

## **Zambia: Poverty Reduction Strategy Paper**

Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries in broad consultation with stakeholders and development partners, including the staffs of the World Bank and the IMF. Updated every three years with annual progress reports, they describe the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document for Zambia, dated December 2006, is being made available on the IMF website by agreement with the member country as a service to users of the IMF website.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to [publicationpolicy@imf.org](mailto:publicationpolicy@imf.org).

Copies of this report are available to the public from

International Monetary Fund • Publication Services  
700 19<sup>th</sup> Street, N.W. • Washington, D.C. 20431  
Telephone: (202) 623-7430 • Telefax: (202) 623-7201  
E-mail: [publications@imf.org](mailto:publications@imf.org) • Internet: <http://www.imf.org>

Price: \$18.00 a copy

**International Monetary Fund  
Washington, D.C.**

*This page intentionally left blank*



Republic of Zambia

# FIFTH NATIONAL DEVELOPMENT PLAN

## 2006-2010

*Broad based wealth and job creation through  
citizenry participation and technological advancement*



December 2006

## Foreword

1. In my opening address to the First Session of the Ninth National Assembly on 22<sup>nd</sup> January 2002, I tasked the Ministry of Finance and National Planning to prepare a transitional national development plan (TNDP) by June 2002, and from 2006 onwards, to produce five-year national development plans. It is with great pleasure, therefore, that I present the Fifth National Development Plan (FNDP) for the period 2006 to 2010.

2. From independence in 1964, three national development plans were implemented. The Fourth National Development Plan was launched in 1989 but later abandoned in 1991 in preference for an open market system that brought momentous changes to our country. One of the important lessons learnt from the 1990s was the realization that even in a liberalized economy, development planning is necessary for guiding priority setting and resource allocation. The absence of planning tends to force us to concentrate on short-term needs representing narrow sectional interests thus denying the country the opportunity to attain broad based socio-economic development.

3. As a result of the abolition of national planning, the following consequences emerged:

- i. No medium-term plan for the country to follow to guide public investment priorities for implementation by Government;
- ii. No planning framework to serve as a basis for cooperation with donors;
- iii. Weakened capacity of the country to coordinate national development programmes, since there was no organ at national level to oversee, initiate and coordinate cross-cutting national programmes among ministries.
- iv. Absence of an organ to oversee plans, coordinate and monitor at the provincial and district level and serve as a link with development priorities at the national level; and
- v. The inability of the private sector to undertake some of the market-related functions. This called for Government intervention, which could only be well articulated within a planning framework and the budgeting process. However, the budgeting process, which took centre stage, was done with no clear reference to medium-term goals, plans or long-term vision.

4. The re-introduction of national planning in 2002 and the creation of Sector Advisory Groups (SAGs) and the proposed strengthening of the district and provincial planning units will guide the planning and implementation processes. To this end, fully functional provincial and district planning units will focus on socio-economic planning and assist the decision-making process at provincial and district levels. Development planning is essential in providing clear definitions and articulations of national, provincial and district priorities for Government actions and allocation of public resources. To be successful and transform the country into a prosperous nation, our brand of development planning must make a break with the past and go beyond mere statements. More importantly, it must embrace principles of plan implementation, monitoring and evaluation.

5. The FNDP has ensured that sectoral strategic plans are well coordinated and are inter-linked. Care has also been taken to arrive at a realistic estimation of the resource envelope over the FNDP horizon. This resource envelope is imbedded in a Medium Term Expenditure Framework (MTEF) within which national annual budgets, framed as annual activity based budgets, will be drawn. The MTEF will help guide and inform political choices needed for resource allocation. The FNDP has been prepared based on the medium-term macroeconomic, fiscal and aid policy objectives.

6. The FNDP and associated MTEFs will be the link between the National Long Term Vision 2030 (NLTV) and the annual activity based national budgets. The FNDP and the MTEFs have been developed based on a well-articulated and shared Vision 2030 that forms a rallying point for all development effort in the next twenty-five years. The National Vision is *“to become a prosperous middle income country by the year 2030.”*

7. The theme of the FNDP is *broad based wealth and job creation through citizenry participation and technological advancement*. Within this overall theme, the FNDP stands on two sub-themes, namely, an economic sub-theme and a social sub-theme.

*Fifth National Development Plan 2006 – 2010*

8. The Plan focuses on agricultural development as the engine of income expansion in the economy. My Government is convinced that agriculture offers the best opportunities for improving livelihoods. To this end, the sector has received a marginally higher allocation of the resources. Among other economic sectors that complement this focus, either directly or through inter-linkages are infrastructure, tourism, manufacturing, mining and energy. The sources of economic growth as identified by the above sectors constitute the economic sub-theme of the FNDP.

9. The FNDP recognizes that this approach through growth stimulation should be complemented by distributive measures that have better overall positive impact on the poor. The FNDP goes beyond to re-enforce other existing measures, which include poverty reduction, focused safety nets, issues of disability, social protection and good governance. These concerns constitute the social theme of the FNDP.

10. In the past, a major weakness of development planning in Zambia has been the poor implementation that stemmed largely from poor resource forecasts, weak institutional arrangements and weak monitoring mechanisms/systems for the Plans. By providing for the MTEF and linking the Plan to the resource envelope, and introducing the public expenditure management and accountability systems, this Plan represents better prospects of achieving its objectives for the socio-economic development of the country. It is equally important to mention that the monitoring and evaluation of this Plan has been designed to ensure successful implementation with the involvement of all stakeholders.

11. The FNDP has been costed to be within the available resource envelope as projected in the MTEF over the Plan period, taking into account the favourable environment that has been created as a result of the country's qualification to the highly indebted poor countries initiative (HIPC) completion point. In summary, the FNDP will require a total of K62,623.22 billion over a period of 5 years. These resources will be mobilized from Government and the cooperating partners.

12. I would like to appeal to all national stakeholders to play their part in ensuring the success of this Plan by establishing and strengthening the needed structures, capacities, and alliances for our common goal to reduce poverty in the interest of social welfare. It is also important to stress that ultimately, good policies and intentions cannot result in growth and development unless every one of us from Government to the individual is prepared to work hard and diligently to realize our dreams. On my part, I shall ensure that Government does everything possible to fulfil this noble mission. I urge our people in every part of the country to rededicate their energies to the successful implementation of the FNDP. I wish to thank all Zambians for contributing effectively to the preparation process of the FNDP. Government will continue to consult citizens in key areas involving all planning and implementation processes so that their inputs are taken into account.

13. Lastly, I would like to thank all our cooperating partners who have over the years supported us in many fields of our national economy. My appeal to them is that they should come forward to support us once again during this crucial period of the implementation of the FNDP.

Patrick Levy Mwanawasa, S.C.  
**PRESIDENT OF THE REPUBLIC OF ZAMBIA**

December 2006

*This page intentionally left blank*

## Table of Contents

FOREWORD .....	<b>I</b>
TABLES AND FIGURES .....	<b>X</b>
ACRONYMS .....	<b>XII</b>
INTRODUCTION .....	<b>1</b>
<b>REVIEW OF ECONOMIC AND SOCIAL DEVELOPMENTS .....</b>	<b>4</b>
REVIEW OF ECONOMIC DEVELOPMENTS .....	<b>5</b>
1.1 OVERVIEW OF GLOBAL ECONOMIC DEVELOPMENTS .....	5
1.2 THE IMPACT OF GLOBAL DEVELOPMENTS ON THE ZAMBIAN ECONOMY .....	6
1.3 DOMESTIC ECONOMIC GROWTH TRENDS .....	6
1.4 FISCAL POLICY DEVELOPMENTS .....	7
1.5 MONETARY AND FINANCIAL SECTOR DEVELOPMENTS .....	8
1.6 EXTERNAL SECTOR DEVELOPMENTS .....	9
1.7 EXTERNAL DEBT AND AID .....	10
REVIEW OF POVERTY TRENDS .....	<b>12</b>
2.1 INCOME POVERTY .....	12
2.2 NON-INCOME POVERTY AND OTHER SOCIAL DEVELOPMENTS .....	17
<b>FNDP GOALS AND STRATEGIES .....</b>	<b>19</b>
THE FIFTH NATIONAL DEVELOPMENT PLAN THEME AND STRATEGIC FOCUS .....	<b>20</b>
3.1 INTRODUCTION .....	20
3.2 ACHIEVING BROAD BASED WEALTH AND JOB CREATION .....	21
3.3 ECONOMIC INFRASTRUCTURE AND HUMAN RESOURCES DEVELOPMENT .....	21
3.4 FNDP EXPENDITURE PRIORITIES .....	22
FNDP MACROECONOMIC, SOCIAL AND STRUCTURAL POLICIES .....	<b>26</b>
4.1 INTRODUCTION .....	26
4.2 MACROECONOMIC OBJECTIVES, POLICIES AND STRATEGIES .....	26
4.3 SOCIAL OBJECTIVES, POLICIES AND STRATEGIES .....	32
4.4 STRUCTURAL POLICIES .....	35
4.5 NATIONAL MONITORING AND EVALUATION FRAMEWORK .....	41
<b>FNDP SECTORAL PLANS .....</b>	<b>44</b>
AGRICULTURE .....	<b>46</b>
5.1 INTRODUCTION .....	46
5.2 REVIEW OF PAST PERFORMANCE .....	46
5.3 POLICIES AND KEY REFORMS .....	47
5.4 VISION AND GOAL .....	48
5.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	48
5.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	52
LAND .....	<b>56</b>
6.1 INTRODUCTION .....	56
6.2 REVIEW OF PAST PERFORMANCE .....	56
6.3 POLICIES AND KEY REFORMS .....	57
6.4 VISION AND GOAL .....	57
6.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	57
6.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	58
MINING .....	<b>62</b>
7.1 INTRODUCTION .....	62
7.2 REVIEW OF PAST PERFORMANCE .....	62

7.3 POLICIES AND KEY REFORMS .....	65
7.4 VISION AND GOALS .....	66
7.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	66
7.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	67
<b>COMMUNICATIONS AND METEOROLOGY .....</b>	<b>70</b>
8.1 INTRODUCTION .....	70
8.2 REVIEW OF PAST PERFORMANCE .....	70
8.3 POLICIES AND KEY REFORMS .....	71
8.4 VISION AND GOAL .....	72
8.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	72
8.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	74
<b>INFRASTRUCTURE .....</b>	<b>80</b>
9.1 INTRODUCTION .....	80
9.2 REVIEW OF PAST PERFORMANCE .....	81
9.3 POLICIES AND KEY REFORMS .....	85
9.4 VISION AND GOAL .....	86
9.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	86
9.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	88
<b>NATURAL RESOURCES .....</b>	<b>95</b>
10.1 INTRODUCTION .....	95
10.2 REVIEW OF PAST PERFORMANCE .....	95
10.3 POLICIES AND KEY REFORMS .....	98
10.4 VISION AND GOAL .....	99
10.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	99
10.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	102
<b>TOURISM .....</b>	<b>106</b>
11.1 INTRODUCTION .....	106
11.2 REVIEW OF PAST PERFORMANCE .....	106
11.3 POLICIES AND KEY REFORMS .....	107
11.4 VISION AND GOAL .....	108
11.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	108
11.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	110
<b>MANUFACTURING .....</b>	<b>114</b>
12.1 INTRODUCTION .....	114
12.2 REVIEW OF PAST PERFORMANCE .....	114
12.3 POLICIES AND KEY REFORMS .....	115
12.4 VISION AND GOAL .....	117
12.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	117
12.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	119
<b>COMMERCE AND TRADE .....</b>	<b>123</b>
13.1 INTRODUCTION .....	123
13.2 REVIEW OF PAST PERFORMANCE .....	123
13.3 POLICIES AND KEY REFORMS .....	125
13.4 VISION AND GOAL .....	126
13.5 PROGRAMMES, OBJECTIVE AND STRATEGIES .....	126
13.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	127
<b>ENERGY .....</b>	<b>131</b>
14.1 INTRODUCTION .....	131
14.2 REVIEW OF PAST PERFORMANCE .....	131
14.3 POLICIES AND KEY REFORMS .....	133
14.4 VISION AND GOALS .....	134
14.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	135
14.6 IMPLEMENTATION, MONITORING AND EVALUATION .....	136



<b>SCIENCE AND TECHNOLOGY .....</b>	<b><u>140</u></b>
15.1 INTRODUCTION .....	<u>140</u>
15.2 REVIEW OF PAST PERFORMANCE .....	<u>140</u>
15.3 POLICIES AND KEY REFORMS .....	<u>141</u>
15.4 VISION AND GOAL .....	<u>141</u>
15.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>141</u>
15.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>142</u>
<b>FNDP SECTORAL PLANS .....</b>	<b><u>144</u></b>
<b>EDUCATION AND SKILLS DEVELOPMENT .....</b>	<b><u>146</u></b>
16.1 INTRODUCTION .....	<u>146</u>
16.2 REVIEW OF PAST PERFORMANCE .....	<u>146</u>
16.3 POLICIES AND KEY REFORMS .....	<u>149</u>
16.4 VISION AND GOALS .....	<u>150</u>
16.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>150</u>
16.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>156</u>
<b>HEALTH .....</b>	<b><u>160</u></b>
17.1 INTRODUCTION .....	<u>160</u>
17.2 REVIEW OF PAST PERFORMANCE .....	<u>160</u>
17.3 POLICIES AND KEY REFORMS .....	<u>165</u>
17.4 VISION AND GOAL .....	<u>167</u>
17.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>167</u>
17.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>171</u>
<b>ARTS AND CULTURE .....</b>	<b><u>176</u></b>
18.1 INTRODUCTION .....	<u>176</u>
18.2 REVIEW OF PAST PERFORMANCE .....	<u>176</u>
18.3 POLICIES AND KEY REFORMS .....	<u>178</u>
18.4 VISION AND GOALS .....	<u>178</u>
18.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>178</u>
18.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>179</u>
<b>WATER AND SANITATION .....</b>	<b><u>183</u></b>
19.1 INTRODUCTION .....	<u>183</u>
19.2 REVIEW OF PAST PERFORMANCE .....	<u>183</u>
19.3 POLICIES AND KEY REFORMS .....	<u>185</u>
19.4 VISION AND GOAL .....	<u>186</u>
19.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>187</u>
19.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>190</u>
<b>HOUSING .....</b>	<b><u>197</u></b>
20.1 INTRODUCTION .....	<u>197</u>
20.2 REVIEW OF PAST PERFORMANCE .....	<u>197</u>
20.3 POLICIES AND KEY REFORMS .....	<u>198</u>
20.4 VISION AND GOAL .....	<u>199</u>
20.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	<u>199</u>
20.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>200</u>
<b>DISABILITY AND DEVELOPMENT .....</b>	<b><u>203</u></b>
21.1 INTRODUCTION .....	<u>203</u>
21.2 REVIEW OF PAST PERFORMANCE .....	<u>203</u>
21.3 POLICIES AND KEY REFORMS .....	<u>204</u>
21.4 VISION AND GOAL .....	<u>204</u>
21.5 PROGRAMMES, OBJECTIVES AND STRATEGIES AND RESPONSIBLE INSTITUTIONS .....	<u>204</u>
21.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<u>206</u>
<b>SOCIAL PROTECTION .....</b>	<b><u>210</u></b>
22.1 INTRODUCTION .....	<u>210</u>

22.2 REVIEW OF PAST PERFORMANCE .....	210
22.3 POLICIES AND KEY REFORMS .....	212
22.4 VISION AND GOAL .....	212
22.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	212
22.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	214
<b>YOUTH AND CHILD DEVELOPMENT.....</b>	<b>218</b>
23.1 INTRODUCTION .....	218
23.2 REVIEW OF PAST PERFORMANCE .....	219
23.3 POLICIES AND KEY REFORMS .....	220
23.4 VISION AND GOAL .....	220
23.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	220
23.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	223
<b>EMPLOYMENT AND LABOUR.....</b>	<b>227</b>
24.1 INTRODUCTION .....	227
24.2 REVIEW OF PAST PERFORMANCE .....	227
24.3 POLICIES AND KEY REFORMS .....	228
24.4 VISION AND GOAL .....	229
24.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	229
24.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	231
<b>GOVERNMENT ADMINISTRATION.....</b>	<b>233</b>
<b>CENTRAL ADMINISTRATION .....</b>	<b>235</b>
25.1 INTRODUCTION .....	235
25.2 REVIEW OF PAST PERFORMANCE .....	235
25.3 POLICIES AND KEY REFORMS .....	236
25.4 VISION AND GOAL .....	237
25.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	237
25.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	238
<b>LOCAL GOVERNMENT AND DECENTRALISATION.....</b>	<b>242</b>
26.1 INTRODUCTION .....	242
26.2 REVIEW OF PAST PERFORMANCE .....	242
26.3 POLICIES AND KEY REFORMS .....	243
26.4 VISION AND GOAL .....	243
26.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	243
26.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	245
<b>INFORMATION SERVICES.....</b>	<b>248</b>
27.1 INTRODUCTION .....	248
27.2 REVIEW OF PAST PERFORMANCE .....	248
27.3 POLICIES AND KEY REFORMS .....	249
27.4 VISION AND GOAL .....	249
27.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	249
27.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	250
<b>FOREIGN RELATIONS.....</b>	<b>254</b>
28.1 INTRODUCTION .....	254
28.2 REVIEW OF PAST PERFORMANCE .....	254
28.3 POLICIES AND KEY REFORMS .....	255
28.4 VISION AND GOAL .....	256
28.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	256
28.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	257
<b>PUBLIC SAFETY .....</b>	<b>259</b>
<b>DEFENCE .....</b>	<b>261</b>
29.1 INTRODUCTION .....	261
29.2 REVIEW OF PAST PERFORMANCE .....	261

29.3 POLICIES AND KEY REFORMS .....	261
29.4 VISION AND GOAL .....	262
29.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	262
29.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	262
<b>PUBLIC SAFETY AND ORDER .....</b>	<b>267</b>
30.1 INTRODUCTION .....	267
30.2 REVIEW OF PAST PERFORMANCE .....	267
30.3 POLICIES AND KEY REFORMS .....	268
30.4 VISION AND GOALS .....	269
30.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	269
30.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	269
<b>CROSS-CUTTING ISSUES .....</b>	<b>274</b>
<b>GOVERNANCE .....</b>	<b>276</b>
31.1 INTRODUCTION .....	276
31.2 REVIEW OF PAST PERFORMANCE .....	276
31.3 POLICIES AND KEY REFORMS .....	280
31.4 VISION AND GOALS .....	281
31.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	281
31.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	285
<b>HIV AND AIDS .....</b>	<b>296</b>
32.1 INTRODUCTION .....	296
32.2 REVIEW OF PAST PERFORMANCE .....	297
32.3 POLICIES AND KEY REFORMS .....	297
32.4 VISION AND GOAL .....	299
32.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	299
32.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	301
<b>ENVIRONMENT .....</b>	<b>304</b>
33.1 INTRODUCTION .....	304
33.2 REVIEW OF PAST PERFORMANCE .....	304
33.3 POLICIES AND KEY REFORMS .....	305
33.4 VISION AND GOAL .....	307
33.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	307
33.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	308
<b>GENDER AND DEVELOPMENT .....</b>	<b>313</b>
34.1 INTRODUCTION .....	313
34.2 REVIEW OF PAST PERFORMANCE .....	313
34.3 POLICIES AND KEY REFORMS .....	314
34.4 VISION AND GOAL .....	314
34.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	315
34.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	316
<b>FOOD AND NUTRITION .....</b>	<b>320</b>
35.1 INTRODUCTION .....	320
35.2 REVIEW OF PAST PERFORMANCE .....	320
35.3 POLICIES AND KEY REFORMS .....	321
35.4 VISION AND GOALS .....	322
35.5 PROGRAMMES, OBJECTIVES AND STRATEGIES .....	322
35.6 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	322
<b>REGIONAL DEVELOPMENT .....</b>	<b>325</b>
<b>REGIONAL DEVELOPMENT .....</b>	<b>327</b>
36.1 INTRODUCTION .....	327
36.2 CENTRAL PROVINCE .....	328
36.3 COPPERBELT PROVINCE .....	330

36.4 EASTERN PROVINCE .....	<a href="#">332</a>
36.5 LUAPULA PROVINCE .....	<a href="#">335</a>
36.6 LUSAKA PROVINCE .....	<a href="#">337</a>
36.7 NORTHERN PROVINCE .....	<a href="#">339</a>
36.8 NORTH-WESTERN PROVINCE .....	<a href="#">341</a>
36.9 SOUTHERN PROVINCE .....	<a href="#">343</a>
36.10 WESTERN PROVINCE .....	<a href="#">346</a>
36.11 IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....	<a href="#">348</a>
<b>FINANCING, IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK .....</b>	<b><a href="#">349</a></b>
FINANCING OF THE FNDP .....	<b><a href="#">351</a></b>
37.1 INTRODUCTION .....	<a href="#">351</a>
37.2 FINANCING OF THE FNDP .....	<a href="#">351</a>
37.3 THE DEVELOPMENT PLAN .....	<a href="#">354</a>
INSTITUTIONAL FRAMEWORK FOR FNDP IMPLEMENTATION, MONITORING AND EVALUATION .....	<b><a href="#">365</a></b>
38.1 INTRODUCTION .....	<a href="#">365</a>
38.2 IMPLEMENTATION FRAMEWORK .....	<a href="#">365</a>
38.3 MONITORING, EVALUATION AND REPORTING FRAMEWORK .....	<a href="#">370</a>

## Tables and Figures

### Tables

1.1: Summary of World Output Trends: 1998-2005 .....	<a href="#">5</a>
1.2: Annual Percentage Change in World Trade 1998 – 2005 .....	<a href="#">6</a>
1.3: Annual GDP Growth Rates by Sector, 1998-2005 .....	<a href="#">7</a>
1.4: Annual GDP Growth Rates by Expenditure Type, 2002-200 .....	<a href="#">9</a>
1.5: Monetary Growth and Inflation Targets and Outcomes, 2002-2005 .....	<a href="#">9</a>
1.6: Selected Financial Indicators 2002-2005 .....	<a href="#">11</a>
1.7: Selected External Sector Indicators: 2002-2005 .....	<a href="#">11</a>
1.8: External Aid Inflows, 2002-2005 .....	<a href="#">13</a>
2.1: Changes in Poverty, 1998-2004 .....	<a href="#">26</a>
4.1: Growth Scenarios, 2005 – 2010 .....	<a href="#">33</a>
4.2: Population Estimates .....	<a href="#">33</a>
4.3: Proportions of Projected Population by Age Groups .....	<a href="#">82</a>
9.1: Contribution of Transport and Construction Sub-Sectors to GDP, 1999-2005 .....	<a href="#">83</a>
9.2: Disbursements for Roads 2000-2005 .....	<a href="#">83</a>
9.3: Fuel Levy Collections and Remittances, 2000-2005 .....	<a href="#">84</a>
9.4: Aircraft Movements (Domestic and International), 2001-2004 .....	<a href="#">116</a>
12.1: Sector Growth Rates at Constant 1994 Prices, 1994 -2004 .....	<a href="#">116</a>
12.2: Manufacturing Value Added by Sub-sector .....	<a href="#">118</a>
12.3: Objectives of the Private Sector Development Reform Programme .....	<a href="#">125</a>
13.1: Export Trends, 2000- 2004 .....	<a href="#">162</a>
17.1: Summary of Health Key Performance Indicators .....	<a href="#">162</a>
17.2: Selected Health Care Delivery and Impact Indicators .....	<a href="#">163</a>
17.3: National Health Priorities .....	<a href="#">186</a>
19.1: Players in the Water Sector and their Roles .....	<a href="#">191</a>
19.2: Current functions of the Ministry of Energy and Water Development and its Institutions .....	<a href="#">191</a>
19.3: Institutional functions after the Water Resources Management Act is passed .....	<a href="#">197</a>
19.4: Water Supply and Sanitation: Responsibility Allocation .....	<a href="#">198</a>
20.1: National Housing Stock .....	<a href="#">317</a>
20.2: Housing Projects Development 2002-2004 .....	<a href="#">324</a>
35.1: Nutritional Status of Children Aged 0-59 months, 1991-2003 .....	<a href="#">325</a>
36.1: 2000 Census Population by Province and Sex .....	<a href="#">348</a>
36.2: Projected Population by Region and Sex, Medium Variant 2005 and 2010 .....	<a href="#">349</a>
37.1: Baseline Broad Fiscal Targets: Percentage of GDP .....	<a href="#">349</a>
37.2: Baseline Broad Fiscal Targets and Parameters .....	<a href="#">352</a>
37.3: Key Fifth National Development Plan Fiscal Targets and Assumptions, 2006-2010 .....	<a href="#">353</a>
37.4: Core Fifth National Development Plan Costs .....	<a href="#">355</a>
37.5: Summary Expenditure and Financing .....	<a href="#">357</a>
37.6: Broad Fifth National Development Plan Sectoral Allocations (percentage) .....	<a href="#">364</a>
37.7: Broad Fifth National Development Plan Sectoral Allocations (Kwacha Billions) .....	<a href="#">369</a>
38.1: Institutional Roles and Responsibilities for Fifth National Development Plan Implementation & Monitoring .....	<a href="#">364</a>
38.2: Key performance indicators for the Fifth National Development Plan .....	<a href="#">369</a>
38.3: Levels of Reporting for the Fifth National Development Plan Monitoring and Evaluation System .....	<a href="#">375</a>
38.4: Users and Uses of Data at Various levels of the FNDP Monitoring System .....	<a href="#">378</a>
38.5: Work Plan and Activities for Monitoring the Fifth National Development Plan .....	<a href="#">379</a>
38.6: Timeframe and Activities for the Monitoring and Evaluation of FNDP .....	<a href="#">380</a>

## Figures

2.1: Growth and Poverty Trends, 1991-2004 .....	<a href="#">12</a>
2.2: Incidence of poverty by province in 2004 .....	<a href="#">14</a>
2.3: Provincial contribution to national poverty: 2004 .....	<a href="#">14</a>
2.4: Poverty by Sex and Age of household Head, 2002/2003 .....	<a href="#">15</a>
2.5: Poverty by Household Size, 2002/2003 .....	<a href="#">16</a>
2.6: Poverty by Education Level, 2002/2003 .....	<a href="#">16</a>
4.1: Private Sector Development Reform Areas and Objectives .....	<a href="#">35</a>
4.2: Private Sector Development Reform Programme Framework .....	<a href="#">40</a>
14.1: Energy Consumption Trends, 1986-2002 .....	<a href="#">133</a>
37.1: External Aid Projections: 2006-2010 .....	<a href="#">354</a>
38.1: Institutional Arrangement and Information Flow .....	<a href="#">365</a>

## Acronyms

ABB	Activity Based Budgeting
ACC	Anti-Corruption Commission
ADB	African Development Bank
ADC	Area Development Committee
AGOA	Africa Growth and Opportunity Act
AIDS	Acquired Immuno-Deficiency Syndrome
ART	Anti-Retroviral Therapy
ARV	Anti-Retroviral
ASIP	Agricultural Sector Investment Programme
AU	African Union
BoZ	Bank of Zambia
CBO	Community Based Organization
CBoH	Central Board of Health
CEDAW	Convention on Elimination of Discrimination Against Women
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSO	Central Statistical Office
DAFT	District AIDS Task Force
DBZ	Development Bank of Zambia
DDCC	District Development Coordinating Committee
DEB	District Education Boards
DEC	Drug Enforcement Commission
DIP	Decentralisation Implementation Plan
DMMU	Disaster Management and Mitigation Unit
DWA	Department of Water Affairs
D-WASHE	District Water, Sanitation, Health and Education
EBZ	Export Board of Zambia
ECCDE	Early Childhood Care, Development and Education
ECZ	Environmental Council of Zambia
EPA	Economic Partnership Agreement
EU	European Union
FBO	Faith-Based Organisations
FDI	Foreign Direct Investment
FNDP	Fifth National Development Plan
GDP	Gross Domestic Product
GIDD	Gender in Development Division
GIS	Geographical Information Systems
GMO	Genetically Modified Organism
GRZ	Government of the Republic of the Zambia
GSP	Generalized System of Preference
HIPC	Heavily Indebted Poor Country
HIV	Human Immuno-Deficiency Virus
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
ISP	Infrastructure Service Provision
LCMS	Living Conditions Monitoring Survey
LDC	Least Developed Countries
LuSE	Lusaka Stock Exchange
M&E	Monitoring and Evaluation
MACO	Ministry of Agriculture and Cooperatives
MCDSS	Ministry of Community Development and Social Services
MDGs	Millennium Development Goals
MEWD	Ministry of Energy and Water Development
MFN	Most Favoured Nation
MLGH	Ministry of Local Government and Housing
MoD	Ministry of Defence
MoE	Ministry of Education

MoFNP	Ministry of Finance and National Planning
MoH	Ministry of Health
MLSS	Ministry of Labour and Social Security
MSMEs	Medium, Small and Micro Enterprises
MSTVT	Ministry of Science, Technology and Vocational Training
MTEF	Medium-Term Expenditure Framework
MTENR	Ministry of Tourism, Environment and Natural Resources
NCPPS	National Corruption Prevention Policy and Strategy
NCSR	National Council for Scientific Research
NCZ	Nitrogen Chemicals of Zambia
NDCC	National Development Coordinating Committees
NDP	National Development Plan
NDP-SC	National Drug Policy Steering Committee
NEAP	National Environmental Action Plan
NEPAD	New Partnership for Africa's Development
NFNC	National Food and Nutrition Commission
NGO	Non-Governmental Organisation
NHCC	National Heritage Conservation Commission
NISIR	National Institute for Scientific and Industrial Research
NMB	National Museums Board
NMCC	National Malaria Control Centre
NPE	National Policy on Environment
NRDC	Natural Resources Development College
NRFA	National Road Fund Agency
NSCB	National Savings and Credit Bank
NSTC	National Science and Technology Council
OAG	Office of the Auditor General
OAU	Organization of African Unity
OVC	Orphans and Vulnerable Children
PACRO	Patents and Companies Registration Office
PAF	Performance Assessment Framework
PATF	Provincial AIDS Task Force
PDCC	Provincial Development Coordinating Committee
PEMC	Provincial Education Management Committee
PEMD	Planning and Economic Management Department
PEMFA	Public Expenditure Management and Financial Accountability
PER	Public Expenditure Reviews
PPP	Private-Public-Partnership
PRP	Parliamentary Reform Project
PRSP	Poverty Reduction Strategy Paper
PSC	Public Service Commission
PSCAP	Public Service Capacity Building Programme
PSD	Private Sector Development
PSM	Public Service Management
PSMD	Public Service Management Division
PSPF	Public Service Pension Fund
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAG	Sector Advisory Group
SEDB	Small Enterprises Development Board
STI	Sexually Transmitted Infection
SWAp	Sector-Wide Approach
TAZARA	Tanzania-Zambia Railways Authority
SYSMIN	<i>Système de Stabilisation de Recettes de Exploitation de Produits Miners</i>
TEVET	Technical Education, Vocational and Entrepreneurship Training
TEVETA	Technical Education, Vocational and Entrepreneurship Training Authority
TNDP	Transitional National Development Plan
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCRC	United Nations Convention on the Rights of the Child
UNICEF	United Nations Children's Fund
UNZA	University of Zambia



VCT	Voluntary Counselling and Testing
WASHE	Water, Sanitation Health and Education
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation
ZABS	Zambia Bureau of Standards
ZAM	Zambia Association of Manufacturers
ZAMTEL	Zambia Telecommunications Company Limited
ZAPD	Zambia Agency for Persons with Disabilities
ZAWA	Zambia Wildlife Authority
ZCC	Zambia Competition Commission
ZCF	Zambia Cooperative Federation
ZCSMBA	Zambia Chamber of Small and Medium Business Associations
ZDA	Zambia Development Agency
ZDHS	Zambia Demographic Health Survey
ZESCO	Zambia Electricity Supply Corporation
ZIC	Zambia Investment Centre
ZNBC	Zambia National Broadcasting Corporation
ZNBS	Zambia National Building Society
ZNS	Zambia National Service
ZP	Zambia Police
ZPA	Zambia Privatisation Agency

The resurgence of planning to tackle the challenges of wealth creation and poverty reduction is both timely and imperative. The re-emergence of planning following nearly two decades of the pre-occupation with stabilisation and adjustment signals the realisation of several realities that the Government shares with bilateral and multilateral bodies as well as with civil society. Principal among these is the recognition that in spite of the reasonable level of growth during the years of structural reforms, poverty remains pervasive. What is even more disconcerting is the realisation that the depth of poverty and its severity have been fast worsening as the majority of Zambians continue to subsist on the equivalent of less than \$1 a day. National statistics show that the poverty level in the country in 2004 averaged 68 percent while the rural regions' average is much higher. Under such conditions, poverty is slowly compromising the sustainability of all that the country has achieved since independence.

Adverse human welfare indices such as reduced access to a nutritionally adequate food basket, child and adult malnutrition, insufficient access to education and health facilities, and the resultant reduction in life expectancy all point to the urgency of effectively addressing the national developmental challenge. Zambia is currently in the lowest category of human development as defined by the United Nations Development Programme (UNDP). In this regard, the challenge of reducing poverty is perceived by the Government not as an option but as an imperative for under such high poverty conditions, the social and political stability that is so pivotal for the revival of the country's growth and prosperity becomes vulnerable to real and potential societal tensions. One of the important lessons learnt from the 1990s was the realization that even in a liberalized economy, development planning is necessary for guiding priority setting and resource allocation. The absence of planning tends to force us to concentrate on short-term needs representing narrow sectional interests thus denying the country the opportunity to attain abroad based socio-economic development.

The national long-term planning instrument entitled Vision 2030, prepared in consultation with line ministries, provinces, districts, the donor community and civil society, sets Zambia's the long-term vision. The Vision 2030 reflects the collective understanding, aspirations and determination of the Zambian people to be a '*prosperous middle-income country*'. The Vision sets the horizon for developing the medium-term plans and provides the 'gravitational pull' to achieve long-term objectives. It outlines in broad terms, plausible courses of action to be taken towards the achievement of the country's long-term objectives and targets. It broadly reflects what Zambians aspire to be by 2030 and the options they feel will realistically get them there. The Vision will be operationalised through five-year medium term planning instruments, which are to contain specific policies, programmes and projects, predominantly targeted towards wealth creation and poverty reduction. The first of these plans is the Fifth National Development Plan (FNDP), which will be implemented from 2006 to 2010. The planning process of the FNDP integrated views from the Provincial and District Development Plans approved by the respective provincial and district level organs. The FNDP's goals are multi-pronged:

*Firstly*, the Government recognises that wealth creation through sustained economic growth constitutes the most important element in poverty reduction and, consequently, a very high premium is being placed on growth-stimulating interventions;

*Secondly*, the Government recognises that redistributive policies do matter for reducing poverty and that *growth* and *equity* are not necessarily in conflict. The Government maintains that there is no intrinsic trade-off between long run aggregate efficiency and overall equity, hence its resolve to approach poverty reduction through the 'broad-based growth' approach. It is in this context that the Government, together with civil society, has placed priority attention on those sectors that both maximise growth stimulation as well as on those, such as agriculture, education and health, that best address the plight of the poor;

*Thirdly*, the Government maintains that the needed linkages between growth and poverty reduction can be developed in a sustainable way, but only through an approach that allows everyone to share the benefits of growth. Although, under the right circumstances, sustained growth does often result in

poverty reduction, rising inequality adversely affects this and it is in this regard that the role of social protection is considered an important FNDP component. Notwithstanding this, empowering the poor to earn a decent living income is perceived to be a much more effective approach in addressing their plight than the often unsustainable subsidy programmes that tend to destroy the very financial and human resource bases that are expected to facilitate positive growth through productive investment; and,

*Fourthly*, long periods of neglect in infrastructure maintenance due, in part, to the curtailment of development budgets in the interest of fiscal balance, have resulted in the country's characteristic deterioration of its transport networks. It is in this regard that, as one of its priorities in this Plan, the major transport arteries that connect the countryside to the market are focused upon to ensure basic minimum connectivity for moving poor people's income-yielding commodities over long distances. Under the banner of *Broad-Based Wealth and Job Creation through Citizenry Participation and Technological Advancement* as its theme, the Plan aims to target in the next five years both wealth creation and poverty reduction.

In putting together this Plan, the Government enlisted the involvement of all the major stakeholders, including civil society, cooperating partners, and the private sector. District and provincial plans were developed through a consultative process that was facilitated by the Ministry of Finance and National Planning. The consultation process has integrated views of 21 Sector Advisory Groups (SAGs) and included the preparation of 72 district development plans that were approved by the respective district level organs. Indeed, the summary of the Government's strategies and programmes at provincial level are drawn from the provincial and district development plans and are presented in Chapter 36 on Regional Development. The comparative advantage of each province and linkages within the sectors are clearly stated in the strategic focus of each province with the key programmes that will be undertaken during the FNDP. The activities of the provincial/district programmes are not presented in this Plan as they belong to the nine provincial development plans and the 72 districts development plans that would be published separately.

The 72 district development plans set a base for fiscal decentralization and the development process for the districts. The bottom-up and top-down consultation approach during the preparation of the FNDP and subsequent national development plans will be fully established and strengthened through programmes such as fiscal decentralization which is part of the overall decentralization policy process. The objective of the fiscal decentralization programme is to come up with a fiscal framework that will spell out how resources will be shared and distributed to the district levels.

After a thorough process of refinements, these lower-level plans were considered and approved by the Provincial and District Development Coordinating Committees. At the central level, Sector Advisory Groups (SAGs), chaired by the respective Permanent Secretaries, were given revised Terms of Reference to enable them play a strategic role in the development of the FNDP. Members of SAGs include Government officials, representatives of cooperating partners, and representatives of civil society organisations. Consultants were also hired to support the work of the SAGs. A series of meetings were held to identify the FNDP priorities and the Ministry of Finance and National Planning, through its Planning and Economic Management Department (PEMD), assumed the lead role as facilitator of the process that has resulted in the production of this Plan. PEMD was also assisted by a team of consultants in finalising this Plan. A Steering Committee of Permanent Secretaries, chaired by the Secretary to the Cabinet, superintended the entire FNDP planning process.

After the draft Plan was released, a national stakeholders' workshop was held which discussed the Plan and its implications. Based on the draft and the input from the stakeholders' conference, this Plan was then approved by the Cabinet and published.

The Plan is divided into 9 parts. Part 1 presents a review of economic and social developments, globally as well as nationally. The country's poverty profile is also presented to set the stage for the country's developmental interventions. Part 2 gives the goals and objectives of the FNDP, and outlines the Government's strategic focus during the 2006 to 2010 Plan period. The macroeconomic, social and structural policies that the Government shall pursue during the Plan period are presented in this part.