign that parliamentarians may come to form an increasingly active source of demand for quality pro-poor research.

represent a constant challenge. The key associations include the Zambia Medical Association and the Zambia Resident Doctors' Association, the Law Association of Zambia (LAZ), the Engineering Institution of Zambia, the Economic Association of Zambia, and the Zambia Institute of Certified Accountants.

Perhaps most significant in recent years is the role played by members of the LAZ. Lawyers have perhaps been one of the most articulate and consistent of professional associations in exerting pressure on government to respect the rule of law and human rights. The LAZ was instrumental in the campaign to re-introduce multiparty politics in 1990-1991. It was outspoken against human rights violations by the Chiluba government, including torture and detentions without trial. In the run up to the 2001 elections, LAZ was a key participant in the Oasis Forum.

The Zambia Institute of Certified Accountants, apart from maintaining professional standards within the accountancy profession in Zambia, have also voiced their concerns at the rise in corporate closures due to poor financial management and graft. They have organized been engaged in seminars and policy dialogue on ways of increasing corporate governance in Zambia. Yet there are causes for concern which the accountancy profession could perhaps address more effectively, such as the delay of several years which sometimes elapses before government's accounts are prepared, and there are cases which cause concern about accountancy standards, such as the fact that the Meridien Bank's accounts were confirmed by auditors shortly before its collapse.

The doctors' associations, including that representing junior doctors, Zambia Resident Doctors' Association (ZRDA), have been vocal in pointing out the deterioration in health service standards in the country, and have called on the government to create a conducive environment for health professionals. However, they have been unable to reverse the decline in services (section IV above): one of their strikes in 1998 led to a government decision to fire some 250 doctors involved in the strike. While after a protracted wrangle Government offered a reprieve, less than half of them returned, as many had emigrated.

In a patrimonial political context, professional associations face problems if the leadership is susceptible to political manipulation and co-option. For example, following the adoption of Levy Mwanawasa as MMD presidential candidate, sections of LAZ publicly endorsed his candidature. Several lawyers who were involved in that public display of support were given government appointments. However, as a profession lawyers are still held in high esteem in the country, and they could play a big advocacy role on matters of governance. They are an important agent of change with great potential to influence public policy.

5.2 Agents from below.

5.2.1 Churches.

The churches have always played an important social and even political role in Zambia, but it is probable that this has increased in recent years. This may be the result of the apparent withering away of the grass-roots bases of political parties, and of the decline of the industrial trade unions. The churches were represented by their three main umbrella bodies, the Christian Council of Zambia (Protestant), the Zambia Episcopal Conference (Catholic), and the Evangelical Fellowship of Zambia in the Oasis Forum, in which they cooperated with the NGO Coordinating Committee, and with opposition politicians.

It is, perhaps, as unwise to generalize about the role of churches in relation to the poor as it is to generalize about NGOs or chiefs. The Catholic Church is well organized at the level of base communities and continues to enjoy funding and staffing from overseas. There are parts of the country, such as the Northern Province, where the church is better organized and has a more pervasive presence than the government. It also has the ability to communicate quickly with people in very remote areas, and its accountability is reinforced by its international links. Its personnel vary enormously in terms of political attitudes, and the church as a whole may be progressive on some issues and conservative on others. There is, however, no doubt that important work on poverty is being done by elements within the church. The JCTR is doing important work in producing a monthly cost of living index for Lusaka and intends to expand its activities to other centres. It has also produced, in conjunction with Oxfam, a number of studies of service delivery in education. The Catholic Church is probably more actively involved in education than any other church. The Catholic Commission for Justice and Peace, an arm of the Zambia Episcopal Conference and the Catholic Secretariat is also doing useful work with, and on behalf of, the poor.

A number of churches, including the Catholics, the United Church of Zambia, the Seventh Day Adventists, the Anglicans, and the Salvation Army, continue to run mission hospitals in various parts of the country. These tend to be better staffed and to have better access to drugs than government hospitals. The international links of the mainline protestant churches, such as the United Church of Zambia, tend to be weaker than those of the Catholic Church. They retain fewer expatriate staff and their clergy are often relatively impoverished. They are, however, still able to reach the poorest people. A number of churches, such as the Baptists, have strong links with conservative churches in the United States and preach a conservative social gospel. The Pentecostal churches are usually seen as conservative and appealing to a middle class membership. Some of these churches welcomed President Chiluba's proclamation of Zambia as 'a Christian nation', but were later embarrassed by his association with them and 'the prosperity gospel'. It is, perhaps, for this reason that one of these churches formed a political party, the National Citizens Coalition, and fielded a presidential candidate, and a number of parliamentary candidates, in the elections of 2001. This church has recently mounted a campaign against corruption and for ethical leadership in politics. It has also responded to

criticism of its lack of social involvement by working in poor 'compounds' near Kitwe, and among the prison population.

It is thought that at least two thirds of Zambians have an affiliation with a church. The churches are almost unique as institutions that bring together people of very different social, racial and ethnic backgrounds. It may be difficult to generalize about them as 'drivers of pro-poor change', but there is no doubt that most of them are in touch with poor people, and have the ability to communicate with, and to mobilize them. They also play an important role in the provision of safety nets for the most vulnerable people.

5.2.2 Civil society organisations.

A feature of the 1990s was the relative decline in the political influence of the trade unions, and the rise of a great diversity of civic associations and NGOs, both as service providers and as advocates of democracy, human rights, and pro-women and pro-poor change. There are several reasons for their rise: the need for alternatives to state services as these declined; their role as channels for citizens' pressure for change to the political system from the late 1980s; the more open political culture since 1991; and the growing insistence of the international community on civil society participation in policy processes. Civil society organisations now even participate formally and actively in the Consultative Group meetings formerly restricted to the government and official aid agencies. The significance of civil society is increased by their joint work through the

NGOs. A number of old-established NGOs, such as the YMCA and YWCA, have both international and church links, but have put down local roots, and have a tradition of involvement with issues of poverty. Others, such as the Red Cross, have international links, local roots, and a secular involvement with the welfare of the poor. Old-established international service organizations such as Rotary and Lions International provide links between business people and welfare providers. Other international players, such as Oxfam and Care International, lack local roots, but have a strong orientation towards pro-poor change. Oxfam has adopted a policy of identifying and working only through local partners. On the Copperbelt it has been involved in the promotion of community schools in areas where there were no schools, and of a Land Alliance, which brings together grassroots associations of rightless 'squatters'. This has had some success in securing land from mining companies and private landowners. The example of Oxfam seems to show that it is possible for an international NGO to act as a facilitator for local groups without imposing its own agenda.

A number of national NGOs have been established to deal with the promotion of human rights in general, and women's rights in particular. Some of these are led by strong local personalities, but are heavily dependent on international donor funding. There is, perhaps, a tendency for the most prominent national NGOs to be more actively involved in advocacy than in service provision. Some, like Women for Change which claims 12,000 members in a number of districts in the Southern and Western Provinces, have sought to

establish a mass base, but others are thought to have rather shallow roots and little or no existence outside of Lusaka.

NGOs, along with churches, have played decisive roles in the recent political development of the country, as evidenced by the Oasis Forum, which reveals, however, both the strengths and some weaknesses of civil society, principally their dependence on donor funding which was arguably as central to the success of the campaign as was civil society pressure. The same level of organization took place in 1996 in opposition to President Chiluba's Constitutional changes, but perhaps because the donors did not think it as a crucial issue at the time, the civil society movement did not receive much support and the campaign failed. However, in 2001 sustained and large financial support from the donor community helped the Oasis Forum to organize meetings throughout the country and galvanise public opinion.

As suggested in the preceding discussion of policy research, some NGOs can play an important role in undertaking and disseminating quality research and analysis.

While it has been fashionable to see NGOs as an alternative to government as a channel for donor funds, they are not without their critics, and good information on the details of the quality of NGO governance and in some cases of party alignment is essential. It is pointed out that among the thousands of registered NGOs there is only a small number of good ones. There is evidence of competition between donors for access to this elite group of associations. At the same time there are suggestions that some NGOs tailor their programmes according to the changing fashions in donor funding. The worst of them may be little more than personal businesses. Others are seen as party-affiliated. Accountability is as much an issue with NGOs as with the government itself. Furthermore, the government does not have the ability to supervise adequately the large number of registered associations.

Community-based associations. There appear to be myriads of community-based organizations in Zambia. These include Parent Teachers Associations, Neighbourhood Health Committees, Community School Associations, Land Associations, and Farmers Associations. Many of these are intended to put pressure on government for the improvement or maintenance of services. There are also large numbers of associations which have been established at the local level with donor support to raise awareness, especially among women, girls, and school pupils, of HIV/AIDS. It is clearly difficult to generalize about the effectiveness of such organizations as drivers of pro-poor change. They vary in effectiveness enormously from place to place according to the quality of the people who lead them. While some, such as the Land Associations, clearly do represent the interests of poor people, it is always open to question how representative of the poor organizations of this kind are. There is a tendency for them to be dominated by the relatively well educated and well off. On the other hand it is probably only through community-based organizations that the voices of the poor stand any chance of being heard.

Conclusion. While Zambia today boasts of a vibrant civil society, it is relatively new and lacks experience and sometimes transparency. In the multiparty environment, CBOs are prone to politicisation and manipulation by political actors. For instance at the national level, during the 1996 constitutional debate, a number of NGOs were seriously compromised, while others were directly established by government to promote a pro-government agenda. The same practice continued during the Oasis Forum debate, when a number of NGOs and church organizations supported the third term for Chiluba, either as a consequence of anticipated rewards often in the form of political appointments or of payments from discretionary funds. Party politicisation may also be seen at the local level. In one Lusaka suburb, in reference to the Neighbourhood Health Committee, established to promote community involvement in the management of health services, one woman observed that: “Our Neighbourhood Health Committee has not been meeting since the mid-2002 elections, because its new chairman comes from the Opposition.” Good and detailed information is therefore needed in designing interventions to support civil society, whether for advocacy or for service provision. Official agencies are often not able to dedicate the necessary staff time to this, reinforcing the case for ‘wholesaling’ support to NGOs and CBOs through reputable intermediaries.

There is no doubt that NGOs and CBOs can play an important role in the promotion of ‘pro-poor change’. They can provide quality services, including in some isolated areas, and they can serve as effective means of pressure for policy change and greater accountability. They can also complement government as in the successful joint response to the drought of early 1990s through the Programme against Malnutrition (PAM). It is, however, unrealistic to think of them as an alternative to government as a means of bringing about some of the changes Zambia requires, and even as the principal means of distributing donor funds. Donors can best continue to identify and to promote responsible NGOs, and to encourage links between them and grassroots organizations.

5.2.3 Trade Unions

Trade unions in Zambia represent a small and shrinking proportion of the economically active population and there is confusion with respect to their roles in poverty reduction, especially under conditions of economic reform. While some union members, and many former members, have fallen into poverty, others are not among the poorest groups in society. During the 1980s, trade unions were an important actor in defending the interests of workers and in struggling for democracy, but their identity as a significant social institution has more recently faced serious erosion. In the last decade, Zambia has seen a loss of employment on a large scale; dwindling incomes and deteriorating living standards among salaried workers; late payment of retrenchment benefits; and few employment opportunities in the formal sector. All of these have contributed to reducing the role of the trade unions.

The trade union movement through its two national federations – the Federation of Free Trade Unions of Zambia and ZCTU – has tried, though largely unsuccessfully, to fight for workers’ interests. They have had to adjust to economic decline, especially of

mining, and to the reforms adopted by the Chiluba government in the early 1990s. The fact that trade unions had initially supported the MMD, itself led by a former union leader, initially persuaded them to embrace market reforms, such as privatisation. However, the perceived negative effects of privatisation have forced the unions to question their earlier position.

In addition to their focus on work-related issues such as ensuring that workers retrenchment benefits are paid in time, and seeking to improve wages and conditions, unions have also engaged in wider issues of public policy such as privatisation, corruption, and what they consider to be the excessive size and cost of the cabinet. They have criticized government's unproductive expenditure on such things as attendance allowances for workshops, when in their view such money would have been better utilized for provision of social services. They have also demonstrated that they can still pressurise government on national issues. For example, the ZCTU took the government to court over the appointment of District Administrators (DAs). The High Court ruled in favour of the ZCTU ordering that DAs should not report directly to the President, but the Provincial Permanent Secretary and that the operating budget for the DAs be scrapped as it was being used for patronage purposes. However, it has been noted that despite the High Court order, the DAs have so far continued to operate as before.

In December 2002, the FFTUZ alongside the Zambia Union of Financial and Allied Workers (ZUFIAW) organized a demonstration opposing the privatisation of Zambia National Commercial Bank (ZANACO), Zambia Electricity Supply Corporation (ZESCO) and Zambia Telecommunications Corporation (ZAMTEL). This contributed to the pressure which has apparently induced government to back-pedal on the privatisation of these state-owned enterprises, citing their strategic importance.

While there are questions around their mandate and constituency in engaging in policy debates, trade unions still have a valid role as agents of change, not just in advocacy and empowerment on behalf of their members, but also as social institutions with wider significance in calling government to account.

5.3 From above

5.3.1 Parliament and reform-minded elements of political parties

There is wide agreement that the policies of economic liberalization and reform which have been pursued by successive Zambian governments since the return to multi-party democracy in 1991 have not been accompanied by equivalent political reform. Constitutional changes which were enacted in 1991 did little more than remove the ban on the formation of political parties. They did little to diminish the enormous executive power, and powers of patronage, which had been accumulated by the presidency during the twenty-seven years that President Kaunda was in office. Changes to the constitution in 1996 denied President Kaunda and other 'foreigners' the right to run for high office. They also removed the requirement that a presidential candidate should get fifty percent

of the vote, thus contributing to the air of illegitimacy surrounding President Mwanawasa's 'victory' in 2001, but they once again did nothing to reduce the powers of the presidency.

According to one outspoken opposition member of parliament, the present constitution combines the worst aspects of the American and British models – an over-mighty executive and a weak legislature. Many people in Zambia make the case that greater accountability on the part of government can only be achieved as a result of constitutional changes which reduce the powers of the president and increase the powers of the legislature. Some argue for a clearer separation of powers and for the removal, for example, of the right of the president to hire and fire judges or to supervise the work of the Anti-Corruption Commission. There is an ongoing and important debate as to how constitutional change should be addressed. Many critical voices, including those represented in the Oasis Forum, insist that this can only be done through a Constituent Assembly.

A number of reform-minded members of parliament have been making a determined effort in recent years to make the government more accountable. The more or less even split in parliament between government and opposition members, which has been a fact of political life since the elections of 2001, should in theory have made it easier to hold the government to account. In practice this is at best partial. It appears that the legislature does not have the constitutional authority to insist that the government spends budgeted funds on the votes which parliament has approved. Government continues to spend money expediently, and with impunity to transfer money from vote to vote with little or no regard for the budgetary process.

There are few if any discernible ideological differences between the parties represented in parliament, and their structures tend to be personalistic and strongly influenced by a few individuals who do not always encourage active policy development. Nevertheless, reform-minded members may be found in each of them. They make up, however, a minority who suffer from a number of handicaps in addition to their lack of constitutional power. Perhaps the most significant of these is a lack of information with which to challenge government. The research department of parliament lacks the manpower and resources that would enable it to strengthen the ability of members to scrutinize the actions of government more effectively. By no means do all members of parliament have the education and independence of mind that is necessary to ensure proper scrutiny. Almost half of the elected members of parliament, including the bulk of MMD MPs, and now a small number of those elected for opposition parties, are on the government payroll. Consequently there are hardly any backbenchers on the government side, resulting in a lack of internal criticism. Some people maintain that there are fewer critical voices raised in parliament today than there were under the one-party system. More active use by parliamentarians of parts of civil society as a source of well-informed information would go some way towards remedying these problems.

The lack of independence of mind of many MPs is compounded in the view of some observers, by the fact that campaign expenses involved in seeking election to parliament

are high and that some MPs, therefore, urgently require some means of recouping this expenditure. Government posts, or other means of obtaining access to public resources, are among the ways of doing this. Independence of mind is also reduced by the procedure in the main parties (including MMD and UPND) whereby parliamentary and local candidates are selected by the party's central organs and leadership, rather than by local members and supporters.

Other problems with parliament include the lack of accountability on the part of its members to their constituents. There are various proposals in circulation for measures to improve communications between members and the electorate. Recent changes in the administration of parliament have made it more accessible to the public, and a little less of a remote fortress than it was. It is, however, still not a place that extends a warm welcome to the general public, let alone the very poor. There is a need for constitutional change, and a general transformation in political culture, before parliament can be seen as an effective driver of pro-poor change. There is a need for more critical voices, for a better-informed membership, and for more vibrant debate, both inside and outside the chamber, on social and economic questions.

5.3.2 The Electoral Commission

The abuses that characterised the past two national elections, and that have generated much public anger and disillusion with democratic politics, highlight the need *inter alia* for sharp improvements in the performance of the Electoral Commission and other agencies of restraint such as those responsible for limiting the abuse of public funds for electoral purposes³⁶. This is not a technical matter as there is adequate knowledge in the region and elsewhere on the conduct of elections. It requires rather that citizen outrage, expressed through the media and through civil society organisations and the churches, should be sustained; that the individuals responsible should show sufficient independence of spirit; and that all means of ensuring transparency of electoral processes should be strengthened.

5.3.3 Chiefs and traditional leaders

A number of people suggested to the team that chiefs and other traditional authorities may be effective drivers for pro-poor change. This point of view has been put forward most forcefully by the NGO, Women for Change, which has organised workshops for traditional leaders and has worked with chiefs in some districts of the Western and Southern Provinces. Its executives claim that the education of chiefs and traditional leaders is an important way of bringing about progressive change in certain cultural practices, such as child marriage, and the inheritance of widows, and of improving the status of women in rural areas. These are changes that are relevant to the fight against HIV/AIDS. The organisation devoted a recent number of its newsletter, *Women in Touch*, to the expression of the views of traditional leaders on a wide variety of issues. They suggested, among other things, the revision of the Chiefs Act, which gives the President

³⁶ Burnell (2002).

the right to remove chiefs, of the Land Act, which vests the ownership of all land in the President, and the revival of the House of Chiefs. A senior Bemba chief suggested that the elected representatives of the people should confine themselves to matters pertaining to central government while chiefs should be left 'to govern' their people in rural areas. (*Women in Touch*, 1, 2002)

It is difficult to make generalisations about the usefulness of chiefs as drivers of pro-poor change in Zambia, in good part because they vary enormously in legitimacy and authority throughout the country. The chiefs with the highest status are those, such as the Litunga of the Lozi, the Chitimukulu of the Bemba, and the rulers of the Ngoni and Lunda peoples, who are the lineal descendants of the rulers of strong pre-colonial states. There are many other parts of the country, such as the Southern, Central, and Lusaka Provinces, where many of the chieftaincies were created and imposed as part of the colonial policy of Indirect Rule. In such areas the influence of chiefs is largely dependent on the personalities of individual chiefs and chieftainesses, and on their levels of education. There are some areas of the country where development, and pro-poor change, would be difficult, or even impossible, without the support of the local chief. There may also be areas where the support of the chief is irrelevant to progressive change, and where the chief may be an obstacle to such change: there are parts of the country for instance in which there are conflicts and tensions between traditional leaders and civil society organisations.

The chiefs as a whole have exercised remarkably little political power on the national scale in Zambia since independence. Although some chiefs supported the nationalist movement, many others, including the Litunga of the Lozi, were seen as collaborators with the colonial regime and identified with opposition to UNIP. Attempts over the years to organise 'traditionalist' parties in the Western Province, usually seen as the most conservative part of the country, have met with very little electoral success. The status and respect conferred on leaders such as the Litunga have not been converted into political support. This has sometimes been the consequence of ethnic, dynastic and factional squabbles within chieftaincies, but there is also a widely held view that chiefs should be chiefs for all their people, and should be above politics. The co-option by President Kaunda of rulers such as the Litunga and the Chitimukulu to the Central Committee of UNIP in the early 1980s was generally resented by their people and did nothing to enhance the status of these leaders. Similarly the dragooning, and bribing, of some chiefs into public support for President Chiluba's third term bid in 2001, also damaged the image of the institution of chieftaincy.

In view of the essentially undemocratic way in which chiefs are chosen from among a small group of possible candidates, there are evident dangers in any moves to enhance their powers. Their main contemporary source of power lies in their role, usually exercised through councils, in the allocation of land. It is clear that this varies considerably from province to province. In the Western Province the chiefs' councils, or *kutas*, continue to play an important role in land allocation. Councillors see their role as protecting the interests of the poor and guarding against concentrations of land holding. They are often retired schoolteachers and civil servants who survive on minuscule

pensions. They are themselves impoverished, receive little or no support from the state, and, in spite of the best intentions, may be susceptible to presents, bribes, and other inducements. In other parts of the country, such as the Southern Province, control over land does not lie so much with chiefs as with powerful families.

There are serious problems with land law in Zambia. The Land Act of 1995 is a dead letter, and land distribution is being carried out in an arbitrary manner in terms of regulations framed in 1985 in the context of earlier legislation. These regulations require the consent of chiefs to the granting of title in their jurisdictions. But at the moment the granting of leasehold title results in customary land becoming state land. It does not revert to customary land at the end of a lease. There is at the moment no way of knowing how much land has been alienated in this way. There are suggestions that a land grab may be under way in some areas, but it is unlikely that it affects more than a few percent of available land. The obscurity of the legal position clearly creates a situation in which ambitious, and unscrupulous, chiefs and councillors may be able to profit at the expense of their people. There may, or may not, be a role for chiefs and their councils in land distribution. There must, however, be clarification of their role and a more transparent system of land allocation.³⁷

Chiefs and their councils are today valued mainly for their cultural role and their embodiment of tradition. The support of chiefs for pro-poor change may paradoxically be most useful where culture and tradition are seen as impediments to change, as for example in relation to the status and empowerment of women. While tradition and custom are often seen as static, they are in reality often very dynamic as, although outward forms appear to remain the same, their content may change dramatically. Unwritten rules may be able to respond more rapidly to changes in the nature of society than written ones. If the best use is to be made of chiefly institutions it is clear that there is a need for further education of traditional leaders, and for a clearer definition of their role in relation to local government, the administration of customary law, which includes much of family law, and land distribution, and a greater recognition of their cultural role and of its importance in relation to such issues as gender relations, marital customs, and the support of children.

5.3.4 The civil service.

All the strategies for pro-poor change – growth, empowerment, access to assets, markets and services, and security – highlight the need for improvements in the accountability and effectiveness of the civil service. Virtually all interviews undertaken by the team similarly came to focus on aspects of the performance of the civil service. Some interviewees expressed the view that civil service capacity has fallen to levels at which, even if there were genuine political commitment at the highest levels to certain programmes, it might now be too weak an instrument to put them into effect.

³⁷ Adams (2003).

There are strengths to the civil service, despite all its problems. Systems are still in place for many of the basic functions, many civil servants are aware of how they should be carrying out their tasks, and there are many honest and able people in post. Yet it is difficult not to be struck by the wide gap between actual performance, and what is required if the poverty reduction agenda is to be achieved. Some aspects may be noted:

- In the first place, and perhaps most fundamental, the civil service has become a central element of patronage systems that have led to over-manning, many poorly-judged appointments, and incentives that do not reward performance. Many interviewees commented to the team on the decline in the professionalism of the civil service, and the lack of separation of administrative and political spheres which inter alia has caused some civil servants to go along with the politically-inspired plunder of public resources and manipulation of procurement processes.
- Second, the inability to control the public wage bill is at the root of government's fiscal deficit and the resulting domestic borrowing that is currently crowding out the private sector and depressing economic growth. Within the recurrent budget, excessive salary costs at the expense of non-personnel costs are greatly depressing civil service effectiveness.
- Third, such systemic problems in the civil service have reduced the provision of public goods (such as infrastructure) and the quality of key social services such as health and education.
- Fourth, petty corruption has long been a way of life, and has increasingly been overshadowed by grand corruption that has required the complicity if not the active participation of some civil servants.
- And fifth, capacity limitations in some critical areas such as policy analysis and budget management have emerged in recent years as the civil service has found it difficult to attract and retain quality staff. Some argue that the dialogue between government and the donors is hampered by the inability of the government to articulate and adhere over time to a coherent and credible policy stance. The absence of an agreed agricultural policy framework is quoted as one such example that is due in part to the speed of reshuffles of ministers since 1991.

The prospects for reversing this decline go to the heart of Zambia's political system. The slowness over a period of years in implementing the Public Sector Reform Programme which would make available resources necessary to make many of the necessary changes suggests that the problem centres on the incentives and interests facing key players rather than on lack of resources to bring about change. Until such time as the political leadership develops the real incentives to demand better civil service performance, little change can be expected. This will, in turn, depend on effective pressure being brought to bear, and sustained, from all sides, from citizens acting individually or collectively through parliament and civil society, from the private sector, and from the media.

5.3.5 The Anti-Corruption Commission

The Anti-Corruption Commission is widely perceived to be performing well, in good measure because of active support from the President, combined with wide support from

citizens, parliamentarians, civil society organisations and the media, and with some donor assistance. The future effectiveness of its three programmes – to investigate and prosecute, to educate, and to prevent – will greatly influence the future political context in Zambia, as the ACC can strengthen those interests determined to reduce the level of corruption in public life.

Yet the future holds significant risks. Continued political support from the Presidency and other senior political leaders is essential, not least because the ACC does not have a separate constitutionally-defined existence. This active support, backed by the allocation of sufficient funds, cannot be taken for granted in the event that people close to the President come to be implicated in current allegations around the conduct of the 2001 election.

5.4 External agents for change:

5.4.1 Aid and international agencies as agents of change.

The high levels of aid flows to Zambia have political as well as economic implications. With the decline of mining revenues, aid is the principal source of economic surplus in the economy, and is central to the continued basic operations of the state such as the provision of key social and economic services (whatever their shortcomings in terms of coverage and quality) and to the funding of the public service. International agencies are highly influential in determining which organisations in the public sector and among civil society organisations will survive and be able to undertake mandated functions and to provide employment and other benefits.

This situation creates considerable dilemmas, some of which may be noted:

- Aid could reinforce patrimonialism, directly through funding the public sector's largesse or indirectly through providing a parallel chain of supply (for instance via preferred actors from civil society).
- Political accountability is made more complex. With respect to the PRSP – the central policy document in Zambia, emphasised by its wholesale incorporation in the Transitional National Development Plan -- many participants and observers take the view that, in terms of both process and content, the PRSP represents a significant advance on previous policy-making. Yet there is also an awareness that Zambia has undertaken this exercise largely at the behest of, and financed by, the international community, and the terms in which it is cast are those adopted by the international community.
- Financial accountability also becomes more problematic. The involvement of donors has always created pressure for parallel financial accountability systems. While aid was primarily delivered through projects, this was often handled pragmatically through adopting the donors' procedures (in the case of bilateral agencies), often bypassing or duplicating those of government. To the extent that sector-wide approaches, and now increasingly direct budget support, expand as

the principal disbursement mechanisms for at least some donors, the challenge becomes how to make use of flawed government systems while satisfying the accountability requirements of the donor. While this creates the need for some extremely careful (and perhaps unenviable) judgements by donor agency staff, on the positive side it also means that the donors will become more active as agents pressing for improvements in the quality of financial management within government. Similarly the pressure on government to improve its own systems will strengthen when faced with the risk that corruption may cause the loss of donor programme funding.

- External involvement in political processes can be very powerful. An informed observer suggested that the Oasis Forum would not have succeeded but for donor support.
- Creating local ownership of civil society is not straightforward. The growth of non-union civil society over the past 10-15 years is an important and positive development in terms both of advocacy for improved governance and human rights, and of service delivery (including in parts of rural Zambia that have been virtually abandoned by government). Yet given Zambia's poverty, virtually all of these organisations are wholly or largely funded from abroad, and many are offshoots of international NGOs. The extent to which they have local identity and ownership is inevitably affected.

Yet, while the development agencies are highly influential, a sense of perspective on the limits to their power is needed. In particular, as has been learned in Zambia as in many other countries, even aid-dependent countries, they are often unable to push through sustained policy or institutional changes if these are opposed by powerful domestic interests³⁸. In the case of Zambia, some of the slowest reforms are those which most threaten the patrimonial powers of the state: the main development agencies are for instance profoundly frustrated at the slow pace of the Public Sector Reform Programme; and recently the doubts raised about the privatisation of the commercial bank and two utilities (the former in particular being especially patronage-linked) shows signs of creating major difficulties in the relationship.

The development agencies' embarrassment at their own political influence³⁹ may have discouraged them from undertaking the necessary analyses of their impact. They have, however, been forced by the search for causes of underdevelopment and the disappointing results of some of the programmes they fund, to address political and governance issues. There is a need for them to understand the motives that affect the behaviour of the public officials with whom they come in contact, and to ensure that their staff have the skills to undertake this analysis.

5.4.2 Expatriate Zambians

³⁸ Mosley, Toye and Harrigan 'Aid and Power,' by Paul Mosley, John Toye and Jane Harrigan.

³⁹ In the case of the World Bank, the organisation is formally prevented by its Articles from pursuing a political role.

The large-scale and apparently continuing emigration of qualified Zambians represents a serious loss to the country, but the presence of Zambians abroad does create a new potential source of ideas and a means of access to international norms. Perhaps ultimately this may also become a channel of investment resources as and when sufficient numbers of expatriate Zambians prosper abroad.

These links may, however, have to be actively nurtured if Zambians abroad are not to cut themselves off completely from the country. As one practical suggestion, the present regulation preventing Zambians from holding dual nationality should perhaps be revisited.

5.4.3 Regional players

Zambia's development has since Independence been strongly influenced by the regional context. For long periods, many of these influences have been negative. While there remain major regional problems, notably originating in the Congo and Zimbabwe, several of Zambia's neighbours have made progress in settling internal conflicts, and some are showing improved economic performance (including Mozambique, South Africa and Tanzania), while Botswana apparently continues its record of several decades of a well-managed economy and an open political culture.

For the future, some of the main regional players that will influence pro-poor outcomes in Zambia include:

- SADC and its ability, inter alia, to contribute to settling regional disputes, and to rationalise regional investments, for instance in transport and power
- COMESA, and its ability to stimulate growth through encouraging intra-regional trade
- Private investors, notably from South Africa
- Agricultural producers in the region, and the impact they may have on Zambia's agricultural prospects – the decline of commercial farming in Zimbabwe may for instance create new opportunities for Zambian exports.

The impact of these players will depend in part on Zambia being able to influence regional institutions, but also on the ability of Zambians to rise to new challenges. Persuading South African retail chains, for instance, that larger proportions of consumer goods and foodstuffs on sale in their shops can be sourced in Zambia could strengthen presently weak internal economic linkages.

VI Some practical implications

6.1 Overall

This section explores some of the implications of the foregoing analysis for development strategies in Zambia⁴⁰.

The case made in this paper that features of the state in Zambia have a strong influence on development performance suggests that development strategies need to be informed by analysis of political processes. Specifically, the incentives that affect the behaviour of public officials, whether in the political classes or the civil service (given that these two are insufficiently separated), need to be understood, and development agencies need to ensure that they have the skills to undertake such analysis. For some bilateral agencies, this may be approached through working more closely with the staff of their foreign ministries that typically undertake political analysis as part of their routine tasks, through ensuring that staff are long enough in post to gain an understanding of the host country, and through hiring sufficient senior national staff with an understanding of the local situation.

In particular there is a need to understand the ways in which patrimonialism operates, and the impact this has on wider economic performance, on the accountability and effectiveness of public institutions, and on the effectiveness of aid. Aid flows are so substantial as a proportion of discretionary resources both for the public sector and for civil society that they have a major impact not just on the economy, but on politics and society more widely. Those designing and managing aid programmes need to ensure that they are aware of the ways in which aid forms part of patrimonialism within the country.

While there are many ways in which the Zambian political process has negatively affected development, it is important to recognise that there are also positive aspects which are set out in this report and which provide a reasonable basis for a continued dialogue between government and the development agencies. Some frustrations in the relationship are inevitable given that both parties rightly have different lines of accountability; in particular the Zambian government is now subject to a noisy and factional political system that means that the policy process is far from linear. Indeed the current crisis of legitimacy drastically reduces the room for manoeuvre of the present administration. Longer-term prospects for poverty reduction will be enhanced by the extent to which the inevitable and to some extent healthy tensions in government/donor relationships can be channeled in creative directions rather than towards a potentially destructive fracture.

⁴⁰ In view of the fact that this study has been conducted primarily to inform DFID staff on the design of the new Zambia country Assistance Plan, section VI has been drafted with them particularly in mind, but there may be points of relevance also for others. While these observations are intended to be relevant to DFID, they are not based in any way on an assessment of the current or future Country Assistance Plan.

The actually or potentially less healthy aspects of the relationship, given the aid-dependence of Zambia, appear to centre on two dilemmas:

- The risk that aid continues to support, rather than to reform, patrimonial politics. Yet as section III noted, the patrimonial political system has constituted part of the glue that has held Zambia together over several decades in an unstable region, and alternative paradigms have not been proven as an alternative;
- And, second, the difficulties of ensuring real local accountability and ownership of policies, when the main parts of the development agenda are perceived to originate with the international community whose funds are formally or informally linked to adoption of an international agenda.

The performance of government, and its shortcomings, are revealed as central to achieving the main strategies that will determine the extent to which poverty is reduced. Yet it is important to maintain a sense of perspective, in two respects.

- First, this focus on government should not obscure the fact that many of the critical actions that determine the prospects for recovery will be taken by non-state players: the formal and informal private sector will be mobilising many of the financial and human resources that will drive economic growth; individual citizens and local communities are responding in multiple ways to the difficulties they face, and to some new opportunities; and parts of civil society are vigorous in strengthening the citizens' awareness and ability to influence politics. In this complex, the role of the state needs careful definition, especially given the severe limitations on its capacities and the fact that many state-owned enterprises have been used as much as instruments of patronage as for development purposes. Its role will not always be to lead, but will in some cases to cease to obstruct. In other cases, however, it will have to take the lead in ensuring that key public goods are provided.
- Second, there are critical determinants of poverty in Zambia, in particular the HIV/AIDS catastrophe, and perhaps also some features of the wider southern and central African region, that go well beyond Zambia's ability to resolve alone, even were domestic governance to improve sharply.

One of the initial general propositions (see Box 1, above) considered by the team seems to be borne out by the Zambian experience:

“The major reason for these shortcomings [in governance] often lies in the nature of the incentives facing those with power and influence, and the restraints (or lack of them) to which they are subject. In some countries, living standards can be raised as a result of changes brought about by a modernising elite; in others the elite may fail to grasp the opportunities. In states of the latter type, the ability or willingness of citizens to apply sufficient demand or pressure for improvement will be crucial if pro-poor change is to come about. In some of these countries, patrimonial politics will hinder the necessary pressure being applied.”

The implication is that development strategies in Zambia should be partly based on strengthening the restraints, and on broadening accountability. Such an approach does provide a broad agenda for interventions. In the long term the critical factors appear to

centre on an informed and empowered citizenry that avoids co-option into patron:client relationships with the powerful.

The remainder of this section sets out some of the elements that might form part of such development strategies. It is important to recognize that in some respects these are not easily adopted by development agencies:

- In the first place, it is difficult to demonstrate clear causality between some of the approaches (e.g. support for the media) and poverty outcomes. Quantitative links may not always be provable.
- Second, progress may not be readily measurable, and mechanistically-applied logframe approaches are likely to disappoint.
- Third, the approaches are staff-intensive and are unlikely to involve substantial disbursement of funds, although there may be ways of achieving efficiencies through aggregating a multiplicity of small programmes and wholesaling through trusted intermediaries.
- Fourth, some of the measures may be considered to be close to political intervention that is considered inappropriate for development agencies.
- And fifth, the time-scale of the expected results of some of the interventions, for instance those addressing aspects of the context for pro-poor change, could be very long, perhaps around 20 years.

6.2 Strengthening the context for pro-poor change

Markets. The widespread recognition over the past decade or more that state-led development has severe limitations in Zambia has caused many people to try to diversify their livelihoods and to stress self-reliance. Most people are, however, highly constrained by weak institutions and markets. Pro-poor development could be enhanced by identifying and addressing the constraints that hinder the operation of markets that are of importance to poor people, including finance, labour and capital markets, and in rural as well as urban areas. These include elements at the level of the wider enabling environment (such as addressing the causes of high interest rates), as well as specifically factors that exclude poor people. In respect of the latter, institutional developments, such as can be seen in the area of micro-finance which are widening access for poor people and for women, are potentially promising.

The fact that many people are forced to rely on informal markets and processes because of the collapse or inaccessibility of the formal sectors highlights the importance of building informal sector perspectives into development programmes. In some cases, ways may exist of directly or indirectly strengthening informal markets through active interventions (e.g. through better infrastructure that reduces marketing costs), but in other cases it may be more important to remove regulatory constraints and licensing requirements that lead for instance to unnecessary police action. Encouraging informal/formal market linkages offers promise (for instance in finance, and agricultural inputs and marketing).

The weakness of rural markets and institutional linkages is particularly striking in Zambia, especially given that this has not always been the case. There is a case for understanding, and building on, the signs of some recovery in rural trading networks.

Living standards. The adverse effect on politics of a quarter-century of falling living standards has been noted, quite apart from its impact on poverty. There can be no quick way of reversing the decline in the number of people who combine literacy, political awareness and a level of material security that allows them to engage in politics as active citizens. Yet this is likely to be a highly desirable long-term outcome of resumed economic growth. To the extent that measures to enhance education and public information can be insulated from economic decline, political accountability is likely to be enhanced.

Race, ethnicity and class. The lobbying power of large-scale business, including farming, is likely to be greater the broader the ethnic base. Programmes for private sector development, for instance through block farming, agribusiness or tourism, would have a more beneficial long-term impact to the extent that they are sensitive to the need for the economic empowerment of black Zambians.

This consideration provides a further reason for strengthening the linkages between formal and informal business in which many black Zambians are active.

Ethnicity has fortunately been a relatively restrained element of Zambian politics. The robust response of parts of civil society and the press to recent ethnically-based comments by some senior political leaders deserves support.

The decreasing significance of class in Zambian politics highlights the need for any party to create a broad base of support if it is to achieve power. Yet some degree of ideologically-based politics is likely to be the main alternative to politics based on the personal pursuit of power, and should not necessarily be feared. Perhaps the best that can be hoped for is that opposition parties will seek to differentiate themselves from the party in power by focusing on the quality of governance (including corruption issues and administrative performance. Much of the strength of the case for support to constitutional reform is to make a constructive and lasting contribution to ensuring that opposition parties do not fall into the bad old ways themselves once they take office.

Education. The importance to political accountability of having the bulk of the population literate can barely be overstated, and the likely long-term impact of the decline in standards and universality of education in Zambia is perturbing. Education also has also a critical role to play currently in the education and empowerment of girls as a means of reducing their susceptibility to HIV/AIDS. Some of the practical implications are: to the extent possible to sustain levels of spending while effectively addressing the institutional and management problems that also affect the public education system; and to recognise the reality of private schooling and to develop a sound relationship between the state and private schools.

A civic education curriculum may also have a role to play in creating a more politically informed citizenry.

Health. As with education, health is important to an empowered population. The drastic decline in life expectancy, and the social and individual insecurity associated with HIV/AIDS, are likely to strengthen short-term perspectives, not only among citizens, but also among parliamentarians. From every point of view, the humanitarian and economic, as well as the political, the fight against HIV/AIDS demands the highest priority.

There may be scope for using some of the substantial resources currently available to Zambia for use against HIV/AIDS for purposes of supportive wider public education and for stimulating local groups for wider social mobilisation, perhaps using traditional healers and leaders. Extending the analogy of AIDS as war, there is a need for an active propaganda war, with support from the highest levels. AIDS campaigns may also contribute to changing some social norms, especially around gender relations.

The rural/urban dynamic. The substantial size of the urban population is often seen as a liability in Zambia, especially in the light of rapidly falling urban living standards. Yet there may be positive aspects, not least politically, that could be recognised and built into development planning. In part the cities represent markets that could be stimulated, and (as in the case of agribusiness) provide an industrial base for adding value to rural production. Further, as compared with the poorer and dispersed rural populations, the urban population is also more literate and may be better able to apply pressure for improved governance.

Land, both for urban and rural populations, appears to be both critical, and currently badly regulated and administered, with adverse consequences both for formal-sector investment and growth, and more broadly for the diversification and improvement of livelihoods. Acting on the findings a recent review of the 1995 Act would be a starting point.

6.3 Supporting champions of pro-pro change

6.3.1 Drivers from within

There are various ways of strengthening the role of **the private sector and entrepreneurs, large and small scale**, both as a source of economic recovery and as sources of pressure for improved governance and the provision of public goods. Over time, the most effective results will probably result from broad-based economic recovery that strengthens the current weak state of much of the private sector. More specifically the entry of more large-scale foreign investors that are subject to internationally acceptable anti-corruption standards would serve as a source of pressure for improved governance. Strengthening government/non-government fora for policy development and discussion has also been suggested.

Continued support for small-scale business associations appears warranted, enabling them to press more effectively for reducing constraints to which they are subject, such as bureaucratic delays and demands for corrupt payments.

While the interests of large and small-scale business are not always identical (large-scale farming is less dependent than is small scale farming on public services, for instance) there is considerable scope for seeking to develop synergies between them, encouraging joint lobbying to improve the provision of public goods (such as better measures for security against crime).

In relation to **agriculture**, the emphasis on promoting links between the large and small scale subsectors appears to hold out promise. Means include both outgrower schemes, and using the formal sector to strengthen backward and forward linkages (to input suppliers, and to agricultural processors, for instance) that may then be of value to nearby small farmers. There is scope to encourage co-operation between farmers' associations with different strengths and capabilities. The latter in particular holds out promise of providing a basis of dialogue with government through combining the capacity of large-scale farming unions with the perhaps broader political base of small-scale farmers' associations.

Both agriculture and **tourism** offer the means by which international companies with access to resources of capital and management, may become channels to Zambia of international norms and standards demanded by international customers. Tourism offers the prospects, if carefully managed, of bringing some income to otherwise isolated areas and communities.

The media have shown their essential role in strengthening accountability in the country and raising the risks faced by political leaders who abuse office. Continued and perhaps accelerated, but carefully judged (in the light of political affiliations), support appears warranted, in particular to address the present sources of fragility, especially financial, of the independent press.

Radio offers further potential for public education, including in vernacular languages. It is worth ensuring that the scope for, and constraints on, radio as a means of public education are understood.

The case for establishing a licensing authority that is independent of government deserves attention.

The challenge facing the **policy research community** is to contribute to improving the public policy process through ensuring the availability in public of high quality, policy-relevant analysis that is effectively disseminated. A key to bringing about the necessary improvement appears to be for various players (the civil service and political leaders, the large-scale formal private sector, international NGOs, and donor agencies) to sustain effective demand for this. Not all these groups share an equal interest in quality analysis,

especially if its findings are awkward; nevertheless, the PRSP has already gone some way to improving the situation and can be further built on.

In parallel with ensuring that the demand for quality policy research is there, measures may also be taken on the supply side, perhaps addressing funding and management problems in the universities and research centres (taking full account of the lessons of past efforts), supporting international links (such as to the African Economic Research Consortium and the Africa Capacity Building foundation), promoting the use of local researchers and consultants, and where appropriate encouraging teams to be composed internationally.

Development agencies may also in a small way contribute to creating an atmosphere in which bright Zambian researchers want to remain in the country through creating in-house posts within their own agencies.

Professional groupings, notably of lawyers and accountants, may be strengthened both in their roles in maintaining professional standards, and as advocates of wider change, through promoting international linkages, and through carefully-judged financial support for advocacy campaigns in which they are involved. Programmes, such as that funded by EU for accountants, may also usefully assist over time in ensuring that training courses of high quality, and with an appropriate emphasis on ethics in public life, are available.

6.3.2 Drivers from below

There may be scope for development agencies to establish working relationships with **churches** and associated faith-based organisations around matters of common interest, taking into account the fact that most churches are in touch with poor people, and have the ability to communicate with, and to mobilize them. There is also a strong common interest insofar as churches also play an important role in the provision of health and education services and safety nets for the most vulnerable people.

The diversity of the churches does require careful assessment by the development agencies of the extent to which visions and approaches are shared.

The scale of present co-operation between official development agencies and **civil society** underlines the extent to which there are shared interests and synergies in promoting pro-poor change, both through advocacy and through service provision to poor people. There is clearly a case for long-term support to the best of them involved in advocacy, as one means of strengthening scrutiny over, and accountability of, government. In terms of NGOs as service providers, it is probably more helpful to see them in a complementary role with government rather than as alternatives. Donors can most usefully continue to identify and to promote responsible NGOs, and to encourage links between them and community-based organisations, promoting local ownership to the extent possible given that most funding comes from abroad.

A particular problem for official development agencies is that obtaining good knowledge of NGOs, and providing the necessary attention to their governance, is very staff-intensive. There is therefore a need to find intermediaries, often but not always large NGOs, that share the donor's vision.

A particularly useful function of a few NGOs in Zambia is their role in producing quality research on issues relevant to poverty reduction.

From the perspective of the development agencies' agenda, the **unions** are an active voice in calling for improved governance, possibly a function that in the longer term and on the wider canvas will have a greater impact on pro-poor outcomes than will their activities in support of their current members.

6.3.3 Drivers from above

The importance of **Parliament**, working within a reformed Constitution, and of **reform-minded elements of the political parties** has been emphasised. While the principal onus for this rests on citizens, there may be some means by which at the margin, and with a low profile, development agencies can usefully strengthen the functioning of Parliament, including providing sensitisation and information sessions for MPs, and supporting the research functions and standing committees⁴¹.

Encouraging international linkages between political parties and democratic foundations may also be a worthwhile means of exposing members of political parties to international practices.

The case for a transparent and fair method of funding political parties, thus removing one strong incentive for abuse of public resources by the governing party, needs to be considered.

Assisting in the currently intensifying national debate on the reform of the Constitution may have considerable long-term value.

In parallel, sustaining technical and financial support for the **Electoral Commission** and the **Anti-Corruption Commission** will always be the junior partner as compared with the importance of the political context within which they work, but is likely nevertheless to be warranted. The **Office of the Auditor General** has in many ways performed well providing public information, thus energising Parliament's Public Accounts Committee and the media.

Reform of the **civil service** presents some of the most persistent difficulties in a development agenda in Zambia. The principal obstacles are political and ultimately it is the political interests of the leadership that will determine success or failure. Building coalitions of those who would benefit from improved civil service performance will be necessary --- for instance of the private sector that is crowded out financial markets by

⁴¹ We understand that a project for this purpose has been designed by USAID.

government borrowing to finance salaries, or potential users of public services that are ineffective. An ambitious and perhaps unrealisable approach might be for such parties to create a national campaign to create sufficient pressure for change in civil service performance. Failing this, there is an argument for continuing to press for changes, which unfortunately do not directly address the central political problem, for instance in the way the budget is managed and for transparency of information.

Chiefs and traditional leaders offer some potential for carefully judged support as drivers of change, building on the fact that some have more legitimacy in local, especially rural areas, than do other more modern institutions. The difficulties arise in part from the fact that chiefs vary greatly in their skills, personal characteristics and interest in change.

The unevenness of traditional leadership underlines the importance of bringing clarity and consistency to land policy and administration which remain one of their critical functions from the perspective of poverty reduction.

6.3.4 External agents for change

This paper has identified several types of international and regional agents of change. Most influential are the official aid donors themselves. Numerous suggestions have been made in this section for ways in which they could seek to strengthen their own roles and those of others in the country. Their country strategies could usefully identify some of the actual or potential drivers of change, and seek to strengthen their capacities.

Operating internationally and regionally, they may also influence other players. Two aspects in particular may be noted. First, there is a case for international agencies to continue to work to ensure that international investors in Zambia and other developing countries follow practices (including of their own governance) that are beneficial to the host country. And second, there is a need to support regional institutions (such as SADC and COMESA) to improve the prospects of southern Africa providing an environment conducive to the development of Zambia and its neighbours.

6.4 Concluding remark

Zambia's long-term decline, and the massive challenges it now faces, create one of the most difficult environments anywhere for meeting the Millennium Development Goals. Indeed most will not be met in Zambia.

Many of the explanations for what has gone wrong lie in the political sphere, and, as this paper has suggested, for these to turn around will require changes to the framework of incentives and restraints that affect, even determine, the behaviour of those with power. It would be naïve to believe that this can happen readily.

Yet there is reason for hope. A decade of multi-party democracy may so far have disappointed many people in Zambia in its failure to reverse economic decline. But it has

created a diverse civil society, political parties, and press, all of which contain individuals and organisations that are independent and demand more accountable government. As several events of the past two years have shown, they are now winning some battles, if not yet the war.

Annex 1

Agriculture and tourism and pro-poor change

This annex examines the ways in which pro-poor change might be encouraged in the two economic sectors, agriculture and tourism, that are highlighted by the PRSP as offering particular scope for economic recovery. The annex does not set out to be a comprehensive review of the sectors which have been extensively analysed elsewhere⁴², but identifies some of the ways in which drivers of change may be encouraged within them.

Agriculture. It has been said for decades that the future of Zambia lies with the development of agriculture. The PRSP is the latest in a series of documents, of plans, and plans about plans, which have put forward proposals for tackling the problems of agriculture and promoting growth and the reduction of rural poverty. It remains to be seen whether there is substance in the proposals, whether they will be backed up by action, or whether they once again pay lip service to an ideal. The main ground for hope is that the decline of the mining industry has already resulted in a relative increase in the contribution of agriculture to GNP and a substantial and real increase in agricultural exports. Although it is premature to write off the mining industry, it does currently appear that Zambia has few alternatives to agricultural development as the way out of poverty. There may be a new seriousness in the approach to agriculture, but the Zambian public and outside observers may be forgiven for a measure of scepticism.

The majority of Zambia's poor and very poor people live in rural areas and are at least nominally engaged in small-scale agriculture. A significant proportion of poor households, including many female-headed households, grandparent-headed households, and increasingly, child-headed households, lack the necessary assets of land, labour power, livestock, implements and tools, capital or credit, and knowledge, to engage in self-sustaining agricultural production. There are significant numbers of poor people in rural areas who survive through occasional sales of labour and services, the sale or exchange of produce, and of crafts, and through handouts from relatives, neighbours, or welfare agencies, including the churches. There is no reason to believe that Zambia is immune from the process which has affected much of Africa in the last decade and has become known as 'de-peasantisation' or 'de-agrarianisation'. Although food production for own consumption is still vitally important, people in rural areas, especially women and young people, are increasingly dependent for cash income on non-agricultural activities which may include beer-brewing, hair-plaiting, healing, and petty trading.

It is unrealistic to imagine that all rural households can be self-sustaining, subsistent, and productive, or that increases in agricultural output and productivity can totally eliminate rural poverty. Many poor households face problems that are intractable and, in the short run, insoluble, except through the provision of welfare services and of safety nets. It is well known that rural households move through generational cycles, which affect their prosperity and viability. This phenomenon has been complicated in recent years by the

⁴² See for instance Farrington and Saasa.

impact of HIV/AIDS. Seasonal droughts and occasional famines also affect the viability of households and may result in their break-up and dispersal.

The fundamental constraints on the development of small to medium scale agricultural production are well known and frequently enumerated. Assuming that households have adequate labour, and healthy labour power, at their disposal, they may lack access to land and livestock, to roads and markets, to capital and credit, to inputs such as seed and fertiliser, to veterinary and extension services, as well as to health and educational facilities.

According to the PRSP the government intends to tackle all of these problems within the three-year life of the programme. It is open to question whether a great deal can be achieved within this time scale. The government has at the moment failed to ensure that there are no artificial shortages of land, one commodity that Zambia would appear to have in abundance, and that the users of land have sufficient security of tenure to encourage them to make investments in its improvement. Access to good land, and security of tenure, are issues constraining agricultural development in several provinces. These are key issues that have been allowed to drift for eight years since the passing of the abortive Land Act in 1995.

While there have been improvements in a number of trunk roads to outlying provinces in recent years, proximity to the Line of Rail, and the good roads adjacent to it, is a major determinant of the viability of agriculture at all levels. Producers at any distance from the Line of Rail are restricted to local markets for bulky or perishable produce. Only relatively high value crops can bear the cost of transport over longer distances. Most reports point to the inadequacy, and in some areas the total absence, of extension and veterinary services. The collapse of veterinary services is blamed for substantial losses of African-owned cattle to Corridor disease in the Southern Province.

The question of the availability of markets, capital, credit, and of inputs, has been considered elsewhere. There appears, however, to be a continuing, and damaging, ambiguity in the mind of government as to the division of roles between itself and the private sector. It is under strong external pressure to abandon its interventionist role, but frequently finds reasons, such as drought and the threat of famine, to renege on its commitment to allow market forces to operate. It is clear that it can no longer afford to perform the roles of maize buyer of last resort, and supplier of fertiliser, but its own macro-economic policies, and the unpredictability of its interventions, have a deterrent effect on the development of the capacity of the private enterprise in these roles.

Zambia's small but important commercial farming sector, which is almost entirely located within reach of the Line of Rail, has come through the period of liberalisation in the 1990s quite well, though some of its members were brought close to bankruptcy by the combined effects of drought, hyperinflation, and very high interest rates in the early years of the decade. They have also had to contend with the threat of dumping from Zimbabwe and, at times, with the damaging effects of maize imports and food aid on the local market. One of the most interesting proposals in the PRSP is for the establishment

of new commercial farming blocks in provinces, which at the moment lack a commercial farming presence. These proposals do not confront the possibility of resistance on the part of traditional leaders, and other interested parties, to the alienation of large areas of land.

As commercial farming in Zambia continues to be synonymous with white settler farming, though the bulk of commercial farming is now carried on by agribusinesses, which employ large numbers of Zambian managers, there is a strong probability of such opposition. On the other hand, there is historical evidence that the establishment of the Mkushi Block in the 1950s had a strongly stimulating effect on indigenous farming in its vicinity. The bulk of maize produced in the Mkushi District now comes from Zambian farmers on communal land, many of whom gained experience of commercial farming techniques while they were employed on farms on the block. The development of new blocks could well have similarly catalytic effects. There is, however, a question as to where the commercial farmers for these developments are to come from. One well-informed source says that there is now a cadre of Zambian managers who would be well equipped to take up such farms. They would, however, require large amounts of credit on easy terms.

The PRSP not only envisages a larger role for agribusiness in relation to the development of new commercial farming blocks, but also sees an extension role for it in connection with the development of out-growers schemes. The inspiration for the expansion of out-growers schemes comes from their successful development for the production of flowers and vegetables for export, as well as their extensive use in the production of cotton. One informed source suggests that the market for vegetables in Europe is effectively unlimited. The main constraint on the expansion of horticultural production is the availability of capital, and, perhaps, of space for freight on aircraft returning to Europe from South Africa.

Another interesting proposal in the PRSP is for the development of export-oriented Livestock Disease-free Zones. There is no doubt as to the high quality of Zambian beef. If the development of such zones made access to the European and other international markets possible, this could be of real benefit to many farmers in the Western and Southern Provinces, as well as to some in the Eastern and Northern Provinces. As a step in this direction there is now ongoing discussion of the possibility of supplying veterinary services on an out-grower basis to cattle producers in the Western Province.

As with most possibilities for development and pro-poor change in Zambia, there are many practical obstacles in the way of progress. The technology to overcome the obstacles is almost always available. The political will, and the personnel needed to drive change, often appear to be lacking. There is no doubt that Zambia has huge agricultural potential. Effective actions by, and support for, key drivers of change could do much to ensure that this is exploited in such a way as to benefit the mass of its poor people.

Tourism. The recent significant increase in the number of international tourists visiting Zambia is largely a result of the political situation in Zimbabwe. The town of Livingstone, in particular, has benefited from the increasing reluctance of tourists to

include Zimbabwe on their itineraries. It is almost certainly this recent upturn in tourist arrivals which has led the compilers of the PRSP to place special emphasis on the development of tourism as a means of reducing poverty. There is little doubt that Zambia with its game parks, rivers, and lakes, is underdeveloped as a tourist destination. Tourism is a labour-intensive industry which can not only create jobs in remote places, but also markets for food and crafts. However, its development to create substantially more jobs requires improvements in infrastructure - roads, water, electricity, and air services (the latter having declined over the past 30 years). While improvements would be of benefit to the wider community, a sense of perspective is needed on the rate at which they will occur sufficiently to generate employment sufficient to make a large impact on poverty.

There is, of course, room for debate about the kind of tourism that is best suited to Zambian conditions. There is a huge literature on the possible drawbacks of the development of mass tourism, including environmental degradation, the encouragement of prostitution, and the tendency for tourist hotels to operate as enclaves, importing most of their inputs and exporting most of their profits. Clearly this is not the kind of tourist development which is either desirable or suitable in Zambian conditions, though recent developments in Livingstone may be susceptible to criticism on at least some of these counts.

Talk of a rapid doubling in the number of international tourists visiting Zambia suggests that some people are thinking of the country as a destination for mass tourism. There are a number of reasons why this would be both undesirable and unlikely to occur. Among the most profitable of tourist activities which Zambia can offer is safari hunting. This is a sector which has been developed, and undermined as a result of government interference, in the past. It is not a branch of tourism which is suitable for mass tourism. Similarly Zambia's game parks are currently a high-price destination for a relatively elite group of tourists. The encouragement of mass tourism would rapidly undermine this niche market and at a minimum would require careful management to avoid environmental degradation.

There is clearly a need for safeguards against the damaging exploitation of poor people and the environment through the development of tourism. Tourism is, however, the one industry which has the potential to transform the remoteness and inaccessibility of much of Zambia from a handicap into an asset. There is a literature on approaches to tourism that optimise pro-poor impacts⁴³ through stepping up the involvement of local communities. The Zambia Wildlife Act already makes provision for involvement of communities in game management areas, providing a basis for increasing the pro-poor impact of tourism. Further, an active tourism industry could act as a pressure group for improvement to some of the needed infrastructure improvements, with potentially wider benefits. With planning, effort, and political will, this can be done in such a way as to benefit poor people.

⁴³ Principally by Caroline Ashley, Overseas Development Institute, London.

Annex 2

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Annex 3

People met

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Civil society, churches	
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Rev.Laurence and Martha Temfwe	Pastor, Victory Ministries, and wife
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of the initial findings.